

KOÇ HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2008**

KOÇ HOLDİNG A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2008

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

AT 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

		<i>Restated</i>			
		31 March 2008	31 March 2008	31 March 2008	31 December 2007
	Notes	EUR'000 (*)	USD'000 (*)	YTL'000	YTL'000
ASSETS					
Current assets:					
Cash and cash equivalents	6	1.983.269	3.131.593	3.997.478	3.413.756
Financial assets	7	567.830	896.607	1.144.519	1.574.364
Reserve deposits with the central banks		778.977	1.230.009	1.570.106	1.376.495
Trade receivables	8	2.786.193	4.399.413	5.615.851	6.108.475
Loans and advances to customers	9	6.045.026	9.545.127	12.184.354	9.445.947
Inventories	10	2.627.035	4.148.101	5.295.051	4.294.920
Derivative financial instruments	18	81.315	128.396	163.898	25.131
Biological assets		10.268	16.214	20.697	21.559
Other current assets	20	829.676	1.310.064	1.672.296	1.285.104
		15.709.589	24.805.524	31.664.250	27.545.751
Asset groups held for sale	26	1.989.603	3.141.593	4.010.243	2.830.678
Total current assets		17.699.192	27.947.117	35.674.493	30.376.429
Non-current assets:					
Financial assets	7	3.154.936	4.981.660	6.359.089	6.740.554
Trade receivables	8	57.907	91.436	116.718	97.266
Loans and advances to customers	9	3.208.713	5.066.574	6.467.482	7.377.784
Investment property	11	36.368	57.425	73.303	48.573
Property, plant and equipment	12	4.950.976	7.817.616	9.979.187	9.914.080
Intangible assets	13	536.251	846.743	1.080.867	880.836
Goodwill	14	1.754.768	2.770.787	3.536.910	3.524.486
Deferred tax assets	17	173.059	273.260	348.817	351.234
Other non-current assets	20	214.519	338.727	432.385	395.843
Total non-current assets		14.087.497	22.244.228	28.394.758	29.330.656
Total assets		31.786.689	50.191.345	64.069.251	59.707.085

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 March 2008, and therefore do not form part of these condensed interim consolidated financial statements (Note 2.1).

These condensed interim consolidated financial statements as at and for the period ended 31 March 2008 have been approved for issue by the Board of Directors ("BOD") on 6 June 2008 and signed on its behalf of BOD by CFO (Chief Financial Officer) Ahmet F. Ashaboğlu and by Accounting Director Emine Alangoya.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

				<i>Restated</i>	
		31 March 2008	31 March 2008	31 March 2008	31 December 2007
	Notes	EUR'000 (*)	USD'000 (*)	YTL'000	YTL'000
LIABILITIES					
Current liabilities:					
Customer deposits	15	8.435.403	13.319.544	17.002.398	16.160.328
Financial liabilities	16	5.121.232	8.086.451	10.322.355	7.290.188
Trade payables	8	2.479.101	3.914.513	4.996.876	4.669.589
Other payables		731.718	1.155.387	1.474.851	1.471.524
Derivative financial instruments	18	79.806	126.014	160.857	214.211
Insurance technical reserves		130.639	206.280	263.316	525.887
Current income tax liabilities	17	19.492	30.779	39.289	112.089
Other current liabilities	20	1.546.428	2.441.817	3.116.980	2.730.960
		18.543.819	29.280.785	37.376.922	33.174.776
Liability groups held for sale	26	1.093.746	1.727.030	2.204.554	1.313.885
Total current liabilities		19.637.565	31.007.815	39.581.476	34.488.661
Non-current liabilities:					
Customer deposits	15	92.213	145.605	185.865	138.844
Financial liabilities	16	3.548.520	5.603.131	7.152.397	7.781.417
Insurance technical reserves		73.296	115.734	147.735	712.729
Provisions for employee benefits	19	318.041	502.188	641.043	593.236
Deferred tax liabilities	17	348.062	549.591	701.553	639.599
Other non-current liabilities	20	165.373	261.125	333.326	294.218
Total non-current liabilities		4.545.505	7.177.374	9.161.919	10.160.043
Total liabilities		24.183.070	38.185.189	48.743.395	44.648.704
Shareholders' Equity:					
Paid-in share capital	21	866.094	1.367.568	1.745.700	1.745.700
Adjustment to share capital	21	479.901	757.766	967.288	967.288
Total share capital		1.345.995	2.125.334	2.712.988	2.712.988
Share premium	21	4.003	6.320	8.068	8.068
Revaluation fund	21	(24.388)	(38.509)	(49.157)	13.492
Translation reserve	21	19.244	30.387	38.789	(7.537)
Restricted reserves	21	108.298	171.005	218.287	218.287
Prior years' income	21	2.420.194	3.821.499	4.878.143	2.611.345
Net income for the period		22.728	35.887	45.810	2.295.419
Attributable to					
Equity holders of the parent		3.896.074	6.151.923	7.852.92	87.852.062
Minority interest		3.707.545	5.854.233	7.472.928	7.206.319
Total shareholders' equity		7.603.619	12.006.156	15.325.856	15.058.381
Total liabilities and shareholders' equity		31.786.689	50.191.345	64.069.251	59.707.085

Commitments and contingent liabilities 25

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE - MONTH PERIODS ENDED 31 MARCH

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

		31 March 2008	31 March 2008	31 March 2008	Restated 31 March 2007
	Notes	EUR'000 (*)	USD'000 (*)	YTL'000	YTL'000
CONTINUING OPERATIONS					
Non-finance revenue		6.035.299	9.040.288	10.817.428	8.738.014
Finance sector interest and similar income		815.803	1.221.994	1.462.213	1.281.974
Total revenues	5	6.851.102	10.262.282	12.279.641	10.019.988
Non-finance cost of sales (-)		(5.304.289)	(7.945.307)	(9.507.195)	(7.604.293)
Finance sector interest and similar expenses (-)		(512.181)	(767.197)	(918.013)	(866.133)
Total costs	5	(5.816.470)	(8.712.504)	(10.425.208)	(8.470.426)
Gross profit non-finance		731.010	1.094.981	1.310.233	1.133.721
Gross profit finance		303.622	454.797	544.200	415.841
Gross profit	5	1.034.632	1.549.778	1.854.433	1.549.562
Marketing, selling and distribution expenses (-)		(246.447)	(369.154)	(441.722)	(425.112)
General administrative expenses (-)		(278.078)	(416.534)	(498.416)	(469.914)
Research and development expenses (-)		(12.259)	(18.362)	(21.972)	(26.636)
Other income	22	52.801	79.091	94.639	50.835
Other expense (-)	22	(48.055)	(71.982)	(86.132)	(42.748)
Operating profit		502.594	752.837	900.830	635.987
Financial income	23	430.710	645.162	771.988	386.373
Financial expense (-)	23	(795.414)	(1.191.452)	(1.425.668)	(456.033)
Income before tax		137.890	206.547	247.150	566.327
Income tax expense		(53.492)	(80.126)	(95.877)	(116.618)
- Taxes on income (-)	17	(47.745)	(71.518)	(85.577)	(118.808)
- Deferred tax income / (expense)	17	(5.747)	(8.608)	(10.300)	2.190
Net income from continuing operations		84.398	126.421	151.273	449.709
DISCONTINUED OPERATIONS					
Net income from discontinued operations		30.691	45.972	55.009	32.671
Net income		115.089	172.393	206.282	482.380
Attributable to:					
Minority interest	21	89.531	134.111	160.472	222.860
Equity holders of the parent		25.558	38.282	45.810	259.520
Earnings per share:					
Earnings per share from continuing operations	28			0,010	0,183
Earnings per share from discontinued operations	28			0,016	0,012
				0,026	0,195

(*) EUR and USD amounts presented above have been translated from YTL for convenience purposes only, at the EUR and USD average CBRT bid rates for the three month period ended 31 March 2008, and therefore do not form part of these condensed interim consolidated financial statements (Note 2.1).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH - PERIODS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

	<u>Capital</u>			<u>Revaluation funds</u>			<u>Restricted reserves</u>			<u>Retained earnings</u>			<u>Total shareholders' equity</u>
	<u>Share capital</u>	<u>Adjustment to share capital</u>	<u>Share premium</u>	<u>Financial assets fair value reserve</u>	<u>Cumulative gain/(loss) on hedging</u>	<u>Non-current assets revaluation fund</u>	<u>Translation differences</u>	<u>Legal reserves</u>	<u>Special reserves</u>	<u>Net income</u>	<u>Prior years' income</u>	<u>Minority interest</u>	
Balances at 1 January 2007 (*)	1.265.000	967.288	1.779	23.542	(7.482)	-	8.269	51.328	-	560.812	2.217.463	6.566.199	11.654.198
Transfers	-	-	-	-	-	-	-	-	-	(560.812)	560.812	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	551	551
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(47.100)	(47.100)
Financial assets fair value gain (net)	-	-	-	8.565	-	-	-	-	-	-	-	996	9.561
Cumulative gain on hedging (net)	-	-	-	-	3.601	-	-	-	-	-	-	390	3.991
Translation differences	-	-	-	-	-	-	(1.208)	-	-	-	-	(1.802)	(3.010)
Net income	-	-	-	-	-	-	-	-	-	259.520	-	222.860	482.380
Balances at 31 March 2007	1.265.000	967.288	1.779	32.107	(3.881)	-	7.061	51.328	-	259.520	2.778.275	6.742.094	12.100.571
Balances at 1 January 2008 (*)	1.745.700	967.288	8.068	22.969	(9.477)	-	(7.537)	54.579	163.708	2.295.419	2.611.345	7.206.319	15.058.381
Transfers	-	-	-	-	-	-	-	-	-	(2.295.419)	2.295.419	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	33.735	33.735
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(20.060)	(20.060)
Financial assets fair value loss (net)	-	-	-	(7.558)	-	-	-	-	-	-	-	(7.736)	(15.294)
Non-current assets revaluation funds (net)	-	-	-	-	-	16.034	-	-	-	-	-	37.383	53.417
Cumulative loss on hedging (net)	-	-	-	-	(71.125)	-	-	-	-	-	-	(11.680)	(82.805)
Translation differences	-	-	-	-	-	-	46.326	-	-	-	-	50.589	96.915
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	(28.621)	23.906	(4.715)
Net income	-	-	-	-	-	-	-	-	-	45.810	-	160.472	206.282
Balances at 31 March 2008	1.745.700	967.288	8.068	15.411	(80.602)	16.034	38.789	54.579	163.708	45.810	4.878.143	7.472.928	15.325.856

(*) Restated

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

		31 March 2008	31 March 2008	31 March 2008	31 March 2007
	Notes	EUR'000 (*)	USD'000 (*)	YTL'000	YTL'000
Operating activities:					
Income before tax from continuing operations		122.618	193.615	247.150	566.327
Income before tax from discontinued operations	26	32.768	51.741	66.047	41.171
Adjustments to reconcile net cash generated					
Depreciation and amortisation	5	114.134	180.219	230.049	216.023
Changes in provisions	29	8.545	13.492	17.223	117.142
Net interest income	29	(82.543)	(130.335)	(166.373)	(113.692)
Banking sector interest income	29	418.774	661.246	844.081	764.877
Banking sector interest expense	29	(249.431)	(393.854)	(502.754)	(495.311)
Exchange losses on borrowings (net)		317.329	501.064	639.608	136.694
Gain on sale of tangible assets (net)	22	(1.469)	(2.319)	(2.960)	(13.593)
		680.725	1.074.869	1.372.071	1.219.638
Net changes in operating assets and liabilities	29	(779.247)	(1.230.435)	(1.570.650)	551.217
Income taxes paid		(91.251)	(144.086)	(183.926)	(70.294)
Net cash flow from operating activities		(189.773)	(299.652)	(382.505)	1.700.561
Investing activities:					
Purchases of property, plant and equipment and intangible assets	5	(174.956)	(276.256)	(352.641)	(283.459)
Sales of tangible and intangible assets		12.043	19.015	24.273	30.921
Cash outflow on acquisition (net)	3	(27.409)	(43.279)	(55.246)	-
Net cash used in transactions with minority interest (net)		(2.339)	(3.694)	(4.715)	-
Net cash flow from investing activities		(192.661)	(304.214)	(388.329)	(252.538)
Financing activities:					
Share capital increases		16.737	26.428	33.735	551
Dividends paid		(9.952)	(15.715)	(20.060)	(47.100)
Increase / (decrease) in short-term borrowings (net)		1.450.382	2.290.160	2.923.389	(1.154.196)
Increase / (decrease) in long-term borrowings (net)		(655.875)	(1.035.630)	(1.321.982)	112.951
Non-banking sector interest income	23	38.267	60.424	77.131	68.904
Non-banking sector interest expense	23	(125.067)	(197.481)	(252.085)	(224.778)
Net cash flow from financing activities		714.492	1.128.186	1.440.128	(1.243.668)
Cumulative gain / (loss) on hedging (net)		(42.193)	(66.623)	(85.044)	4.092
Translation differences (net)		22.497	35.524	45.347	1.438
Net increase in cash and cash equivalents		312.362	493.221	629.597	209.885
Cash and cash equivalents at the beginning of the period		1.827.522	2.885.667	3.683.554	4.159.858
Cash and cash equivalents at the end of the period	29	2.139.884	3.378.888	4.313.151	4.369.743

(*) EUR and USD amounts presented above are translated from YTL for convenience purposes only, at the official EUR and USD bid rates announced by CBRT at 31 March 2008, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") 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 as a corporation to coordinate the activities of, and liaise between, companies operating in different fields including trade, manufacturing, agriculture, finance and retailing.

