

KOÇ HOLDİNG A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2011**

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

KOÇ HOLDİNG A.Ş.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2011

CONTENTS	INDEX
CONSOLIDATED BALANCE SHEETS.....	1-2
CONSOLIDATED STATEMENTS OF INCOME	3
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-45
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS	7-10
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	11-14
NOTE 3 BUSINESS COMBINATIONS.....	15
NOTE 4 SEGMENT REPORTING.....	16-19
NOTE 5 CASH AND CASH EQUIVALENTS.....	19
NOTE 6 FINANCIAL ASSETS	20-21
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	21-22
NOTE 8 RECEIVABLES FROM FINANCE SECTOR OPERATIONS.....	22-23
NOTE 9 INVENTORIES.....	23
NOTE 10 PROPERTY, PLANT AND EQUIPMENT.....	24
NOTE 11 INTANGIBLE ASSETS	25
NOTE 12 GOODWILL.....	25
NOTE 13 PAYABLES OF FINANCE SECTOR OPERATIONS.....	26
NOTE 14 FINANCIAL LIABILITIES.....	26-28
NOTE 15 TAX ASSETS AND LIABILITIES.....	28-30
NOTE 16 DERIVATIVE FINANCIAL INSTRUMENTS	31
NOTE 17 OTHER ASSETS AND LIABILITIES	31-33
NOTE 18 EQUITY.....	33-34
NOTE 19 FINANCIAL INCOME/EXPENSES.....	35
NOTE 20 RELATED PARTY DISCLOSURES	35-36
NOTE 21 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES.....	36-37
NOTE 22 ASSETS HELD FOR SALE	38
NOTE 23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	39-43
NOTE 24 EARNINGS PER SHARE	43
NOTE 25 SUPPLEMENTARY CASH FLOW INFORMATION	44
NOTE 26 EVENTS AFTER THE BALANCE SHEET DATE	45

CONVENIENCE TRANSLATION OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2011 AND 31 DECEMBER 2010

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

		30 September 2011	30 September 2011	30 September 2011	31 December 2010
	Notes	(*) EUR'000	(*) USD'000	TL'000	TL'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	4.473.872	6.099.236	11.254.921	12.603.625
Financial assets	6	484.258	660.190	1.218.248	1.957.543
Trade receivables	7	3.600.952	4.909.182	9.058.914	5.098.243
Receivables from finance sector operations	8	7.803.207	10.638.123	19.630.528	15.298.856
Inventories	9	2.639.096	3.597.883	6.639.174	4.193.098
Derivative financial instruments	16	108.277	147.614	272.393	334.260
Other current assets	17	1.196.944	1.631.795	3.011.152	1.812.804
Assets held for sale	22	28.369	38.676	71.368	356.755
Total current assets		20.334.975	27.722.699	51.156.698	41.655.184
Non-current assets:					
Financial assets	6	3.915.732	5.338.322	9.850.806	8.370.299
Trade receivables	7	52.449	71.504	131.947	91.259
Receivables from finance sector operations	8	7.013.314	9.561.262	17.643.396	14.379.808
Investment properties		34.878	47.549	87.743	79.820
Property, plant and equipment	10	4.281.596	5.837.106	10.771.212	10.445.852
Intangible assets	11	581.642	792.953	1.463.237	1.384.158
Goodwill	12	1.434.563	1.955.742	3.608.931	3.526.351
Deferred tax assets	15	179.710	244.999	452.097	351.226
Derivative financial instruments	16	43.019	58.648	108.224	33.721
Other non-current assets	17	408.008	556.238	1.026.426	824.839
Total non-current assets		17.944.911	24.464.323	45.144.019	39.487.333
Total assets		38.279.886	52.187.022	96.300.717	81.142.517

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 30 September 2011, and therefore do not form part of these interim condensed consolidated financial statements (Note 2.1.3).

These interim condensed consolidated financial statements as of and for the period ended 30 September 2011 have been approved for issue by the Board of Directors ("BOD") on 4 November 2011 and signed on 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 condensed consolidated financial statements.