As of 31 March 2008, the number of people employed by Koç Holding, Subsidiaries and Joint Ventures (collectively referred as the "Group") is 91.188.

The address of the registered office is as follows:

Nakkaştepe Azizbey Sok. No: 1

Kuzguncuk-İSTANBUL

Koç Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 10 January 1986. At 31 March 2008, the principal shareholders and their respective shareholding rates in Koç Holding are as follows (Note 21):

	%
Companies owned by Koç Family members	42,55
Koç Family members	28,05
Vehbi Koç Vakfi	7,17
Koç Holding Emekli ve Yardım Sandığı Vakfi	1,97
Other	20,26
	100,00

Koç Holding is organised mainly in Turkey in five main business segments:

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

(1) The finance segment includes three main groups; banking, insurance and consumer finance. In the segmental presentation of the accompanying condensed interim consolidated financial statements, banking, leasing, factoring, portfolio management, custody and brokerage services are included in the banking group.

(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.

Geographical segment information has not been included in the condensed interim consolidated financial statements since geographical segments other than Turkey are not material enough to be reported separately.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

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

The subsidiaries ("Subsidiary") and the joint ventures ("Joint Venture") of the Group, their country of incorporation, nature of business and their respective business segments are as follows:

Energy Sector

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	Turkey	Trading
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Demir Export A.Ş. ("Demir Export")	Turkey	Mining
Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Shipping of Crude Oil and Petroleum Products
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Power Generation
Mogaz Petrol Gazları A.Ş. ("Mogaz")	Turkey	LPG
Opet Aygaz Bulgaria EAD ("Opet Aygaz Bulgaria")	Bulgaria	Distribution
Opet Aygaz B.V. ("Opet Aygaz BV")	The Netherlands	Distribution
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products

Joint Ventures

<u>Joint Venture Partner</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Opet Gıda ve İhtiyaç Mad. Tur. San. İç ve Dış Ticaret A.Ş. ("Opet Gıda")	Öztürk Family	Turkey
Opet International Limited ("Opet International")	Öztürk Family	The U.K.
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	The Netherlands
Opet Trade Ireland ("Opet Trade Ireland")	Öztürk Family	Ireland
TBS Denizcilik ve Petrol Ürünleri Ticaret A.Ş. ("TBS")	Öztürk Family	Turkey
		Food Distribution
		Trading
		Petroleum
		Product Trading
		Trading
		Trading
		Marine Fuel Supplier

Automotive Sector

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş. ("Beldesan")	Turkey	Production
Beldeyama Motorlu Vasıtalar San. ve Tic. A.Ş. ("Beldeyama")	Turkey	Production
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç Otomotiv Tic. ve San. A.Ş. ("Otokoç")	Turkey	Trading
Otomotiv Lastikleri Tevzi A.Ş. ("Otomotiv Lastikleri")	Turkey	Trading
Otoyol Sanayi A.Ş. ("Otoyol")	Turkey	Trading

<u>Joint Ventures</u>	<u>Joint Venture Partner</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Fiat Auto S.p.A.	Turkey	Spare Part Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Motor Co.	Turkey	Production
Mekatro Araştırma Geliştirme A.Ş. ("Mekatro")	Fiat Auto S.p.A.	Turkey	Research and Development
Platform Araştırma Geliştirme			Research and Development
Tasarım ve Tic. A.Ş. ("Platform")	Fiat Auto S.p.A.	Turkey	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 Global NV	Turkey	Production

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

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

Consumer Durable Sector

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Arcelitalia SRL ("Arcelitalia")	Italy	Trading
Arçelik A.Ş. ("Arçelik")	Turkey	Production
Ardutch B.V. ("Ardutch")	The Netherlands	Holding
Beko Cesko ("Beko Cesko")	Czech Republic	Trading
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Trading
Bekodutch B.V. ("Bekodutch")	The Netherlands	Production
Beko Elektronik Llc ("Beko Russia")	Russia	Production
Beko Electronics Espana S.L. ("Beko Espana")	Spain	Trading
Beko France S.A. ("Beko France")	France	Trading
Beko Llc. ("Beko Llc")	Russia	Production
Beko Magyarország K.F.T. ("Beko Magyarország")	Hungary	Trading
Beko Plc. ("Beko Plc")	The U.K.	Trading
Beko S.A. ("Beko Polska")	Poland	Trading
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Trading
Beko S.A. Hungary ("Beko Hungary")	Hungary	Trading
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Trading
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb")	Germany	Distribution
Blomberg Werke GmbH ("Blomberg Werke")	Germany	Production
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Trading
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Trading
Fusion Digital Technology Ltd. ("Fusion Digital")	The U.K.	Technology Development and Application
Grundig AG ("Grundig AG")	Switzerland	Sales and Service
Grundig Benelux B.V. ("Grundig Benelux")	The Netherlands	Sales and Service
Grundig Ceska Republika S.r.o ("Grundig Ceska")	Czech Republic	Sales and Service
Grundig Danmark A/S ("Grundig Denmark")	Denmark	Sales and Service
Grundig Elektronik A.Ş. ("Grundig Elektronik") (*)	Turkey	Production
Grundig Espana S.A. ("Grundig Espana")	Spain	Sales and Service
Grundig Intermedia GmbH ("Grundig Austria")	Austria	Sales and Service
Grundig Intermedia GmbH ("Grundig GmbH")	Germany	Sales and Service
Grundig Italiana S.p.A. ("Grundig Italy")	Italy	Sales and Service
Grundig Magyarország Kft. ("Grundig Hungary")	Hungary	Sales and Service
Grundig Multimedia B.V. ("Grundig Multimedia")	The Netherlands	Holding
Grundig Norge AS ("Grundig Norway")	Norway	Sales and Service
Grundig OY ("Grundig Finland")	Finland	Sales and Service
Grundig Polska Sp. z o.o. ("Grundig Polska")	Poland	Sales and Service
Grundig Portuguesa Lda ("Grundig Portugal")	Portugal	Sales and Service
Grundig Slovakia S.r.o. ("Grundig Slovakia")	Slovakia	Sales and Service
Grundig Svenska AB. ("Grundig Sweden")	Sweden	Sales and Service
Grundig S.A.S. ("Grundig France")	France	Sales and Service
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
Raupach Wollert GmbH ("Raupach")	Germany	Holding
SC Arctic SA ("Arctic")	Romania	Production

(*) The business title of Beko Elektronik A.Ş., a Subsidiary of the Group, has been changed as Grundig Elektronik A.Ş. in 2008.

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

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

Finance Sector

<u>Subsidiaries</u>		<u>Country of incorporation</u>	<u>Nature of business</u>
Koç Allianz Hayat ve Emeklilik A.Ş. ("Koç Allianz Hayat") (Note 26)		Turkey	Life Insurance
Koç Allianz Sigorta A.Ş. ("Koç Allianz Sigorta") (Note 26)		Turkey	Insurance
Koç Tüketici Finansmanı A.Ş. ("Koç Finans")		Turkey	Consumer Finance
<u>Joint Ventures</u>	<u>Joint Venture Partner</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Koç Fiat Kredi Tüketici Finansmanı A.Ş. ("Fiat Finans")	Fiat Auto S.p.A.	Turkey	Finance
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	UniCredito S.p.A.	Turkey	Holding
Stiching Custody Services YKB ("Stiching Custody")	UniCredito S.p.A.	The Netherlands	Custody
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaijan")	UniCredito S.p.A.	Azerbaijan	Banking
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	UniCredito S.p.A.	Turkey	Banking
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")	UniCredito S.p.A.	The Netherlands	Financial Consulting
Yapı Kredi Invest LLC. ("Yapı Kredi Invest") (*)	UniCredito S.p.A.	Azerbaijan	Investment Banking
Yapı Kredi Nederland N.V. ("Yapı Kredi Nederland")	UniCredito S.p.A.	The Netherlands	Banking
Yapı Kredi Diversified Payment Rights Company ("Yapı Kredi SPC") (**)	UniCredito S.p.A.	Cayman Islands	Special Purpose Company
Yapı Kredi Emeklilik A.Ş. ("Yapı Kredi Emeklilik")	UniCredito S.p.A.	Turkey	Life Insurance
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	UniCredito S.p.A.	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	UniCredito S.p.A.	Turkey	Leasing
Yapı Kredi Bank Moscow ("Yapı Kredi Moscow")	UniCredito S.p.A.	Russia	Banking
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	UniCredito S.p.A.	Turkey	Portfolio Management
Yapı Kredi Sigorta A.Ş. ("Yapı Kredi Sigorta")	UniCredito S.p.A.	Turkey	Insurance
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	UniCredito S.p.A.	Turkey	Brokerage
Yapı Kredi Yatırım Ortaklığı A.Ş. ("Yapı Kredi Yatırım")	UniCredito S.p.A.	Turkey	Investment Trust

(*) Included in the scope of consolidation in 2008.

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

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

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

Other sectors

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>	
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism	
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading	
Bozkurt Tarım ve Gıda San. ve Tic. A.Ş. ("Bozkurt")	Turkey	Agriculture	
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey") (*)	Turkey	Trading	
Harranova Besi ve Tarım Ürünleri A.Ş. ("Harranova Besi") (*)	Turkey	Agriculture	
Kav Danışmanlık Pazarlama ve Ticaret A.Ş. ("Kav Danışmanlık")	Turkey	Consultancy	
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 Malzeme")	Turkey	Trading	
Marmaris Altınyunus 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	
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	
<u>Joint Ventures</u>	<u>Joint Venture Partner</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market") (*)	Kingfisher Plc	Turkey	Retail
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Toray İnşaat A.Ş.	Turkey	Tourism
Ultra Kablolü Televizyon ve Telekomünikasyon San. ve Tic. A.Ş. ("Ultra Kablo")	Doğan Yayın Holding A.Ş.	Turkey	Media and Communication

For the purposes of segment information in these consolidated financial statements, Koç Holding's stand-alone financial statements have been included within the "Other" segment (Note 5).

(*) In accordance with the strategic plans, the Group management decided on the sale of the Group's shares in Migros, a Subsidiary of the Group. Consequently, Migros and its subsidiaries ("Migros Group") have been accounted for in accordance with IFRS 5 in the consolidated financial statements (Note 26). Therefore, Migros Group is presented as "Discontinued Operations" and since the other companies operating in the "Food and Retail" sector, do not constitute a reportable segment, they are classified under "Other" segment (Note 5).

Discontinued Operations

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Migros Türk T.A.Ş. ("Migros")	Turkey	Retail
Ramstore Bishkek LLP ("Ramstore Bishkek")	Kyrgyzstan	Retail
Ramstore Bulgaria A.D. ("Ramstore Bulgaria")	Bulgaria	Retail
Ramstore Kazakhstan LLP ("Rambutya")	Kazakhstan	Retail
Ramstore Macedonia DOO ("Ramstore Makedonya")	Macedonia	Retail
Ramstore Sınırlı Sorumlu Türk Gıda Müessesesi ("Ramstore")	Azerbaijan	Retail

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The consolidated financial statements of Koç Holding have been prepared in accordance with the accounting and reporting principles published by the CMB, namely "CMB Financial Reporting Standards". 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"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Accounting Standards in the Capital Markets". 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 from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, 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 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 from 1 January 2005.

In accordance with the Communiqué No: XI-29, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the mentioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the condensed interim consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The condensed interim consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 14 April 2008, including the compulsory disclosures. Accordingly, necessary reclassifications have been made in the comparative financial statements.

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 YTL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts 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 and listed companies and accounting principles issued by the CMB. 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 are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

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

Financial statements of foreign Subsidiaries and Joint Ventures

Financial statements of Subsidiaries and Joint Ventures operating in foreign countries are prepared according to the legislation of the country in which they operate and adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Foreign Subsidiaries and Joint Ventures' assets and liabilities are translated into YTL from the foreign exchange rate at the balance sheet date and income and expenses are translated into YTL at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "translation differences" under the shareholders' equity.

EUR and USD translation

EUR and USD amounts shown in the consolidated balance sheet and cash flows statement have been translated from YTL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT on 31 March 2008 of YTL2,0156 = EUR1 and YTL1,2765 = USD1, respectively and EUR and USD amounts shown in the consolidated income statement have been translated from YTL, 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 three month period ended 31 March 2008 of YTL1,7924 = EUR1 and YTL1,1966 = USD1, respectively, and do not form part of these condensed interim consolidated financial statements.

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 changes in presentation in the current period consolidated financial statements; the significant changes are explained.

The prior periods' financial statements have been restated in order to conform to the presentation of the current period consolidated financial statements prepared within the framework of Communiqué No: XI-29 and related promulgations to it as issued by CMB. The effects of changes as a result of these restatements to the shareholders' equity have been disclosed in Note 21.

In addition, the interim consolidated statement of income for the three - month period ended 31 March 2007 has been re-presented due to the fact that discontinued operations of the Group have been accounted for and presented in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

2.2 Restatement and Errors in the Accounting Policies and Estimates

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.

2.3 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2007. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2007.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

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

Group accounting

The condensed interim consolidated financial statements include the accounts of the parent company, Koç Holding, its Subsidiaries and its Joint Ventures.

As of 31 March 2008 there has been no change in ownership interests and effective interests of the Subsidiaries and the Joint Ventures which are included in the scope of consolidation at 31 December 2007, except for the companies mentioned below:

<u>Subsidiaries</u>	<u>Proportion of effective interest (%)</u>		<u>Direct and indirect ownership interest held by Koç Holding</u>		<u>Ownership interest shares held by Koç Family members (%)</u>		<u>Total ownership interest (%)</u>	
	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
	Entek	38,03	38,02	94,70	94,70	-	-	94,70
Fusion Digital	29,79	28,14	100,00	100,00	-	-	100,00	100,00
Grundig AG (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Austria (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Benelux (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Ceska (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Denmark (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Elektronik (1)	30,02	28,36	76,69	72,46	-	-	76,69	72,46
Grundig Espana (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Finland (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig France (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig GmbH (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Hungary (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Italy (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Multimedia (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Norway (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Polska (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Portugal (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Slovakia (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Slovenia (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Grundig Sweden (1)	30,02	14,18	100,00	50,00	-	-	100,00	50,00
Koç Finans	63,38	63,26	94,50	94,50	5,50	5,50	100,00	100,00

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

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

	Proportion of effective interest (%)		Direct and indirect ownership interest held by Koç Holding		Ownership interest shares held by Koç Family members (%)		Total ownership interest (%)	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Joint Ventures								
Stiching Custody	31,19	35,87	50,00	50,00	-	-	50,00	50,00
Trakmak ⁽²⁾	-	39,38	-	39,38	-	17,50	-	56,88
Ultra Kablo	25,48	25,36	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Deutschland ⁽³⁾	-	31,19	-	50,00	-	-	-	50,00
Yapı Kredi Emeklilik	29,30	29,60	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Invest ⁽⁴⁾	31,19	-	50,00	-	-	-	50,00	-
Yapı Kredi Menkul	31,19	33,64	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Niderland	31,19	35,86	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Portföy	31,18	33,32	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Sigorta	29,30	29,60	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Yatırım	17,49	18,59	50,00	50,00	-	-	50,00	50,00

(1) Due to the acquisition of 50% shares of Grundig Multimedia by Grundig Elektronik (Note 3).

(2) Merged with Türk Traktör in 2008 (Note 3).

(3) Excluded from the scope of consolidation following the share transfers in 2008.

(4) Included in the scope of consolidation in 2008.

2.4 Significant Accounting Estimates and Decisions

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 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.

2.5 Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish

The accounting principles described in Note 2.1 to the condensed interim 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 - 31 December 2005 and measurement principles/disclosure requirements for retirement benefits. Accordingly, the accompanying condensed interim consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
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NOTE 3 - BUSINESS COMBINATIONS

Acquisitions

Business combinations in 2008

Grundig Elektronik, a Subsidiary of the Group, acquired 50% shares of Grundig Multimedia B.V., a Joint Venture of the Group, from Alba Europe Ltd, its Joint Venture partner at 31 March 2008. Thus, the shares of Grundig Elektronik on Grundig Multimedia B.V. increased to 100%.

The details of the net assets acquired and the goodwill are as follows:

Acquisition cost - cash	70.849
Liabilities attributable to the acquisition	13.595
Total acquisition cost	84.444
Net assets acquired	(73.891)
Goodwill (Note 14)	10.553

The fair values of assets and liabilities arising from the acquisition (50%) are as follows:

Cash and cash equivalents	15.603
Trade receivables	92.092
Inventories	60.510
Other current and non-current assets	4.641
Financial assets	37
Investment property (Note 11)	2.962
Property, plant and equipment (Note 12)	2.255
Intangible assets (Note 13)	94.302
Financial liabilities	(11.304)
Trade receivables	(114.002)
Deferred tax liabilities (Note 17)	(21.613)
Other liabilities	(51.592)
Net assets acquired	73.891
Acquisition cost - cash	(70.849)
Cash and cash equivalents - acquired	15.603
Cash outflow on acquisition (net)	(55.246)

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Business combinations in 2007

On 24 September 2007, Ardutch BV, a Subsidiary of the Group, acquired all the shares of Changzhou Casa Shinco Electrical Appliances Co. Ltd., a company operating in People's Republic of China. Following the acquisition, the Company's title has been changed and registered as Chagzhou Beko Electrical Appliances Co. Ltd:

The details of the net assets acquired and the goodwill are as follows:

Total acquisition cost	12.576
Net assets acquired	(10.987)

Goodwill **1.589**

The fair values of assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	4.699
Inventories	3.824
Property, plant and equipment	16.531
Intangible assets	1.575
Trade and other receivables	6.293
Financial liabilities	(4.294)
Trade and other payables	(17.641)

Net assets acquired **10.987**

Acquisition cost - cash	(12.576)
Cash and cash equivalents - acquired	4.699

Cash outflow on acquisition (net) **(7.877)**

Legal mergers in 2008

- Türk Traktör ve Ziraat Makinaları A.Ş. merged with NH Trakmak Traktör Ziraat Makinaları A.Ş. on 31 March 2008 by acquiring all related assets and liabilities.

Legal mergers in 2007

- Ardutch B.V. merged with Izodutch B.V. on 1 January 2007,
- Yapı Kredi Menkul Değerler A.Ş. merged with Koç Menkul Değerler A.Ş. on 12 January 2007,
- Enternasyonel Turizm Yatırım A.Ş. merged with Bayındırlık İşleri A.Ş. and Akdeniz Marmara Turizm ve Ticaret A.Ş. on 8 February 2007,
- Opet Petrolcülük A.Ş. merged with Opet Madeni Yağ Sanayi ve Tic. A.Ş. on 7 May 2007,
- Beko Llc. merged with Izocam Llc. on 1 July 2007,
- Yapı Kredi Netherland N.V. merged with Koçbank Netherland N.V. on 2 July 2007,
- Otokoç Otomotiv Tic. ve San. A.Ş. merged with Birmot Birleşik Motor Sanayi ve Tic. A.Ş. on 30 November 2007, by acquiring all related assets and liabilities.

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NOTE 4 - INTEREST IN JOINT VENTURES

Aggregate amounts of assets, liabilities and net income of the Joint Ventures which are proportionately consolidated to these consolidated financial statements, are as follows before consolidation adjustments:

	31 March 2008	31 December 2007
Current assets	19.259.370	15.898.340
Non-current assets	15.450.875	16.200.107
Total assets	34.710.245	32.098.447
Current liabilities	26.111.186	24.158.856
Non-current liabilities	3.951.159	3.626.340
Shareholders' equity	4.647.900	4.313.251
Total liabilities and shareholders' equity	34.710.245	32.098.447

	31 March 2008	31 March 2007
Total revenues	3.645.843	2.995.115
Operating profit / loss (net)	430.348	232.271
Net income / loss (net)	275.619	158.030

NOTE 5 - SEGMENT REPORTING

	31 March 2008	31 March 2007
a) Revenues		
Energy	7.035.502	5.284.905
Automotive	1.782.959	1.319.398
Consumer durable	1.521.627	1.704.274
Finance	1.462.213	1.281.974
Other	477.340	429.437
	12.279.641	10.019.988
b) Operating profit		
Energy	344.568	204.781
Automotive	155.626	60.987
Consumer durable	96.988	185.443
Finance	279.688	166.878
Other	23.960	17.898
	900.830	635.987

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segment analysis for the period 1 January - 31 March 2008

	<u>Finance</u>									Inter Segment Elimination	Consolidated Total
	Energy	Automotive	Consumer Durable	Banking	Insurance	Consumer Finance	Intra Segment	Total Finance	Other		
External revenues	7.035.502	1.782.959	1.521.627	1.070.005	333.347	58.861	-	1.462.213	477.340	-	12.279.641
Intra segment revenues	304.484	94.854	128.094	2.509	1.861	-	-	4.370	193.420	-	725.222
Inter segment revenues	17.149	5.538	27.806	7.766	34.695	418	-	42.879	13.996	-	107.368
	7.357.135	1.883.351	1.677.527	1.080.280	369.903	59.279	-	1.509.462	684.756	-	13.112.231
External revenues	7.035.502	1.782.959	1.521.627	1.070.005	333.347	58.861	-	1.462.213	477.340	-	12.279.641
Inter segment revenues	17.149	5.538	27.806	7.766	34.695	418	-	42.879	13.996	(107.368)	-
Total revenues	7.052.651	1.788.497	1.549.433	1.077.771	368.042	59.279	-	1.505.092	491.336	(107.368)	12.279.641
Total costs	(6.526.570)	(1.508.035)	(1.145.287)	(565.089)	(336.893)	(36.402)	2.462	(935.922)	(376.694)	67.300	(10.425.208)
Gross profit	526.081	280.462	404.146	512.682	31.149	22.877	2.462	569.170	114.642	(40.068)	1.854.433
Operating expenses (net)	(184.389)	(132.220)	(305.257)	(259.872)	(24.748)	(6.617)	-	(291.237)	(91.609)	51.109	(953.603)
	341.692	148.242	98.889					277.933	23.033	11.041	900.830
Inter segment profit elimination	2.876	7.384	(1.901)					1.755	927	(11.041)	-
Operating profit	344.568	155.626	96.988					279.688	23.960	-	900.830

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segment analysis for the period 1 January - 31 March 2007

	<u>Finance</u>						Intra Segment	Total Finance	Other	Inter Segment Elimination	Consolidated Total
	Energy	Automotive	Consumer Durable	Banking	Insurance	Consumer Finance					
External revenues	5.284.905	1.319.398	1.704.274	934.999	307.499	39.476	-	1.281.974	429.437	-	10.019.988
Intra segment revenues	253.494	122.692	169.659	1.663	1.449	-	-	3.112	170.109	-	719.066
Inter segment revenues	17.962	16.795	49.584	8.419	29.303	2.389	-	40.111	28.552	-	153.004
	5.556.361	1.458.885	1.923.517	945.081	338.251	41.865	-	1.325.197	628.098	-	10.892.058
External revenues	5.284.905	1.319.398	1.704.274	934.999	307.499	39.476	-	1.281.974	429.437	-	10.019.988
Inter segment revenues	17.962	16.795	49.584	8.419	29.303	2.389	-	40.111	28.552	(153.004)	-
Total revenues	5.302.867	1.336.193	1.753.858	943.418	336.802	41.865	-	1.322.085	457.989	(153.004)	10.019.988
Total costs	(4.926.166)	(1.151.626)	(1.232.546)	(562.146)	(293.967)	(31.550)	1.636	(886.027)	(371.201)	97.140	(8.470.426)
Gross profit	376.701	184.567	521.312	381.272	42.835	10.315	1.636	436.058	86.788	(55.864)	1.549.562
Operating expenses (net)	(178.421)	(126.576)	(331.330)	(248.707)	(23.990)	(5.671)	-	(278.368)	(69.032)	70.152	(913.575)
	198.280	57.991	189.982					157.690	17.756	14.288	635.987
Inter segment profit elimination	6.501	2.996	(4.539)					9.188	142	(14.288)	-
Operating profit	204.781	60.987	185.443					166.878	17.898	-	635.987

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NOTE 5 - SEGMENT REPORTING (Continued)

d) Segment assets and liabilities

	31 March 2008	31 December 2007
<u>Total assets</u>		
Energy	16.600.767	15.528.346
Automotive	3.542.807	3.367.058
Consumer durable	6.055.373	5.588.673
Finance	30.149.772	30.059.380
Other	3.361.472	1.981.716
Segment assets	59.710.191	56.525.173
Asset groups held for sale	4.010.243	2.830.678
Deferred tax assets	348.817	351.234
Total assets	64.069.251	59.707.085
<u>Total liabilities</u>		
Energy	10.111.466	8.805.833
Automotive	2.133.452	1.946.886
Consumer durable	4.412.504	4.157.740
Finance	27.623.481	26.258.099
Other	1.517.096	1.414.573
Segment liabilities	45.797.999	42.583.131
Liability groups held for sale	2.204.554	1.313.885
Deferred tax liabilities	701.553	639.599
Current income tax liabilities	39.289	112.089
Total liabilities	48.743.395	44.648.704

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NOTE 5 - SEGMENT REPORTING (Continued)

e) Segment capital expenditures, depreciation and amortisation

	31 March 2008	31 March 2007
<u>Capital expenditures</u>		
Energy	167.795	107.897
Automotive	69.878	69.687
Consumer durable	52.785	36.305
Finance	12.253	17.483
Other	34.441	15.203
Segment capital expenditures	337.152	246.575
Discontinued operations	15.489	36.884
Total capital expenditures	352.641	283.459
<u>Depreciation and amortisation</u>		
Energy	79.902	72.851
Automotive	46.014	35.326
Consumer durable	44.681	43.457
Finance	21.133	22.787
Other	14.526	12.978
Segment depreciation and amortisation	206.256	187.399
Discontinued operations	23.793	28.624
Total depreciation and amortisation	230.049	216.023

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NOTE 6 - CASH AND CASH EQUIVALENTS

	31 March 2008			31 December 2007		
	Banking	Other	Total	Banking	Other	Total
Cash in hand	206.123	6.228	212.351	217.961	1.687	219.648
Cheques received	620	152.173	152.793	540	173.893	174.433
Balances with the central banks other than reserve requirements	321.725	-	321.725	271.236	-	271.236
Due from banks						
- Demand deposits	336.464	858.137	1.194.601	220.669	753.291	973.960
- Time deposits	623.676	1.414.786	2.038.462	460.368	1.063.001	1.523.369
- Reverse repurchase agreements	-	2.190	2.190	-	9.916	9.916
Interbank money market placements	54.328	-	54.328	209.870	-	209.870
Other	3.668	17.360	21.028	3.961	27.363	31.324
	1.546.604	2.450.874	3.997.478	1.384.605	2.029.151	3.413.756

As of 31 March 2008, total long term bank balances amount to YTL148.408 thousand (31 December 2007: YTL106.374 thousand). All reverse repurchase agreements are with maturity periods of less than three months. At 31 March 2008, total blocked deposits amount to YTL153.046 thousand (31 December 2007: YTL145.563 thousand).