CONVENIENCE TRANSLATION OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2011 AND 31 DECEMBER 2010

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

	Notes	30 September 2011 (*) EUR'000	30 September 2011 (*) USD'000	30 September 2011 TL'000	31 December 2010 TL'000
LIABILITIES					
Current liabilities:					
Payables of finance sector operations	13	13.493.803	18.396.120	33.946.360	26.789.839
Financial liabilities	14	4.274.029	5.826.790	10.752.176	8.845.844
Trade payables	7	3.799.655	5.180.074	9.558.791	7.549.368
Other payables		809.451	1.103.526	2.036.337	1.545.288
Derivative financial instruments	16	99.505	135.655	250.325	104.680
Current income tax liabilities	15	112.356	153.175	282.653	209.867
Other current liabilities	17	1.938.732	2.643.076	4.877.268	4.110.957
Liabilities held for sale	22	19.055	25.977	47.936	124.184
Total current liabilities		24.546.586	33.464.393	61.751.846	49.280.027
Non-current liabilities:					
Payables of finance sector operations	13	385.698	525.822	970.301	534.770
Financial liabilities	14	3.390.668	4.622.502	8.529.903	8.032.450
Derivative financial instruments	16	170.314	232.189	428.458	332.599
Provisions for employee benefits		324.521	442.420	816.398	788.857
Deferred tax liabilities	15	281.270	383.456	707.591	665.161
Other non-current liabilities	17	238.678	325.394	600.451	530.739
Total non-current liabilities		4.791.149	6.531.783	12.053.102	10.884.576
Total liabilities		29.337.735	39.996.176	73.804.948	60.164.603
Equity:					
Paid-in share capital	18	960.027	1.308.807	2.415.141	2.415.141
Adjustment to share capital	18	384.501	524.190	967.288	967.288
Total share capital		1.344.528	1.832.997	3.382.429	3.382.429
Share premium		3.691	5.032	9.286	9.286
Revaluation funds	18	(103.308)	(140.840)	(259.892)	19.803
Currency translation differences		55.133	75.163	138.699	47.210
Restricted reserves	18	918.090	1.251.633	2.309.638	2.291.920
Prior years' income		2.467.512	3.363.962	6.207.519	5.089.065
Profit for the period		657.002	895.692	1.652.821	1.734.479
Equity holders of the parent		5.342.648	7.283.639	13.440.500	12.574.192
Non-controlling interest		3.599.503	4.907.207	9.055.269	8.403.722
Total equity		8.942.151	12.190.846	22.495.769	20.977.914
Total liabilities and equity		38.279.886	52.187.022	96.300.717	81.142.517

Commitments and contingent liabilities 21

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT at 30 September 2011, and therefore do not form part of these interim condensed consolidated financial statements (Note 2.1.3).

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

CONVENIENCE TRANSLATION OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2011 AND 2010