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 7 - FINANCIAL ASSETS

	31 March 2008			31 December 2007		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets at fair value through profit or loss	175.158	-	175.158	346.299	-	346.299
Available-for-sale investments	190.222	484.673	674.895	289.279	1.055.017	1.344.296
Held-to-maturity investments	779.139	5.874.416	6.653.555	938.786	5.685.537	6.624.323
	1.144.519	6.359.089	7.503.608	1.574.364	6.740.554	8.314.918

a) Financial assets at fair value through profit or loss

	31 March 2008			31 December 2007		
	Banking	Other	Total	Banking	Other	Total
Debt securities						
Treasury bills	12.213	-	12.213	14.312	288	14.600
Government bonds	17.029	31.267	48.296	10.430	150.637	161.067
Eurobonds	63.752	22.997	86.749	80.853	52.734	133.587
Other	276	260	536	503	21.121	21.624
	93.270	54.524	147.794	106.098	224.780	330.878
Equity securities						
Listed	7.222	20.142	27.364	9.579	5.842	15.421
Total	100.492	74.666	175.158	115.677	230.622	346.299

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NOTE 7 - FINANCIAL ASSETS (Continued)

b) Available-for-sale investments

	31 March 2008			31 December 2007		
	Banking	Other	Total	Banking	Other	Total
Debt securities						
Treasury bills	53.640	-	53.640	49.661	994	50.655
Government bonds	72.638	167.106	239.744	92.948	851.052	944.000
Eurobonds	47.205	125.045	172.250	14.795	144.482	159.277
Other	49.764	1.881	51.645	37.244	-	37.244
	223.247	294.032	517.279	194.648	996.528	1.191.176
Equity securities						
Listed	31.638	19.970	51.608	30.317	23.426	53.743
Unlisted	34.554	71.454	106.008	28.276	71.101	99.377
	289.439	385.456	674.895	253.241	1.091.055	1.344.296

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

	31 March 2008		31 December 2007	
	YTL'000	(%)	YTL'000	(%)
Listed:				
Altinyunus Çeşme Turistik Tesisler A.Ş.	18.298	30,00	23.426	30,00
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	16.162	15,22	16.928	15,22
Mastercard Incorporated	15.454	0,06	13.372	0,06
Türk Traktör ve Ziraat Makinaları A.Ş. (*)	1.672	0,22	-	-
Yatırım Finansman A.Ş.	22	0,06	17	0,06
	51.608		53.743	

(*) Türk Traktör and Trakmak, the Joint Ventures of the Group, are merged at 31 March 2008 (Note 3). The additional shares of Koç Holding in Türk Traktör arising from this merger have been accounted for at their fair values.

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NOTE 7 - FINANCIAL ASSETS (Continued)

	31 March 2008		31 December 2007	
	YTL'000	(%)	YTL'000	(%)
Unlisted:				
Demrad Döküm Ürünleri Smaı ve Tic. A.Ş.	30.636	99,99	27.953	99,99
Banque de Commerce et de Placements S.A.	24.433	15,34	19.110	15,34
Koç Statoil Gaz Toptan Satış A.Ş.	12.554	50,00	12.554	50,00
Takas ve Saklama Bankası A.Ş.	6.180	2,43	6.180	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
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	3.992	67,00	4.053	67,00
Koç Statoil Gaz İletim A.Ş.	3.291	50,00	3.291	50,00
Other	14.742		16.056	
	106.008		99.377	

Provision for impairment of unlisted financial assets amounting to YTL93.970 thousand (31 December 2007: YTL93.909 thousand).

c) Held-to-maturity investments

	31 March 2008			31 December 2007		
	Banking	Other	Total	Banking	Other	Total
Debt securities						
Treasury bills	43.539	-	43.539	38.256	-	38.256
Government bonds	3.608.244	-	3.608.244	3.685.476	-	3.685.476
Eurobonds	2.892.636	-	2.892.636	2.777.013	23.678	2.800.691
Time deposits	-	108.470	108.470	-	99.000	99.000
Other	666	-	666	900	-	900
	6.545.085	108.470	6.653.555	6.501.645	122.678	6.624.323

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

	31 March 2008	31 December 2007
Financial assets at fair value through profit or loss	49.802	50.907
Held-to-maturity investments	491.146	882.447
	540.948	933.354

The details of debt securities that are blocked in favour of the Turkish Treasury by the Subsidiaries and Joint Ventures of the Group in the insurance sector are as follows:

	31 March 2008	31 December 2007
Financial assets at fair value through profit or loss	12.732	158.857
Available-for-sale investments	222.635	685.404
Held-to-maturity investments	-	19.911
	235.367	864.172

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	31 March 2008	31 December 2007
Trade receivables	4.253.336	4.334.707
Notes and cheques receivables	1.500.716	1.768.436
Other	3.024	3.033
	5.757.076	6.106.176
Less: Provision for doubtful receivables	(125.097)	(138.451)
	5.631.979	5.967.725
Due from related parties (Note 24)	100.590	238.016
	5.732.569	6.205.741
Less: Long-term trade receivables	(116.718)	(97.266)
Short-term trade receivables	5.615.851	6.108.475

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

Movement of provision for doubtful receivables is as follows:

	2008	2007
Beginning of the period - 1 January	138.451	138.483
Increase during the period	12.273	10.069
Collections	(2.673)	(4.548)
Transfers ⁽¹⁾	(25.709)	-
Acquisitions ⁽²⁾	2.755	-
End of the period - 31 March	125.097	144.004

(1) Transferred to asset groups held for sale (Note 26).

(2) Related to the acquisition of Grundig Multimedia B.V. (Note 3).

Trade payables	31 March 2008	31 December 2007
Trade payables	4.765.827	4.410.541
Notes payables	3.408	9.046
Other	11.337	10.244
	4.780.572	4.429.831
Due to related parties (Note 24)	216.304	239.758
Short-term trade payables	4.996.876	4.669.589

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NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS

31 March 2008	Corporate loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Performing loans	10.008.411	3.530.211	3.116.933	1.202.663	351.570	18.209.788
Watch listed loans	95.389	108.539	187.479	47.082	-	438.489
Loans under legal follow-up	321.264	96.470	224.940	64.401	2.140	709.215
Gross	10.425.064	3.735.220	3.529.352	1.314.146	353.710	19.357.492
Less: Allowance for impairment	(381.884)	(68.335)	(213.808)	(37.462)	(4.167)	(705.656)
Net	10.043.180	3.666.885	3.315.544	1.276.684	349.543	18.651.836
Less: Long-term loans and advances to customers						(6.467.482)
Short-term loans and advances to customers						12.184.354

31 December 2007	Corporate loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Performing loans	8.835.205	3.074.399	3.117.558	1.111.977	341.932	16.481.071
Watch listed loans	109.757	108.103	181.118	44.309	-	443.287
Loans under legal follow - up	590.715	79.578	202.618	42.078	2.037	917.026
Gross	9.535.677	3.262.080	3.501.294	1.198.364	343.969	17.841.384
Less: Allowance for impairment	(644.233)	(80.875)	(250.753)	(37.737)	(4.055)	(1.017.653)
Net	8.891.444	3.181.205	3.250.541	1.160.627	339.914	16.823.731
Less: Long-term loans and advances to customers						(7.377.784)
Short-term loans and advances to customers						9.445.947

Movement of provision is as follows:

	2008	2007
Beginning of the period - 1 January	1.017.653	979.908
Provisions for loan losses during the period	27.576	35.850
Recoveries of amounts previously provided	(108.141)	(10.557)
Write-off during the period as uncollectible	(232.562)	(1.877)
Translation differences	1.130	(58)
End of the period - 31 March	705.656	1.003.266

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NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Net investment in finance leases is shown below:

	31 March 2008	31 December 2007
Gross investment in finance leases	1.461.584	1.360.268
Less: Unearned finance income	(258.921)	(248.291)
Net investment in finance leases	1.202.663	1.111.977

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

	31 March 2008	31 December 2007
2008 (*)	464.078	548.556
2009	455.990	386.172
2010 and over	541.516	425.540
Less: Unearned finance income	(258.921)	(248.291)
	1.202.663	1.111.977

(*) Represents 1 April 2009 - 31 December 2009 as of 31 March 2008.

According to the Çukurova Group Loans - Financial Restructuring Modification Agreement ("FRA") signed between Yapı Kredi Bankası, a Joint Venture of the Group, and Çukurova Group companies on 28 September 2005, the risk balance of Çukurova Group amounts to USD92.291.436 (31 December 2007: USD96.984.611) as of 31 March 2008, of which maturity of the last payment is on 30 September 2015. The related risk balance is classified under "corporate loans" in the schedule above. According to the Pledge Agreement signed on 28 September 2005, the Group has a pledge on 0,83% of the shares Turkcell İletişim Hizmetleri A.Ş. The market value of these collaterals amount to approximately YTL211.028 thousand at 31 March 2008. On 28 April 2008, Çukurova Holding A.Ş. made early payment amounting to USD112.312.111 and YTL1.887 thousand related with its loans by transferring these amounts to the accounts of Yapı Kredi Bankası and the loans under the scope of the FRA were settled. Since the cash loans of Çukurova Group due to Yapı Kredi Bankası were settled as a result of this early payment and the non cash loans amounting to USD787.764 and YTL368.044 were collateralized in cash, the pledges on other collaterals were eliminated.

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NOTE 10 - INVENTORIES

	31 March 2008	31 December 2007
Raw materials and supplies	1.908.419	1.900.978
Finished goods	1.736.019	1.188.254
Merchandise	923.783	910.540
Work in progress	723.319	291.889
Other inventories	3.511	3.259
Total inventories (net)	5.295.051	4.294.920

Movements of provision for impairment on inventories are as follows:

	2008	2007
Beginning of the period - 1 January	51.358	50.083
Reversals due to sales	(4.996)	(12.092)
Current year additions	1.952	5.517
End of the period- 31 March	48.314	43.508

NOTE 11 - INVESTMENT PROPERTY

	2008	2007
As of 1 January		
Cost	53.285	162.783
Accumulated depreciation	(4.712)	(11.728)
Net book value	48.573	151.055
Net book value at the beginning of the period	48.573	151.055
Acquisitions (Note 3)	2.962	-
Transfers (*)	20.182	1.538
Effects of exchange rate differences	1.936	(646)
Current period depreciation	(350)	(627)
Net book value at the end of the period	73.303	151.320
As of 31 March		
Cost	112.280	163.621
Accumulated depreciation	(38.977)	(12.301)
Net book value	73.303	151.320

(*) The investment property amounting to YTL26.608 thousand and YTL6.426 thousand have been transferred from the property, plant and equipment (Note 12) and to asset groups held for sale (Note 26), respectively. (31 December 2007: YTL1.538 thousand have been transferred from property, plant and equipment).

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
1 January 2008								
Cost	2.454.921	2.538.996	9.697.093	845.406	851.519	524.201	265.786	17.177.922
Accumulated depreciation	(131.906)	(1.158.466)	(4.788.402)	(379.777)	(661.818)	-	(143.473)	(7.263.842)
Net book value	2.323.015	1.380.530	4.908.691	465.629	189.701	524.201	122.313	9.914.080
Net book value at the beginning of the period	2.323.015	1.380.530	4.908.691	465.629	189.701	524.201	122.313	9.914.080
Acquisitions (Note 3)	33	318	919	985	-	-	-	2.255
Additions	973	1.715	28.705	30.922	17.187	198.743	1.681	279.926
Disposals	(6.107)	(3.867)	(2.830)	(6.191)	(1.289)	(340)	(481)	(21.105)
Transfers (*)	2.747	(30.112)	18.916	(3.443)	51.885	(94.306)	(67)	(54.380)
Translation differences	342	18.917	14.459	1.987	23	2.554	135	38.417
Current period depreciation	(10.849)	(16.600)	(113.825)	(14.295)	(17.793)	-	(6.644)	(180.006)
Net book value at the end of the period	2.310.154	1.350.901	4.855.035	475.594	239.714	630.852	116.937	9.979.187
31 March 2008								
Cost	2.452.285	2.479.008	9.749.091	862.028	871.826	630.852	264.413	17.309.503
Accumulated depreciation	(142.131)	(1.128.107)	(4.894.056)	(386.434)	(632.112)	-	(147.476)	(7.330.316)
Net book value	2.310.154	1.350.901	4.855.035	475.594	239.714	630.852	116.937	9.979.187

(*) The property, plant and equipment amounting to YTL26.608 thousand and YTL27.772 thousand have been transferred to investment property (Note 11) and asset groups held for sale (Note 26), respectively.

At 31 March 2008, there are mortgages amounting to YTL207.142 thousand on property, plant and equipment.

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
1 January 2007								
Cost	2.437.258	3.153.089	9.491.420	815.129	1.004.010	1.012.854	747.463	18.661.223
Accumulated depreciation	(105.500)	(1.339.954)	(5.165.814)	(394.934)	(749.523)	-	(357.323)	(8.113.048)
Net book value	2.331.758	1.813.135	4.325.606	420.195	254.487	1.012.854	390.140	10.548.175
Net book value at the beginning of the period	2.331.758	1.813.135	4.325.606	420.195	254.487	1.012.854	390.140	10.548.175
Acquisitions	-	-	-	-	-	-	-	-
Additions	2.013	2.431	36.516	19.030	24.565	172.134	11.157	267.846
Disposals	(1.282)	(4.428)	(136)	(8.007)	(735)	(2.577)	(163)	(17.328)
Transfers (*)	1.980	3.285	14.242	672	3.004	(28.651)	4.096	(1.372)
Translation differences	4	(1.642)	(1.146)	(116)	(6)	(187)	(37)	(3.130)
Current period depreciation	(12.652)	(20.592)	(108.511)	(10.518)	(23.548)	-	(18.431)	(194.252)
Net book value at the end of the period	2.321.821	1.792.189	4.266.571	421.256	257.767	1.153.573	386.762	10.599.939
31 March 2007								
Cost	2.439.966	3.148.035	9.513.442	817.057	1.022.865	1.153.573	761.575	18.856.513
Accumulated depreciation	(118.145)	(1.355.846)	(5.246.871)	(395.801)	(765.098)	-	(374.813)	(8.256.574)
Net book value	2.321.821	1.792.189	4.266.571	421.256	257.767	1.153.573	386.762	10.599.939

(*) The property, plant and equipment amounting to YTL1.538 thousand and YTL166 thousand have been transferred to the investment property (Note 11) and from intangible assets (Note 13), respectively.

At 31 March 2007, there are mortgages amounting to YTL382.705 thousand on property, plant and equipment.

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NOTE 13 - INTANGIBLE ASSETS

	2008	2007
As of 1 January		
Cost	1.345.870	1.388.447
Accumulated amortisation	(465.034)	(434.860)
Net book value	880.836	953.587
Net book value at the beginning of the period	880.836	953.587
Acquisitions (Note 3) ⁽¹⁾	94.302	-
Fair value differences ⁽¹⁾	71.701	-
Additions	57.226	15.613
Disposals	(84)	-
Transfers ⁽²⁾	(2.004)	(166)
Translation differences	4.790	(342)
Current period amortisation	(25.900)	(21.144)
Net book value at the end of the period	1.080.867	947.548
As of 31 March		
Cost	1.559.039	1.402.100
Accumulated amortisation	(478.172)	(454.552)
Net book value	1.080.867	947.548
	31 March 2008	31 March 2007
Rights	476.980	486.980
Brand	276.616	284.684
Development costs	242.192	93.292
Other	85.079	82.592
Total	1.080.867	947.548

(1) As a result of the Grundig acquisition (the 50%) realised in 2004, the corresponding 50% of intangible assets have been accounted for. According to the Grundig acquisition realised in 2008 (the other 50%), all the intangible assets with the net book value amounting to YTL 45.202 thousand have been accounted for with their total fair value determined as YTL188.604 thousand (Grundig brand: YTL 186.508 thousand) in accordance with IFRS 3. Consequently, the portion related to the acquisition in 2008 (50%: YTL94.302 thousand) has been accounted for as the acquisition, and the difference between the the portion related to the acquisition realised in 2004 (50%: YTL94.302 thousand) and the net book value (50%: YTL22.601 thousand) has been accounted for as fair value gain.

(2) The amount is related to the transfers amounting to YTL2.004 thousand to asset groups held for sale (Note 26) (31 December 2007: The amount is related to the transfers amounting to YTL166 thousand (Note 12) to property, plant and equipment).

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NOTE 14 - GOODWILL

	2008	2007
Net book value at the beginning of the period - 1 January	3.524.486	3.800.853
Acquisitions ⁽¹⁾	10.553	-
Additions ⁽²⁾	1.871	-
Net book value at the end of the period - 31 March	3.536.910	3.800.853

(1) Related to the acquisition of Grundig Multimedia B.V. in 2008 (Note 3).

(2) Addition in 2008 represents an adjustment to the cost of business combination of Yapı Kredi Bankası in 2005, based on the contingencies (Note 25) realised in the current period.

NOTE 15 - CUSTOMER DEPOSITS

	31 March 2008			31 December 2007		
	Demand	Time	Total	Demand	Time	Total
Foreign currency deposits						
Saving deposits	874.007	3.762.655	4.636.662	753.471	3.467.239	4.220.710
Commercial deposits	764.136	2.149.767	2.913.903	743.989	1.665.829	2.409.818
	1.638.143	5.912.422	7.550.565	1.497.460	5.133.068	6.630.528
YTL deposits						
Saving deposits	541.614	5.604.547	6.146.161	465.234	5.178.244	5.643.478
Commercial deposits	679.907	2.541.106	3.221.013	615.107	2.714.669	3.329.776
Funds deposited under repurchase agreements	-	270.524	270.524	-	695.390	695.390
	1.221.521	8.416.177	9.637.698	1.080.341	8.588.303	9.668.644
Less : Long-term deposits			(185.865)			(138.844)
Short-term deposits			17.002.398			16.160.328

NOTE 16 - FINANCIAL LIABILITIES

	31 March 2008	31 December 2007
Short-term financial liabilities		
Short-term bank borrowings	6.434.720	5.148.803
Short-term portion of long-term bank borrowings	3.885.942	2.139.548
Short-term lease payables	1.693	1.837
Total short-term financial liabilities	10.322.355	7.290.188
Long-term financial liabilities		
Long-term bank borrowings	7.149.623	7.779.889
Long-term lease payables	2.774	1.528
Total long-term financial liabilities	7.152.397	7.781.417
	17.474.752	15.071.605

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NOTE 16 - FINANCIAL LIABILITIES (Continued)

The details of the loans obtained in 2006 in order to finance the cost of acquisition of Tüpraş shares to re-structure the Group's existing loans are given below (Note 25):

- a loan from the consortium composed of JP Morgan Europe Limited, Calyon Corporate and Investment Bank, JP Morgan Plc., WestLB AG, London Branch and JP Morgan Chase Bank NA in an amount of USD1.000.000.000 with a maturity of three years which bears an interest rate of Libor+1,0;
- a loan from the consortium composed of JP Morgan Europe Limited and JP Morgan Chase Bank NA in an amount of USD950.000.000 with a maturity of seven years which bears an interest rate of Libor+1,9;
- a loan from the consortium composed of JP Morgan Europe Limited, JP Morgan Plc. and JP Morgan Chase Bank NA in an amount of USD550.000.000 with a maturity of two years and a one year option period which bears an interest rate of Libor+1,2;
- a loan from the consortium composed 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 which bears an interest rate of Libor+2,3 until 2013 and an interest rate of Libor+2,8 afterwards, were obtained.

Following principal repayments amounting to USD1.242.028.572 regarding the borrowings detailed above, the total borrowings decreased to USD3.057.971.428 at 31 March 2008.

As of 31 March 2008, Yapı ve Kredi Bankası, a Joint Venture of the Group, has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to YTL872.782 thousand (31 December 2007: YTL 771.305 thousand). The interest rate of this borrowing ranges between Euribor/Libor+ 0,18% and 0,35% and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

As of 31 March 2008, Yapı ve Kredi Bankası, a Joint Venture of the Group, has subordinated loans amounting to YTL1.031.730 thousand (EUR525.000.000) (31 December 2007: YTL875.385 thousand), with 10 years maturity and repayment option at the end of 5 years. These loans were borrowed from Merrill Lynch Capital Corporation (EUR250.000.000), Goldman Sachs International Bank (EUR175.000.000), and Citibank (EUR100.000.000) with UniCredito S.p.A as guarantor. The interest rates of the loans are determined as Euribor+2,0%, Euribor+2,2% and Euribor+1,8%, respectively.

As of 31 March 2008, the collaterals given for borrowings amount to YTL526.169 thousand (31 December 2007: YTL476.325 thousand) (Note 25).

The redemption schedule of long-term financial liabilities is as follows:

	31 March 2008	31 December 2007
2009 (*)	1.484.704	2.440.828
2010	1.113.573	1.022.530
2011	897.624	897.212
2012	882.760	855.406
2013	686.271	691.942
2014 and over	2.087.465	1.873.499
	7.152.397	7.781.417

(*) Represents 1 April 2009 - 31 December 2009 as of 31 March 2008.

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NOTE 17 - TAX ASSETS AND LIABILITIES

	31 March 2008	31 December 2007
Current income tax liabilities		
Domestic	79.592	620.358
Foreign	1.459	12.026
Less: Prepaid corporate tax	(41.762)	(520.295)
Current income tax liabilities (net)	39.289	112.089

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

The corporation tax rate is 20%. Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances.

The taxes on income reflected to the interim consolidated income statements for the three-month periods ended 31 March are summarised as follows:

	31 March 2008	31 March 2007
Current period tax expense (-)	(85.577)	(118.808)
Deferred tax income / (expense) (net)	(10.300)	2.190
	(95.877)	(116.618)

	31 March 2008	31 December 2007
Deferred tax assets		
Domestic	342.687	347.866
Foreign	6.130	3.368
	348.817	351.234

Deferred tax liabilities		
Domestic	(689.166)	(631.749)
Foreign	(12.387)	(7.850)
	(701.553)	(639.599)

Deferred tax assets / (liabilities) (net)	(352.736)	(288.365)
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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 their statutory tax financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming periods under the liability method is 20% or 30% for the companies operating in Turkey.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes calculated using the principal tax rates of the tax authorities of each country that the Group operates in as of 31 March 2008 are as follows:

Country	Tax rates	Country	Tax rates	Country	Tax rates
Germany	39,6	France	33,3	Hungary	16,0
Australia	30,0	The Netherlands	25,5	Macedonia	12,0
Austria	25,0	The U.K	30,0	Norway	28,0
Azerbaijan	22,0	Ireland	12,5	Poland	19,0
Bulgaria	10,0	Spain	35,0	Portugal	27,5
Czech Republic	24,0	Switzerland	25,0	Romania	16,0
China	25,0	Italy	37,3	Russia	20,0
Denmark	28,0	Kazakhstan	30,0	Slovakia	19,0
Finland	26,0	Kyrgyzstan	10,0		

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

	<u>Cumulative temporary differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
Property, plant and equipment and intangible assets	4.544.216	4.364.324	(869.471)	(818.647)
Tax losses carried forward	(598.647)	(439.328)	134.407	94.476
Provision for the Pension Fund (Note 19)	(353.000)	(302.139)	70.600	60.428
Impairment of real estate and assets held for resale	(342.252)	(342.527)	36.284	36.338
Provision for employment termination benefits (Note 19)	(286.323)	(289.233)	57.149	58.272
Unused investment incentives	(282.573)	(418.673)	28.823	42.705
Provision for loan losses	(255.054)	(342.430)	51.011	68.486
Warranty and assembly reserves	(180.312)	(226.623)	36.773	47.093
Unearned credit finance income (net)	(121.517)	(27.942)	24.305	5.649
Inventories	(83.014)	(75.519)	19.542	16.509
Impairment of investments	(61.329)	(68.017)	12.266	13.604
Provision for doubtful receivables	(53.997)	(45.141)	10.839	9.075
Provision for lawsuits	(47.868)	(47.498)	9.574	9.500
Provision for unused vacation (Note 20.c)	(40.318)	(39.158)	7.994	7.769
Derivative financial instruments	29.083	(172.793)	(13.649)	33.472
Expense accruals	(26.122)	(33.257)	5.551	6.824
Deferred income	(20.200)	(20.582)	4.221	4.488
Provision for credit card bonus (Note 20.c)	(17.920)	(18.007)	3.584	3.602
Other (net)	(86.472)	(48.676)	17.461	11.992
Deferred tax assets / (liabilities) (net)			(352.736)	(288.365)

In the Subsidiaries' and Joint Ventures' financial statements prepared in accordance with CMB Financial Reporting Standards, net deferred tax assets and liabilities of the related companies are 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, show the net deferred tax position.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Movements of deferred tax assets and liabilities are as follows:

	2008	2007
Beginning of the period - 1 January	(288.365)	(242.357)
Charge to the income statement		
- Continued operations (net)	(10.300)	2.190
- Discontinued operations (net)	-	(5.381)
Charge to the shareholders' equity		
- Financial assets fair value reserve (net)	(8.148)	(341)
- Cumulative gain / (loss) on hedging (net)	2.239	(101)
- Non-current assets revaluation funds (net)	(18.284)	-
- Translation differences (net)	(103)	(245)
Acquisitions (Note 3)	(21.613)	-
Transfers (*)	(8.162)	-
End of the period - 31 March	(352.736)	(246.235)

(*) Transferred to asset groups held for sale (Note 26).

The details of carry forward tax losses and unused investment incentives which are not considered in the deferred tax calculation are as follows:

	31 March 2008	31 December 2007
Carry forward tax losses (**)	566.481	292.098
Unused investment incentives (***)	1.201.526	1.183.719

(**) The expiration schedule of carry forward tax losses is as follows:

	31 March 2008	31 December 2007
2008	4.752	4.752
2009	16.079	16.079
2010	31.631	31.631
2011	217.142	224.739
2012	14.897	14.897
2013	281.980	-
	566.481	292.098

(***) Investment incentives for which the Group qualified as a result of investment expenditures of prior periods can be deductible from earnings until 31 December 2008.

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NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	<u>31 March 2008</u>		<u>31 December 2007</u>	
	Asset	Liability	Asset	Liability
Derivatives held for trading	141.381	149.682	24.290	152.015
Derivatives used for hedging	22.517	11.175	841	62.196
	163.898	160.857	25.131	214.211

Derivatives held for trading:

	<u>31 March 2008</u>			<u>31 December 2007</u>		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Currency forwards	2.697.520	44.878	16.932	1.557.403	9.651	33.027
Currency swaps	433.418	835	6.609	1.667.386	5.844	5.867
	3.130.938	45.713	23.541	3.224.789	15.495	38.894
Interest rate swaps	2.481.740	12.695	125.269	2.040.776	8.213	104.533
Option agreements	3.243.253	82.973	411	1.098.450	532	783
Commodity futures	71.473	-	461	293.450	50	7.805
	8.927.404	141.381	149.682	6.657.465	24.290	152.015

Derivatives used for hedging:

	<u>31 March 2008</u>			<u>31 December 2007</u>		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Currency forwards	33.463	-	1.619	52.483	-	11.877
Currency swaps	428.559	21.891	5.273	365.050	-	36.426
	462.022	21.891	6.892	417.533	-	48.303
Interest rate swaps	75.939	626	4.283	110.884	841	13.893
	537.961	22.517	11.175	528.417	841	62.196

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NOTE 19 - EMPLOYEE BENEFITS

	31 March 2008	31 December 2007
Provision for employment termination benefits	288.043	291.097
Provision for the Pension Fund (Note 17)	353.000	302.139
	641.043	593.236

Provision for employment termination benefits:

Domestic	286.323	289.233
Foreign	1.720	1.864
	288.043	291.097

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, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of YTL2.087, 92 (31 December 2007: YTL2.030,19) for each year of service at 31 March 2008.