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

	Notes	1 January - 30 September 2011 (* EUR'000)	1 January - 30 September 2011 (* USD'000)	1 January - 30 September 2011 TL'000	1 January - 30 September 2010 TL'000	1 July - 30 September 2011 TL'000	1 July - 30 September 2010 TL'000
Revenue		22.241.085	31.287.653	50.614.037	34.841.462	19.330.554	12.626.925
Interest, fee, commission and similar income		1.896.519	2.667.929	4.315.908	3.633.153	1.527.290	1.251.878
Total revenue	4	24.137.604	33.955.582	54.929.945	38.474.615	20.857.844	13.878.803
Cost of sales (-)		(19.547.920)	(27.499.043)	(44.485.202)	(30.217.010)	(16.915.490)	(10.850.957)
Interest, fee, commission and similar expenses (-)		(938.767)	(1.320.610)	(2.136.351)	(1.562.169)	(794.973)	(534.170)
Total costs	4	(20.486.687)	(28.819.653)	(46.621.553)	(31.779.179)	(17.710.463)	(11.385.127)
Gross profit non-finance		2.693.165	3.788.610	6.128.835	4.624.452	2.415.064	1.775.968
Gross profit finance		957.752	1.347.319	2.179.557	2.070.984	732.317	717.708
Gross profit	4	3.650.917	5.135.929	8.308.392	6.695.436	3.147.381	2.493.676
Marketing, selling and distribution expenses (-)	4	(868.601)	(1.221.905)	(1.976.675)	(1.600.660)	(738.339)	(574.941)
General administrative expenses (-)	4	(869.449)	(1.223.098)	(1.978.606)	(1.848.077)	(659.485)	(642.892)
Research and development expenses (-)	4	(50.174)	(70.582)	(114.180)	(92.114)	(39.042)	(34.799)
Other income	4	202.240	284.501	460.238	291.883	61.439	82.746
Other expense (-)	4	(143.765)	(202.241)	(327.166)	(196.718)	(126.791)	(75.549)
Operating profit	4	1.921.168	2.702.604	4.372.003	3.249.750	1.645.163	1.248.241
Financial income	19	973.432	1.369.376	2.215.239	1.427.668	879.651	408.402
Financial expense (-)	19	(1.259.704)	(1.772.089)	(2.866.709)	(1.444.342)	(1.341.695)	(229.075)
Profit before tax		1.634.896	2.299.891	3.720.533	3.233.076	1.183.119	1.427.568
Tax expense		(297.318)	(418.253)	(676.608)	(607.796)	(241.771)	(253.858)
- Current income tax expense (-) 15		(300.822)	(423.182)	(684.581)	(573.772)	(235.522)	(165.189)
- Deferred tax income/expense 15		3.504	4.929	7.973	(34.024)	(6.249)	(88.669)
Profit for the period		1.337.578	1.881.638	3.043.925	2.625.280	941.348	1.173.710
Attributable to:							
Non-controlling interest		611.287	859.927	1.391.104	1.200.492	442.968	514.574
Equity holders of the parent		726.291	1.021.711	1.652.821	1.424.788	498.380	659.136
Earnings per share (Kır)	24			0,684	0,590	0,206	0,273

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

CONVENIENCE TRANSLATION OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2011 AND 2010

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

	1 January - 30 September 2011 (* EUR'000	1 January - 30 September 2011 (* USD'000	1 January - 30 September 2011 TL'000	1 January - 30 September 2010 TL'000	1 July - 30 September 2011 TL'000	1 July - 30 September 2010 TL'000
Profit for the period	1.337.578	1.881.638	3.043.925	2.625.280	941.348	1.173.710
Other comprehensive income/(expense):						
Fair value gains/losses on financial assets (net)	(68.621)	(96.532)	(156.160)	40.280	(87.107)	(1.753)
Cumulative gains/losses on hedging (net)	(154.663)	(217.572)	(351.967)	(26.451)	(223.593)	(63.751)
Currency translation difference	104.991	147.695	238.928	(67.995)	83.571	2.005
Other comprehensive income/(expense) (tax effects) (**)	34.377	48.360	78.232	4.013	46.995	12.611
Other comprehensive income/(expense) (after tax)	(83.916)	(118.049)	(190.967)	(50.153)	(180.134)	(50.888)
Total comprehensive income	1.253.662	1.763.589	2.852.958	2.575.127	761.214	1.122.822
Attributable to:						
Non-controlling interest	609.857	857.917	1.387.852	1.151.826	406.067	509.256
Equity holders of the parent	643.805	905.672	1.465.106	1.423.301	355.147	613.566

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(**) Deferred tax effects of comprehensive income components are presented in Note 15.