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 YTL2.087, 92 effective from 1 January 2008 (1 January 2007: YTL1.960, 69) 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 were used in the calculation of the total liability.

	31 March 2008	31 December 2007
Discount rate (%)	5,71	5,71
Turnover rate to estimate the probability of retirement (%)	99	99

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

	2008	2007
Beginning of the period - 1 January	291.097	312.976
Increase during the period	30.809	19.099
Payments during the period	(30.084)	(28.191)
Transfers (*)	(3.779)	-
End of the period - 31 March	288.043	303.884

(*) Transferred to asset groups held for sale (Note 26).

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NOTE 19 - EMPLOYEE BENEFITS (Continued)

Provision for the Pension Fund:

The Grand National Assembly of Turkey ("GNAT") started to work on new legal agreements regarding the transfer of the fund members to Social Security Institution 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.

As of 31 March 2008, Yapı Kredi Bankası, a Joint Venture of the Group, provided a full provision for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,80% determined by the New Law and CSO 1980 mortality table.

	2008	2007
Beginning of the period - 1 January	302.139	299.620
Current period charges	50.861	12.930
End of the period - 31 March	353.000	312.550

NOTE 20 - OTHER ASSETS AND LIABILITIES

a) Other current assets	31 March 2008	31 December 2007
Order advances given	448.993	369.100
Value added tax receivable	346.277	325.698
Prepaid expenses	330.306	149.422
Taxes and funds deductible	167.888	154.696
Income accruals	117.263	25.450
Property, plant and equipment held for sale	59.750	35.960
Payments for credit card settlements	42.402	21.924
Deposits and guarantees given	7.689	11.460
Other	151.728	191.394
	1.672.296	1.285.104
b) Other non-current assets	31 March 2008	31 December 2007
Spare parts and materials	200.433	204.207
Prepaid expenses	193.827	173.898
Other	38.125	17.738
	432.385	395.843

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NOTE 20 - OTHER ASSETS AND LIABILITIES (Continued)

c) Other current liabilities	31 March 2008	31 December 2007
Credit card payables	876.761	897.511
Interbank cheque clearing account	304.623	163.264
Accrual for costs and expenses	295.321	112.136
Import deposits and transfer orders	257.805	231.382
Blocked accounts	249.292	89.554
Warranty and assembly provision	215.562	216.120
Provision for lawsuits	92.167	118.438
Provision for losses related to loan commitments (Note 25.a)	71.544	65.937
Accrual for sales and customer premiums	67.991	14.271
Advances received	62.131	138.773
Due to personnel	49.992	97.705
Provision for unused vacation (Note 17)	40.318	39.158
Premium accruals	36.836	77.194
Provision for the non-core assets option agreement (Note 25.a)	25.798	26.422
Deferred income	24.177	36.335
Non-transferred loans	21.009	39.167
Export commitment provision	19.687	48.755
Provision for the advertising publication agreement (Note 25.a)	18.896	17.637
Provision for credit card bonus (Note 17)	17.920	18.007
Other	369.150	283.194
	3.116.980	2.730.960
d) Other non-current liabilities	31 March 2008	31 December 2007
Revenue share (*)	150.781	136.019
Warranty provision	59.321	52.258
Deposits and guarantees received	48.458	47.113
Other	74.766	58.828
	333.326	294.218

(*) According to Petroleum Market Law, Tüpraş, a Subsidiary of the Group, has been collecting the revenue share over the sales of petroleum products and non-refinery imports of petroleum products since 1 January 2005, and over the sales of Liquefied Petroleum Gas ("LPG") since 16 September 2005 in accordance with the LPG Market Regulation. Blocked demand deposits with special interest rates related to revenue share have been classified within "Cash and cash equivalents".

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NOTE 21 - SHAREHOLDERS' 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 YKr1. Koç Holding's registered and issued share capital as of 31 December is as follows:

Limit on registered share capital (historical)	3.000.000
Issued share capital in nominal value	1.745.700

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 structures of Koç Holding are as follows:

	31 March 2008		31 December 2007	
	Share %	YTL'000	Share %	YTL'000
Temel Ticaret ve Yatırım A.Ş.	42,44	740.815	42,44	740.815
Semahat Arsel	6,42	112.137	6,42	112.137
Suna Kiraç	5,26	91.715	5,26	91.715
Rahmi M. Koç	5,23	91.362	5,23	91.362
Mustafa V. Koç	3,20	55.945	3,20	55.945
Ali Y. Koç	3,20	55.883	3,20	55.883
Ömer M. Koç	2,81	49.080	2,81	49.080
İpek Kiraç	1,93	33.737	1,93	33.737
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	0,11	1.835	0,11	1.835
Total Koç Family members and companies owned by Koç Family members	70,60	1.232.509	70,60	1.232.509
Vehbi Koç Vakfı	7,17	125.191	7,17	125.191
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,97	34.453	1,97	34.453
Other	20,26	353.547	20,26	353.547
Paid-in share capital	100,00	1.745.700	100,00	1.745.700
Adjustment to share capital (*)		967.288		967.288
Total share capital		2.712.988		2.712.988

(*) "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 Articles of Association ("the Articles") of Koç Holding established 100 registered shares. These are bearer shares and are transferable. The holders of registered shares are entitled to receive 5% of the profit before tax, which remains after taxes, 5% of legal reserves and 3% of the paid capital have been deducted. However, this cannot be higher than 10% of the amount obtained after deducting legal reserves, taxes and first dividend from distributable profit. Registered shares do not have any interest in the capital of Koç Holding and do not have any voting rights associated with them. In the event of liquidation, registered shareholders are not entitled to receive any portion of the liquidation proceeds.

Dividends are paid to Koç Holding Emekli ve Yardım Sandığı Vakfı up to 2% but not less than 1% of the income before tax remaining after deducting taxes, 5% legal reserves rate determined by CMB and the first dividend.

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NOTE 21 - SHAREHOLDERS' EQUITY (Continued)

The analysis of shares by group is as follows:

<u>Group</u>	<u>Unit of shares</u>	<u>YTL'000</u>	<u>Nature of shares</u>
A	46.844.266.549	468.443	Registered
B	127.725.733.451	1.277.257	Registered
	174.570.000.000	1.745.700	

The Articles of Koç Holding set out the following privileges for A-group shares:

1. 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.
2. In accordance with article 25, A-group shareholders have two voting rights for each share owned at the General Assembly meeting (except for meetings with an agenda to change the Articles).

Revaluation Funds

Increases of carrying amounts as a result of revaluations recognised directly in the equity are followed in the headings below.

	31 March 2008	31 December 2007
Financial assets fair value reserve (net)	15.411	22.969
Property, plant and equipment fair value reserve (net)	16.034	-
Cumulative gain / (loss) on hedging (net)	(80.602)	(9.477)
Total revaluation funds (net)	(49.157)	13.492

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

Restricted Reserves

The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In addition, according to Exemption for sale of Participation shares and property, a 75% portion of corporations' profits arising from such sales are not withdrawn within 5 years and are followed in special reserves.

The details of these restricted reserves are as follows:

	31 March 2008	31 December 2007
Legal reserves	54.579	54.579
Special reserves	163.708	163.708
Total	218.287	218.287

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NOTE 21 - SHAREHOLDERS' EQUITY (Continued)

Prior Years' Income

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment To Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Prior years' income".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Accordingly, "Prior years' income" is restated as follows:

As of 31 December 2007 - as previously reported	1.540.305
Extraordinary reserves	482.602
Inflation adjustment to shareholders' equity	
Inflation adjustment to extraordinary reserves	487.460
Inflation adjustment to legal reserves	96.260
Inflation adjustment to share premium	4.718
As of 1 January 2008 - restated	2.611.345

Dividend Distribution

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

In addition, based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

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

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NOTE 21 - SHAREHOLDERS' EQUITY (Continued)

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

Minority Interest

In accordance with the Communiqué No XI, No: 29 effective from 1 January 2008 and the explanatory announcements of CMB regarding the aforementioned Communiqué, the "Minority interests" are re-classified under the "Shareholders' equity". Therefore, "Total shareholders' equity" is restated as follows:

As of 31 December 2007 - as previously reported	7.852.062
Minority interest	7.206.319
As of 1 January 2008 - restated	15.058.381

The allocation of the minority interest is as follows:

	31 March 2008	31 December 2007
Koç Family members	1.431.025	1.434.150
Other	6.041.903	5.772.169
	7.472.928	7.206.319

The allocation of net income attributable to minority interest is as follows:

Koç Family members	25.931	24.928
Other	134.541	197.932
	160.472	222.860
Net income from continuing operations attributable to minority interest	133.416	206.789
Net income from discontinued operations attributable to minority interest	27.056	16.071
	160.472	222.860

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NOTE 22 - OTHER INCOME/EXPENSES

	31 March 2008	31 March 2007
Other income		
Provision reversals	69.799	16.343
Rent income	7.766	6.432
Profit on sale of property, plant and equipment	2.960	13.593
Other	14.114	14.467
	94.639	50.835
Other expenses		
Pension Fund provision expenses	(50.861)	(12.930)
Provision expenses	(27.791)	(28.786)
Other	(7.480)	(1.032)
	(86.132)	(42.748)

NOTE 23 - FINANCIAL INCOME/EXPENSES

	31 March 2008	31 March 2007
Financial Income		
Foreign exchange gains	566.855	227.966
Credit finance income	121.613	79.759
Interest income	77.131	68.904
Gains on forward agreements	4.080	-
Other financial income	2.309	9.744
	771.988	386.373
Financial Expenses		
Foreign exchange losses	1.063.161	103.270
Interest expense	252.085	224.778
Credit finance expense	66.762	92.740
Losses on forward agreements	31.066	15.961
Other financial expense	12.594	19.284
	1.425.668	456.033

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NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Related party balances

	31 March 2008			31 December 2007		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Cash and cash equivalents	737.989	-	737.989	852.787	-	852.787
Trade receivables	75.549	25.041	100.590	201.760	36.256	238.016
Trade payables	192.327	23.977	216.304	213.236	26.522	239.758
Loans and advances to customers	7.223	13.514	20.737	5.984	12.264	18.248
Financial liabilities	242.846	-	242.846	204.497	-	204.497
Customer deposits	60.476	368.241	428.717	56.217	173.153	229.370

(ii) Transactions with related parties

	31 March 2008			31 March 2007		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	285.448	36.197	321.645	230.436	36.784	267.220
Purchase of goods and services	212.090	27.160	239.250	189.203	78.609	267.812

(iii) Key management compensation

Total compensation provided to key management personnel by Koç Holding on 31 March 2008 amounts to YTL1.784 thousand (31 March 2007: YTL1.813 thousand).

NOTE 25 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingencies, from which the management does not anticipate any significant losses or liabilities are summarised below:

	31 March 2008	31 December 2007
<u>Guarantees given:</u>		
Letters of guarantee	2.044.837	2.671.962
Guarantee notes	64.118	70.730
<u>Guarantees received:</u>		
Letters of guarantee	2.904.292	2.890.502
Guarantee notes	110.246	91.311
Other	23.659	19.848

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NOTE 25 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments - given:

a) Commitments - Banking

- i) The final version of the Share Purchase Agreement ("SPA") was signed between Çukurova Holding, various Çukurova Group companies, Mehmet Emin Karamehmet, and the Joint Ventures of the Group, Koç Finansal Hizmetler, Koçbank Nederland and Koçbank A.Ş. regarding the sale of 57,4% of the shares of Yapı Kredi Bankası on 28 September 2005. In addition to the SPA, several agreements have been signed between Yapı Kredi Bankası and Çukurova Group companies on 28 September 2005 which aim to re-establish the loan and other relations of Yapı Kredi Bankası with the Çukurova Group. As of the date of these consolidated financial statements, some of the conditions in those agreements have been fulfilled or secured by Koç Finansal Hizmetler, the indirect main shareholder of Yapı Kredi Bankası. The effects of the remaining agreements have been reflected as in force as of 31 March 2008 by taking the agreements and the best estimations of the Group into consideration.
- ii) Based on the "Non-Core Assets Option Agreement" signed between Yapı Kredi Bankası, a Joint Venture of the Group, and Çukurova Holding on 28 September 2005, the parties agreed that, if the non-core assets are sold to third parties in 6 years from the date of share transfer; 57,4% of the difference between the sale price and the agreed adjusted book value will be netted off from the cash loan exposure of Çukurova Group in Yapı Kredi Bankası. Koç Finansal Hizmetler, the indirect main shareholder of Yapı Kredi Bankası, declared to Yapı Kredi Bankası on 31 January 2006 that it has agreed and committed to irrevocably pay any difference in favour of Çukurova Group resulting from the transactions subject to this agreement during the life of the Option Agreement, which will be deducted from Çukurova Group's debts. According to the clauses of the agreement, the estimated value of option as YTL25.798 thousand was recognised as a provision in the condensed interim consolidated financial statements at 31 March 2008 (31 December 2007: YTL26.422 thousand) (Note 20.c).
- iii) On 10 August 2006, new advertisement agreements were signed between Yapı Kredi Bankası, Çukurova Media companies and Koç Finansal Hizmetler, to supersede the agreement signed on 28 September 2005 between Yapı Kredi Bankası and Çukurova Media companies. The conditions such as the advertisement amount and the agreement term were unchanged and Yapı Kredi Bankası is anticipated to advertise on the basis of the Koç Group's prices through Çukurova Media companies in these new agreements also, however this time, with the guarantee of Koç Finansal Hizmetler. A provision amounting to YTL18.896 thousand regarding this agreement has been recognised in the condensed interim financial statements at 31 March 2008 (31 December 2007: YTL17.637 thousand) (Note 20.c).
- iv) According to SPA, if the payment to be made to Turkish Treasury by Yapı Kredi Bankası in respect of the transfer of the Pension Fund to the Social Security Institution or any other prescribed entity or authority does not exceed EUR175.000.000, 50% of the difference between the payment the EUR175.000.000 will be used to net off the cash loan exposure of Çukurova Group at Yapı Kredi Bankası. Koç Finansal Hizmetler has declared to Yapı Kredi Bankası that, it is agreed and committed to irrevocably pay the amount of any discount, if any, provided by the Yapı Kredi Bankası to Çukurova Group loans.