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

CONVENIENCE TRANSLATION OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2011 AND 2010

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

	<u>Capital</u>		Share premium	<u>Revaluation funds</u>			Currency translation differences	<u>Restricted reserves</u>		<u>Retained earnings</u>			Total equity
	Paid-in share capital	Adjustment to share capital		Financial assets fair value reserve	Cumulative gains/(losses) on hedging	Non-current assets revaluation fund		Legal reserves	Special reserves	Profit for the period	Prior years' income	Non-controlling interest	
Balances at 1 January 2010	2.415.141	967.288	9.286	52.509	(85.152)	18.460	51.707	140.217	2.129.595	1.429.210	4.041.695	7.612.090	18.782.046
Transfers	-	-	-	-	-	-	-	12.600	157	(1.429.210)	1.416.453	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	10.153	10.153
Dividends paid	-	-	-	-	-	-	-	-	-	-	(359.714)	(501.018)	(860.732)
Transactions with non- controlling interests	-	-	-	-	-	-	-	-	-	-	(596)	(5.010)	(5.606)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(1.322)	(1.322)
Total comprehensive income	-	-	-	35.005	(4.801)	(7.563)	(24.564)	-	-	1.424.788	436	1.151.826	2.575.127
Balances at 30 September 2010	2.415.141	967.288	9.286	87.514	(89.953)	10.897	27.143	152.817	2.129.752	1.424.788	5.098.274	8.266.719	20.499.666
Balances at 1 January 2011	2.415.141	967.288	9.286	109.626	(103.485)	13.662	47.210	152.817	2.139.103	1.734.479	5.089.065	8.403.722	20.977.914
Transfers	-	-	-	-	-	-	-	17.718	-	(1.734.479)	1.716.761	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	11.882	11.882
Dividends paid (Note 18)	-	-	-	-	-	-	-	-	-	-	(604.380)	(740.684)	(1.345.064)
Business combination	-	-	-	-	-	-	-	-	-	-	-	(1.921)	(1.921)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	5.582	(5.582)	-
Total comprehensive income	-	-	-	(58.820)	(238.649)	17.774	91.489	-	-	1.652.821	491	1.387.852	2.852.958
Balances at 30 September 2011	2.415.141	967.288	9.286	50.806	(342.134)	31.436	138.699	170.535	2.139.103	1.652.821	6.207.519	9.055.269	22.495.769

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

CONVENIENCE TRANSLATION OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2011 AND 2010

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

	Notes	30 September 2011 EUR'000	30 September 2011 USD'000	30 September 2011 TL'000	30 September 2010 TL'000
Operating activities:					
Profit before tax		1.634.896	2.299.891	3.720.533	3.233.076
Adjustments to reconcile net cash generated:					
Depreciation and amortisation	4	337.035	474.124	766.991	723.193
Changes in provisions	25	187.162	263.290	425.924	779.571
Net interest income	25	(547.234)	(769.822)	(1.245.341)	(1.246.784)
Finance sector interest received		1.204.697	1.694.707	2.741.528	2.575.838
Finance sector interest paid		(712.103)	(1.001.751)	(1.620.532)	(1.249.061)
Exchange gains on borrowings		530.023	745.610	1.206.174	(247.174)
Exchange losses on cash and cash equivalents		(179.322)	(252.261)	(408.083)	131.904
Gain on sale of subsidiary	3	(85.525)	(120.312)	(194.629)	-
(Gain)/loss on sale of property, plant and equipment (net)		(15.379)	(21.634)	(34.998)	(54.032)
		2.354.250	3.311.842	5.357.567	4.646.531
Net changes in operating assets and liabilities	25	(3.537.950)	(4.977.012)	(8.051.313)	(1.498.331)
Taxes paid		(268.838)	(378.188)	(611.795)	(526.394)
Cash flows from operating activities		(1.452.538)	(2.043.358)	(3.305.541)	2.621.806
Investing activities:					
Purchases of property, plant and equipment and intangible assets	4	(514.244)	(723.413)	(1.170.266)	(727.449)
Sale of property, plant and equipment and intangible assets		107.323	150.976	244.234	164.281
Cash outflow from acquisition of subsidiary (net)		93.261	131.194	212.233	-
(Increase)/decrease in financial assets		(7.102)	(9.991)	(16.163)	(14.046)
Non-finance sector interest received		127.832	179.828	290.908	372.771
Transactions with non-controlling interests (net)		-	-	-	(5.606)
Cash flows from investing activities		(192.930)	(271.406)	(439.054)	(210.049)
Financing activities:					
Share capital increases		5.221	7.345	11.882	10.153
Dividend payments		(591.055)	(831.467)	(1.345.064)	(860.732)
Decrease in short-term borrowings (net)		557.737	784.596	1.269.241	(841.106)
Increase/(decrease) in long-term borrowings (net)		(119.213)	(167.703)	(271.293)	577.974
Non-finance sector interest paid		(130.636)	(183.773)	(297.289)	(438.144)
Cash flows from financing activities		(277.946)	(391.002)	(632.523)	(1.551.855)
Effects of foreign exchange rate changes on cash and cash equivalents		179.322	252.261	408.083	(131.904)
Net increase in cash and cash equivalents		(1.744.092)	(2.453.505)	(3.969.035)	727.998
Cash and cash equivalents at the beginning of the period		4.456.335	6.268.951	10.141.282	8.191.377
Cash and cash equivalents at the end of the period	25	2.712.243	3.815.446	6.172.247	8.919.375

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

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

As of 30 September 2011, the number of personnel employed by Koç Holding, Subsidiaries and Joint Ventures (collectively referred as the “Group”) is 80.859 (31 December 2010: 73.063).

The registered address of Koç Holding is as follows:

Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk-İSTANBUL

Koç Holding is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 10 January 1986. As of 30 September 2011, the principal shareholders and their respective shareholding rates in Koç Holding are as follows:

	%
Companies owned by Koç Family members	42,49
Koç Family members	26,02
Vehbi Koç Vakfı	7,15
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,99
Other	22,35
	100,00

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

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

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

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

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

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

Energy Sector

<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
Anadoluhisarı Tankercilik A.Ş. ("Anadoluhisarı Tankercilik")	Turkey	Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	LNG
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	LNG
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Damla Denizcilik A.Ş. ("Damla Denizcilik")	Turkey	Petroleum Shipping
Demir Export A.Ş. ("Demir Export")	Turkey	Mining
Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik")	Turkey	Shipping
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik")	Turkey	Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik")	Turkey	Shipping
Mogaz Petrol Gazları A.Ş. ("Mogaz")	Turkey	LPG
Sarıyer Tankercilik A.Ş. ("Sarıyer Tankercilik") ⁽¹⁾	Turkey	Shipping
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping

<u>Joint Ventures</u>	<u>Joint Venture Partner</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek") ⁽²⁾	AES Mont Blanc Holdings B.V.	Turkey	Trading
Entek Elektrik Üretimi A.Ş. ("Entek") ⁽²⁾	AES Mont Blanc Holdings B.V.	Turkey	Power Generation
Opet Gıda ve İhtiyaç Mad. Tur. San. İç ve Dış Ticaret A.Ş. ("Opet Gıda") ⁽³⁾	Öztürk Family	Turkey	Food Distribution
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	The Netherlands	Petroleum Products Trading
Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore")	Öztürk Family	Singapore	Petroleum Products Trading
THY Opet Havacılık Yakıtları A.Ş. ("THY Opet")	Türk Hava Yolları	Turkey	Petroleum Products Trading

Automotive Sector

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç Otomotiv Tic. ve San. A.Ş. ("Otokoç")	Turkey	Trading
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance
Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") ⁽³⁾	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	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Motor Co.	Turkey	Production
Platform Araştırma Geliştirme Tasarım ve Tic. A.Ş. ("Platform")	Fiat Auto S.p.A.	Turkey	Research and Development
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Fiat Auto S.p.A.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Osterreich Gmbh	Turkey	Production

(1) Established in 2011.

(2) Accounted as a Joint Venture in the consolidated financial statements as of 28 February 2011 (Note 3).