In the banking segment, the normal course of banking activities requires the undertaking of various commitments and incurs certain contingent liabilities that are not presented in the consolidated financial statements, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The Group does not expect any material losses as a result of these transactions.

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NOTE 25 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

- v) Debt securities, amounting to YTL1.535.776 thousand (31 December 2007: YTL985.658 thousand), included in the marketable securities and financial assets as of 31 March 2008 are pledged;
- to the CBRT due to legal requirements,
 - to Istanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.Ş. due to stock exchange and money market operations and,
 - to various banks due to loan agreements as guarantees

The summary of significant commitments and contingent liabilities related to banking sector companies is as follows:

Credit related commitments

	31 March 2008	31 December 2007
Letters of guarantee		
- Foreign currency	2.848.143	2.549.931
- YTL	2.684.088	2.772.052
Letter of credit	1.329.244	1.082.070
Acceptance credit	98.457	92.247
Other commitments and contingencies	340.759	302.438
	7.300.691	6.798.738
Less: Provision for losses on credit related commitments (Note 20.c)	(71.544)	(65.937)
	7.229.147	6.732.801

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. At 31 March 2008, the Group has custody accounts amounting to YTL9.101.186 thousand (31 December 2007: YTL10.992.184 thousand).

b) Commitments - Energy

- i) Koç Holding's shares in Arçelik and Migros, with nominal value of YTL28.146 thousand and YTL80.853 thousand, respectively, were pledged as collateral against the loan amounting to USD950.000.000 taken from the consortium composed of JP Morgan Europe Limited and JP Morgan Chase Bank NA, in addition shares in Tüpraş with the nominal value of YTL127.714 thousand were pledged as collateral against the loan amounting to USD1.800.000.000 taken by Enerji Yatırımları, a Subsidiary of the Group, from the consortium 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 and Türkiye Halk Bankası A.Ş. Following the execution of the Share Transfer Agreement with Moonlight Capital S.A. controlled by the funds managed by BC Partners, the pledges on Migros shares were released. Accordingly, on 21 May 2008 Koç Holding's shares in Aygaz A.Ş. with YTL101.994 thousand nominal value and shares in Otokar Otobüs Karoseri Sanayi A.Ş. with YTL10.301 thousand nominal value, were pledged. The dividends and voting rights for these shares remain with Koç Holding (Note 30).

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NOTE 25 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

- ii) Several financial and non-financial covenants exist with respect to the loans obtained in order to finance the cost of Tüpraş share purchase and to re-finance the Group's existing loans in 2006. In the event that these covenants are not fulfilled, the aforementioned creditors have the right to recall the outstanding loans (Note 16.).
- iii) Commitments related to Tüpraş Share Purchase Agreement signed by Enerji Yatırımları, a Subsidiary of the Group, and the Republic of Turkey Prime Ministry Privatisation Administration ("PA") on 26 January 2006 are as follows:
- Enerji Yatırımları, a Subsidiary of the Group, has accepted and committed to provide the petroleum products requirements of Turkish Military Forces timely, at the requested quality and at the market value, and to maintain and protect the production of petroleum products and their transfer systems within refineries or under Tüpraş's proprietorship.
 - Enerji Yatırımları has committed to operate the Batman refinery for a minimum of three years. As a guarantee of this commitment, Enerji Yatırımları has provided a definite guarantee letter amounting to USD30.000.000 to the PA at the date the Share Sales Agreement was signed. For each year that the commitment is fulfilled, the relevant commitment amounting to USD10.000.000 will be released. Otherwise, the amount will be liquidated and recorded as income by the PA. As at the date of issue of these interim condensed consolidated financial statements, the remaining guarantee amount is USD10.000.000, following the release of the portion of the aforementioned guarantee.
- iv) As an outcome of a sector-wide inspection, the Energy Market Regulatory Authority (EMRA) Control Board criticised certain dealership practices of 26 companies in the sector with the decision dated 31 August 2006 and accordingly imposed on and notified administrative fines to Opet and Opet Dış Ticaret A.Ş. ("Opet Dış Ticaret"), Joint Ventures of the Group. The fine amounting to YTL84.307 thousand was levied in accordance with Law No.5015 (19th article, 2nd paragraph, 4th subparagraph of Section a) and the 19th article of the Petroleum Market Law, "Communiqué about the administrative fines to be applied after 1 January 2005", hereby underlining the right to take this decision to the State Council. Subsequently, these companies publicly announced that the legal procedures to cancel these administrative fines will be applied, and the management of Opet and Opet Dış Ticaret brought lawsuits for the cancellation of the administrative fines by the 13th State Council and for a stay of execution.

Regarding the sentence of the 13th State Council on 10 November 2006, the demand of Opet for a stay of execution was accepted for only YTL1.072 thousand of the total demand, and Opet Dış Ticaret's demand for a stay of execution was rejected. Consequently, Opet and Opet Dış Ticaret paid YTL1.736 thousand, including the interest, to the Anatolian Corporate Tax Administration of the Ministry of Finance.

Regarding the sentence of the 13th State Council on 25 January 2007, the rejection of the demand of Opet for a stay of execution on 10 November 2006 has been cancelled and the demand for a stay of execution has been accepted for YTL83.235 thousand. Based on this sentence of the State Council, the Istanbul 8th Administrative Court also accepted the stay of execution for the collection of the fine on 8 February 2007. The lawsuits for the cancellation of the administrative fine are still continuing. As there is uncertainty on the final conclusion of the subject, and as discussions between the parties and legal observations continue, no provision has been provided in the accompanying interim condensed consolidated financial statements due to this uncertainty.

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NOTE 25 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

- i) The management of Ford Otosan, a Joint Venture of the Group, believes that there is an effective cash flow hedge between the foreign currency denominated payables (a non-derivative hedging instrument) with regard to engineering expenses and anticipated future sales (hedged item) of the produced light commercial vehicle ("V227 or Transit Connect"). The hedge relationship has been considered effective since its inception when the business principles for V227 between Ford Otosan and Ford Motor Company were formally discussed and agreed. As of 31 March 2008, unrealised foreign exchange losses on foreign currency denominated engineering payables do no longer exist. Thus, reserve, previously accounted for under equity, transferred to financial expenses in the statement of income.
- ii) The long-term loan amounting to EUR11.789.690 (31 December 2007: EUR17.319.436) and EUR119.731.114 (31 December 2007: EUR119.731.114) was obtained to finance the investment to manufacture the Doblo light commercial vehicles and Mini Cargo commercial vehicles of Tofaş, a Joint Venture of the Group, respectively. According to the manufacturing agreements signed between Fiat Auto S.p.A. ("Fiat") (the customer of the majority of Doblo production) and Tofaş, and between Fiat and Peugeot Citroen Auto SA ("PSA") (major importers of Mini Cargo) the repayment obligations related to such a loan are guaranteed by Fiat and PSA through future purchases of Doblo and Mini Cargo. Accordingly, the Group's exposure to the foreign exchange rate and interest rate fluctuations has been undertaken by Fiat and PSA.
- iii) Ford Otosan, a Joint Venture of the Group, entered into a loan agreement with Akbank T.A.Ş. in 2003. During the term of this agreement, Ford Otosan is required to ensure that its exports will be processed through a deposit account at Akbank T.A.Ş. For 2008, the last year of the agreement, the transaction commitment in this deposit account at Akbank T.A.Ş. is EUR82.080.000. As of 31 March 2008 Ford Otosan accomplished its export commitments to Akbank T.A.Ş.
- iv) Tofaş, a Joint Venture of the Group, has realised exports amounting to USD518.682.000 as of 31 March 2008 in the scope of export incentive certificates which require Tofaş to ensure exports amounting to USD834.056.000 until 30 September 2008 (Tofaş was required to ensure total exports amounting to USD834.056.000 until 30 September 2008 in the scope of the export incentive certificate. Total exports amounting to USD335.061.000 have been realised as of 31 December 2007).

Other commitments given:

	31 March 2008	31 December 2007
Commitments with respect to export incentive certificates	1.416.636	1.416.636
Mortgages given (Note 12)	207.142	187.728
	1.623.778	1.604.364

Commitments received:

	31 March 2008	31 December 2007
Mortgages taken	180.613	173.233

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NOTE 26 - DISCONTINUED OPERATIONS

As explained in Note 30;

- Koç Holding signed a Share Purchase Agreement for the sale of its shares in Migros, a Subsidiary of the Group (together with the shares of Migros in its subsidiaries), with Moonlight Capital S.A. controlled by funds managed by BC Partners, on 13 February 2008.
- Koç Holding signed a Share Purchase Agreement for the sale of its shares in Koç Allianz Sigorta and Koç Allianz Hayat, Subsidiaries of the Group, with Allianz SE on 20 April 2008.

In addition,

- Otoyol, a Subsidiary of the Group, ceased its manufacturing operations in 2007.
- Yapı Kredi Deutschland, a Joint Venture of the Group, has been sold in 2008.

Therefore, IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" has been applied in the accounting of the all assets and liabilities of the subsidiaries and joint ventures which are either sold or planned to be sold as mentioned above and the property, plant and equipment attributable to the manufacturing operations of Otoyol Sanayi, and in the presentation of the Migros Group as discontinued operations of the Group.

a) Asset groups held for sale

	31 March 2008	31 December 2007
Asset groups held for sale	4.010.243	2.830.678
Liability groups held for sale	2.204.554	1.313.885

A summary of information regarding asset and liability groups held for sale is as follows:

i) Asset groups held for sale

Cash and cash equivalents	464.081	376.172
Marketable securities	1.219.693	568.328
Trade receivables and due from related parties	336.201	34.934
Financial assets	4.655	3.643
Inventories	382.713	399.847
Investment property	16.352	-
Property, plant and equipment (net)	810.326	794.267
Intangible assets (net)	181.796	179.626
Goodwill (net)	295.265	295.265
Deferred tax assets	8.162	-
Other assets	290.999	178.596
	4.010.243	2.830.678

ii. Liability groups held for sale

Financial liabilities (net)	163.358	260.832
Trade payables and due to related parties (net)	888.861	882.444
Insurance technical reserves	900.619	-
Current income tax liabilities	23.639	36.363
Provision for employment termination benefits	17.844	14.065
Deferred tax liabilities	17.162	18.799
Other liabilities	193.071	101.382
	2.204.554	1.313.885

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NOTE 26 - DISCONTINUED OPERATIONS (Continued)

b) Income from continuing and discontinued operations

	31 March 2008	31 March 2007
Revenues (net)	1.152.357	1.089.488
Cost of sales (-)	(874.356)	(816.802)
Gross operating profit	278.001	272.686
Marketing, selling and distribution expenses (-)	(175.819)	(172.421)
General administrative expenses (-)	(49.128)	(57.379)
Other income	4.054	2.240
Other expense (-)	(1.551)	(860)
Operating profit	55.557	44.266
Financial income	52.407	21.931
Financial expense (-)	(41.917)	(25.026)
Income before taxes	66.047	41.171
Taxes on income	(11.038)	(8.500)
Net income	55.009	32.671

c) Statement of changes in shareholders' equity of discontinued operations

	Group	Minority	Total
Translation Differences			
Balances at 1 January 2008	(3.282)	(3.175)	(6.457)
Change in translation differences	6.931	6.705	13.636
Balances at 31 March 2008	3.649	3.530	7.179
Financial Assets Fair Value Reserve			
Balances at 1 January 2008	2.306	2.230	4.536
Financial assets fair value gain	(5.551)	(5.369)	(10.920)
Balances at 31 March 2008	(3.245)	(3.139)	(6.384)

d) Summarised cash flow statement of discontinued operations

	31 March 2008	31 March 2007
Operating cash flows	(45.294)	(48.750)
Investing cash flows	57.801	4.151
Financing cash flows	(114.998)	(13.676)
	(102.491)	(58.275)

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NOTE 26 - DISCONTINUED OPERATIONS (Continued)

e) Summarised financial information regarding the disposed companies

The Group sold its shares in Birleşik Oksijen Sanayi A.Ş. and Türk Demirdöküm Fabrikaları A.Ş. in 2007 within the strategic plans of the Group. Therefore, the companies have been excluded from the scope of consolidation as of the dates on which the control ceased. As the aforementioned companies do not individually constitute a business or a geographical segment and they have no material impact in the consolidated financial statements, IFRS 5 was not applied.