(3) In the process of liquidation.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

Consumer Durables Sector

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Archin Limited (“Archin”) ⁽¹⁾	Hong Kong, China	Trading
Arçelik A.Ş. (“Arçelik”)	Turkey	Production/Sales
ArcticPro SRL (“Arctic Pro”) ⁽¹⁾	Romania	Service
Ardutch B.V. (“Ardutch”)	The Netherlands	Holding
Ardutch B.V. Taiwan (“Ardutch Taiwan”) ⁽²⁾	Taiwan	Procurement
Beko A and NZ Pty Ltd. (“Beko Australia”) ⁽²⁾	Australia	Trading
Beko Cesko (“Beko Cesko”) ⁽¹⁾	Czech Republic	Trading
Beko Deutschland GmbH (“Beko Deutschland”)	Germany	Trading
Beko Electronics Espāna S.L. (“Beko Espana”)	Spain	Trading
Beko France S.A.S. (“Beko France”)	France	Trading
Beko Italy SRL (“Beko Italy”)	Italy	Trading
Beko Llc (“Beko Russia”)	Russia	Production/Sales
Beko Magyarorszag K.F.T. (“Beko Magyarorszag”) ⁽¹⁾	Hungary	Trading
Beko Plc. (“Beko UK”)	The UK	Trading
Beko S.A. (“Beko Polska”)	Poland	Trading
Beko S.A. Czech Republic (“Beko Czech”)	Czech Republic	Trading
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Trading
Beko S.A. Hungary (“Beko Hungary”) ⁽¹⁾	Hungary	Trading
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Trading
Blomberg Vertriebsgesellschaft GmbH (“Blomberg Vertrieb”) ⁽¹⁾	Germany	Trading
Blomberg Werke GmbH (“Blomberg Werke”) ⁽¹⁾	Germany	Production
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Trading
Grundig Ceska Republika S.r.o (“Grundig Czech Republic”) ⁽¹⁾	Czech Republic	Trading
Grundig Intermedia Ges.m.b.H (“Grundig Austria”) ⁽¹⁾	Austria	Trading
Grundig Intermedia GmbH (“Grundig Intermedia”)	Germany	Trading
Grundig Italiana S.p.A. (“Grundig Italy”) ⁽¹⁾	Italy	Trading
Grundig Magyarorszag Kft. (“Grundig Hungary”) ⁽¹⁾	Hungary	Trading
Grundig Multimedia B.V. (“Grundig Multimedia”)	The Netherlands	Holding
Grundig Nordic No AS (“Grundig Norway”)	Norway	Trading
Grundig Polska Sp. z o.o. (“Grundig Polska”) ⁽¹⁾	Poland	Trading
Grundig Portuguesa Lda (“Grundig Portugal”) ⁽¹⁾	Portugal	Trading
Grundig Slovakia s.r.o. (“Grundig Slovakia”) ⁽¹⁾	Slovakia	Trading
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Trading
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Foreign Trade
Raupach Wollert GmbH (“Raupach”)	Germany	Holding
SC Arctic SA (“Arctic”)	Romania	Production/Sales

Bekodutch B.V. (“Bekodutch”) merged with Ardutch as of 31 March 2011.

Beko Elektronik Llc (“Beko Elektronik Russia”) merged with Beko Russia at 24 January 2011.

Grundig Nordic Fin OY (“Grundig Finland”) was liquidated in 2011.

Grundig Schweiz AG (“Grundig Switzerland”) was liquidated in 2011.

Grundig Nordic Denmark A/S (“Grundig Denmark”) was liquidated in 2011.

<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

(1) Ceased its operations as of the balance sheet date.