A summary of financial information before consolidation adjustments regarding the mentioned companies is as follows:

	31 March 2008	31 March 2007
Revenues (net)		
Birleşik Oksijen Sanayi A.Ş.	-	16.221
Türk Demirdöküm Fabrikaları A.Ş.	-	123.879
	-	140.100
Operating profit		
Birleşik Oksijen Sanayi A.Ş.	-	4.335
Türk Demirdöküm Fabrikaları A.Ş.	-	11.026
	-	15.361
Net income		
Birleşik Oksijen Sanayi A.Ş.	-	3.582
Türk Demirdöküm Fabrikaları A.Ş.	-	2.061
	-	5.643

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Foreign currency position

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

	31 March 2008	31 December 2007
Assets	19.214.902	16.653.842
Liabilities	(26.546.830)	(23.509.143)
Net balance sheet position	(7.331.928)	(6.855.301)
Off-balance sheet derivative instruments net position	1.626.873	885.200
Net foreign currency position	(5.705.055)	(5.970.101)
Hedge ratio of foreign currency position	%22	%13

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 March 2008, Tüpraş has raw materials and petroleum products amounting to YTL2.2661.733 thousand (31 December 2007: YTL1.995.283 thousand).

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NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 March 2008			
	USD	EUR	Other	Total
ASSETS				
Current assets:				
Cash and cash equivalents	1.458.851	1.571.781	113.937	3.144.569
Financial assets	373.651	64.000	32.436	470.087
Reserve deposits with the central banks	222.378	878.483	2.576	1.103.437
Trade receivables	758.447	1.304.389	310.342	2.373.178
Loans and advances to customers	1.117.901	3.353.497	170.729	4.642.127
Inventories	84.498	247.607	226.276	558.381
Other current assets	119.539	185.498	57.470	362.507
	4.135.265	7.605.255	913.766	12.654.286
Asset groups held for sale	82.126	350.243	32.722	465.091
Total current assets	4.217.391	7.955.498	946.488	13.119.377
Non-current assets:				
Financial assets	2.842.654	584.085	19.320	3.446.059
Loans and advances to customers	1.443.397	1.148.351	51.453	2.643.201
Deferred tax assets	-	1.956	4.175	6.131
Other non-current assets	123	-	11	134
Total non-current assets	4.286.174	1.734.392	74.959	6.095.525
Total assets	8.503.565	9.689.890	1.021.447	19.214.902
LIABILITIES				
Current liabilities:				
Customer deposits	4.864.443	2.733.976	289.038	7.887.457
Financial liabilities	5.033.014	2.613.089	250.421	7.896.524
Trade payables	2.604.601	819.075	76.145	3.499.821
Insurance technical reserves	22.985	3.885	-	26.870
Current income tax liabilities	-	122	307	429
Other current liabilities	134.984	331.383	115.169	581.536
	12.660.027	6.501.530	731.080	19.892.637
Liability groups held for sale	88.818	261.424	23.081	373.323
Total current liabilities	12.748.845	6.762.954	754.161	20.265.960
Non-current liabilities:				
Customer deposits	28.985	112.816	935	142.736
Financial liabilities	3.702.168	2.218.022	335	5.920.525
Insurance technical reserves	95.045	30.737	-	125.782
Provisions for employee benefits	-	2.767	-	2.767
Deferred tax liabilities	-	16.392	5.731	22.123
Other non-current liabilities	46.098	20.712	127	66.937
Total non-current liabilities	3.872.296	2.401.446	7.128	6.280.870
Total liabilities	16.621.141	9.164.400	761.289	26.546.830
Net balance sheet position	(8.117.576)	525.490	260.158	(7.331.928)
Off-balance sheet derivative instruments net position	1.221.890	391.189	13.794	1.626.873
Net foreign currency position	(6.895.686)	916.679	273.952	(5.705.055)

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NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2007			
	USD	EUR	Other	Total
ASSETS				
Current assets:				
Cash and cash equivalents	1.407.253	1.197.825	110.884	2.715.962
Financial assets	475.372	68.780	39.264	583.416
Reserve deposits with the central banks	4.289	704.252	1.623	710.164
Trade receivables	875.671	980.071	285.379	2.141.121
Loans and advances to customers	1.280.664	1.421.929	122.279	2.824.872
Inventories	68.483	180.387	191.194	440.064
Other current assets	65.486	174.933	81.628	322.047
	4.177.218	4.728.177	832.251	9.737.646
Asset groups held for sale	7.004	327.012	26.672	360.688
Total current assets	4.184.222	5.055.189	858.923	10.098.334
Non-current assets:				
Financial assets	2.726.263	549.261	16.217	3.291.741
Loans and advances to customers	2.259.668	972.472	26.552	3.258.692
Deferred tax assets	-	1.121	2.247	3.368
Other non-current assets	60	1.355	292	1.707
Total non-current assets	4.985.991	1.524.209	45.308	6.555.508
Total assets	9.170.213	6.579.398	904.231	16.653.842
LIABILITIES				
Current liabilities:				
Customer deposits	4.511.908	2.311.755	225.657	7.049.320
Financial liabilities	2.733.924	1.826.367	201.440	4.761.731
Trade payables	2.945.739	550.083	81.970	3.577.792
Insurance technical reserves	21.904	8.878	28	30.810
Current income tax liabilities	16.469	1.630	3.417	21.516
Other current liabilities	154.213	245.456	88.571	488.240
	10.384.157	4.944.169	601.083	15.929.409
Liability groups held for sale	99.376	170.270	21.116	290.762
Total current liabilities	10.483.533	5.114.439	622.199	16.220.171
Non-current liabilities:				
Customer deposits	20.303	89.945	1.196	111.444
Financial liabilities	4.560.011	2.351.268	18.581	6.929.860
Insurance technical reserves	152.993	31.625	-	184.618
Provisions for employee benefits	-	1.515	350	1.865
Deferred tax liabilities	-	2.524	5.326	7.850
Other non-current liabilities	38.119	3.860	11.356	53.335
Total non-current liabilities	4.771.426	2.480.737	36.809	7.288.972
Total liabilities	15.254.959	7.595.176	659.008	23.509.143
Net balance sheet position	(6.084.746)	(1.015.778)	245.223	(6.855.301)
Off-balance sheet derivative instruments net position	594.491	254.598	36.111	885.200
Net foreign currency position	(5.490.255)	(761.180)	281.334	(5.970.101)

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NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Import and export details

	31 March 2008	31 March 2007
Imports	7.229.091	4.870.710
Exports	3.276.717	2.548.159

NOTE 28 - EARNINGS PER SHARE

	31 March 2008	31 March 2007
Earnings per share from continuing operations:		
Net income from continuing operations	151.273	449.709
Net income from continuing operations attributable to minority interest (Note 21)	(133.416)	(206.789)
Net income from continuing operations attributable to equity holders of the parent	17.857	242.920
Weighted average number of shares with nominal value YTL1 each	1.745.700.000	1.328.250.000
Earnings per share from continuing operations (YTL)	0,010	0,183
Earnings per share from discontinued operations:		
Net income from discontinued operations (Note 26)	55.009	32.671
Net income from discontinued operations attributable to minority interest (Note 21)	(27.056)	(16.071)
Net income from discontinued operations attributable to equity holders of the parent	27.953	16.600
Weighted average number of shares with nominal value YTL1 each	1.745.700.000	1.328.250.000
Earnings per share from discontinued operations (YTL)	0,016	0,012
Earnings per share:		
Net income	206.282	482.380
Net income attributable to minority interest	(160.472)	(222.860)
Net income attributable to equity holders of the parent	45.810	259.520
Weighted average number of shares with nominal value YTL1 each	1.745.700.000	1.328.250.000
Earnings per share (YTL)	0,026	0,195

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

NOTE 29 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements:

	31 March 2008	31 March 2007
Changes in reserves and provisions:		
Changes in sales and customer premiums accruals	53.720	42.848
Changes in provision for warranty and assembly	6.506	(6.954)
Changes in cost and expenses accruals	183.185	87.215
Changes in insurance technical reserve	73.054	16.681
Changes in provision for loans and doubtful receivables	(307.426)	26.934
Changes in provision for the Pension Fund	50.861	12.930
Changes in provision for employment termination benefits	725	(9.092)
Changes in bonus and premium accruals	(40.358)	(46.845)
Changes in impairment for inventories	(3.044)	(6.575)
	17.223	117.142
Add back net interest income:		
Non-banking interest income	(77.131)	(68.904)
Banking interest income	(844.081)	(764.877)
Non-banking interest expenses	252.085	224.778
Banking interest expenses	502.754	495.311
	(166.373)	(113.692)
Net changes in the operating assets and liabilities:		
Inventories	(919.443)	(206.546)
Trade receivables	259.103	(71.395)
Other assets	(532.504)	(77.820)
Trade payables	219.702	192.587
Other liabilities	251.904	(85.687)
Financial assets	216.147	137.535
	(505.091)	(111.326)
Changes in finance segment assets and liabilities:		
Cash and cash equivalents with original maturities of more than 3 months	(42.034)	2.213
Reserve deposits with the central banks	(193.611)	128.224
Loans and advances to customers, long-term	(1.654.552)	89.015
Customer deposits	889.091	(370.449)
Financial assets	(64.453)	813.540
	(1.065.559)	662.543
	(1.570.650)	551.217
Cash and cash equivalents		
Short-term cash and cash equivalents	3.849.070	4.369.743
Cash and cash equivalents held for sale	464.081	-
	4.313.151	4.369.743

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

NOTE 30 - SUBSEQUENT EVENTS

- i) It was decided at the Board of Directors meeting held on 29 April 2008 to increase the paid-in share capital of Koç Holding, by 15% from YTL1.745.700 to YTL2.007.555 thousand, by adding dividend amounting to YTL261.855 thousand after the registration of the General Assembly's Decision on 29 April 2008. Dividends amounting to YTL3.195 thousand and YTL8.851 thousand were paid in cash on 26 May 2008 to the holders of shares with pre-emptive rights and to Koç Holding Emekli Yardım Sandığı Vakfı, respectively.
- ii) At the Board of Directors meeting dated 10 April 2008, it was decided to merge Kav Danışmanlık Pazarlama ve Ticaret A.Ş., a Subsidiary of the Group, as a whole into Koç Holding A.Ş. in accordance with the Turkish Commercial Code and the Corporate Tax Law, with the transfer of all its assets and liabilities as of 31 December 2007. Following the application of Koç Holding on 22 April 2008 regarding the approval request of the merger of Kav Danışmanlık with Koç Holding, through participation of the former to the latter, an expert appointed by the 1st Commercial Court of First Instance of Republic of Turkey and an expert company prepared a report taking into consideration that the paid-in share capital of Koç Holding would be increased from YTL1.745.700 to YTL2.007.555 by the profits of 2007. In this report, the merger ratio and the share exchange ratios were determined as 0,9975 and 0,6264, respectively, by weighing the results, as at 31 December 2007, of the Equity method, Discounted Cash Flow and Comparative Valuation methods, with the ratios 50%, 25% and 25%, respectively. The merger contract including these ratios and the amendment of the articles of association to be made due to the merger were approved in the Board of Directors meeting of Koç Holding dated 30 April 2008, and will be submitted to the approval of the General Assembly. Accordingly, as a result of the merger, the paid-in share capital of Koç Holding will be increased by YTL5.063 thousand, and the shareholders of Kav Danışmanlık will be granted 0,6264 shares in Koç Holding with a nominal value of 1 Ykr per share against 1 share in Kav Danışmanlık with a nominal value of 1 Ykr per share.
- iii) Following the Share Purchase Agreement ("Agreement") signed on 13 February 2008 between Koç Holding A.Ş. ("Seller") and Moonlight Capital S.A. ("Buyer") controlled by the funds managed by BC Partners, on the sale of 50,83% shares (9.049.727.256 shares of Ykr 1 each) in Migros, a Subsidiary of the Group; as YTL20.000 thousand of cash paid to the Seller on the signing date and YTL53.626 of cash dividend paid to the Seller by Migros were deducted from the sales price set in the Agreement, the remaining balance amounting to YTL1.903.740 was paid in cash on the closing date. On 30 May 2008, the shares were transferred to Moonlight Perakendecilik ve Ticaret A.Ş., instead of Moonlight Capital as a result of the Buyer's request on 15 May 2008, at a total sales price of YTL1.923.740 thousand. The sales price is subject to an adjustment based on the closing balance sheet of Migros as of 31 May 2008.

Before the completion of the share transfer, the shares in Koçtaş, a Joint Venture of the Group, Tat KONSERVE and Entek, Subsidiaries of the Group and Tanı Pazarlama ve İletişim Hizmetleri A.Ş. owned by Migros were purchased by the Koç Group companies assigned by the Seller, whereas, the shares in Şok Marketler T.A.Ş. and Sanal Merkez Ticaret A.Ş. owned by Koç Group companies were purchased by Migros.

- iv) On 20 April 2008, Koç Holding A.Ş. and Temel Ticaret ve Yatırım A.Ş. ("Sellers") signed a Share Transfer Agreement ("Agreement") with Allianz SE on the sale of 47,08% shares held in Koç Allianz Sigorta A.Ş., a Joint Venture of the Group, for EUR248.029.814 and 49,00% shares held together with Rahmi M. Koç and Suna Kıraç in Koç Allianz Hayat ve Emeklilik A.Ş., a Joint Venture of the Group, for EUR125.224.400. The transfer price has been determined by means of negotiation and will be paid in full on the closing date on which the share transfer will take place. Additionally, the share transfer is subject to the approval of the Turkish Competition Authority and the Undersecretariat of Treasury. According to the Agreement, the shares in Ford Otosan and Koç Finansal Hizmetler currently held by Koç Allianz Sigorta A.Ş. and the shares in Amerikan Hastanesi Intermed Sağlık Hizmetleri A.Ş. held by Koç Allianz Hayat ve Emeklilik A.Ş. shall be transferred to Koç Group companies at their fair value before the share transfer.