(2) Established in 2011.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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 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”)	UniCredit S.p.A.	Turkey	Holding
Stiching Custody Services YKB (“Stiching Custody”)	UniCredit S.p.A.	The Netherlands	Custody
UniCredit Menkul Değerler A.Ş. (“UniCredit Menkul”)	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi Azerbaijan C.J.S.C. (“Yapı Kredi Azerbaijan”)	UniCredit S.p.A.	Azerbaijan	Banking
Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi Bankası”)	UniCredit S.p.A.	Turkey	Banking
Yapı Kredi Holding B.V. (“Yapı Kredi Holding”)	UniCredit S.p.A.	The Netherlands	Financial Consulting
Yapı Kredi Invest LLC. (“Yapı Kredi Invest”)	UniCredit S.p.A.	Azerbaijan	Brokerage
Yapı Kredi Nederland N.V. (“Yapı Kredi Nederland”)	UniCredit S.p.A.	The Netherlands	Banking
Yapı Kredi Diversified Payment Rights Finance Company (“Yapı Kredi SPC”)*	UniCredit S.p.A.	Cayman Islands	Special Purpose Company
Yapı Kredi Emeklilik A.Ş. (“Yapı Kredi Emeklilik”)	UniCredit S.p.A.	Turkey	Life Insurance
Yapı Kredi Faktoring A.Ş. (“Yapı Kredi Faktoring”)	UniCredit S.p.A.	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Finansal Kiralama”)	UniCredit S.p.A.	Turkey	Leasing
Yapı Kredi Bank Moscow (“Yapı Kredi Moscow”)	UniCredit S.p.A.	Russia	Banking
Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy”)	UniCredit S.p.A.	Turkey	Portfolio Management
Yapı Kredi Sigorta A.Ş. (“Yapı Kredi Sigorta”)	UniCredit S.p.A.	Turkey	Insurance
Yapı Kredi Yatırım Menkul Değerler A.Ş. (“Yapı Kredi Menkul”)	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (“Yapı Kredi Yatırım”)	UniCredit S.p.A.	Turkey	Investment Trust

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

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
Düzye Tüketim Malları Sanayi Pazarlama A.Ş. (“Düzye”)		Turkey	Trading
Harranova Besi ve Tarım Ürünleri A.Ş. (“Harranova Besi”)		Turkey	Agriculture and Food
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş. (“Koçnet”)*		Turkey	Information Technology
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. (“Koç Sistem”)		Turkey	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. (“Koç Yapı Malzeme”)		Turkey	Trading
Marmaris Altinyunus Turistik Tesisleri A.Ş. (“Mares”)		Turkey	Tourism
Palmira Turizm Ticaret A.Ş. (“Palmira”)		Turkey	Tourism
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. (“RMK Marine”)		Turkey	Ship Construction
Setur Servis Turistik A.Ş. (“Setur”)		Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. (“Yalova Marina”)		Turkey	Tourism
Tat Konserve Sanayi A.Ş. (“Tat Konserve”)		Turkey	Food
Tat Tohumculuk A.Ş. (“Tat Tohumculuk”)		Turkey	Agriculture
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. (“Tek-Art Marina”)		Turkey	Tourism
Zer Merkezi Hizmetler ve Ticaret A.Ş. (“Zer Ticaret”)		Turkey	Trading

<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”)	Torunlar GYO A.Ş.	Turkey	Tourism

(* Classified as assets held for sale as of the balance sheet date.

For the purpose of segment presentation in these consolidated financial statements; Koç Holding’s stand-alone financial statements have been included in the “Other” segment (Note 4).

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards

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

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

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

In accordance with the Communiqué No: XI-29, 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 interim condensed consolidated financial statements in the interim periods.

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

2.1.2 Comparatives and adjustment of prior periods’ financial statements

The interim condensed 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 interim condensed consolidated financial statements. The reclassifications performed in the consolidated financial statements as of 31 December 2010 and 30 September 2010 are as follows:

- a) Real estates amounting to TL35.593 thousand subject to construction agreements, in which Koç Holding is a party, were classified under “investment properties” as of 31 December 2010. These real estates have been reclassified to the “long term advances given”.
- b) The after-sales services expenses amounting to TL66.063 thousand and TL43.573 thousand of Arçelik, a subsidiary of the Group, were classified under “general administrative expenses” on the interim consolidated statement of income for the periods ended 30 September and 30 June 2010, respectively. These expenses have been reclassified to “marketing, selling and distribution expenses”.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

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

2.1.3 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the interim consolidated balance sheet prepared in accordance with CMB Financial Reporting Standards have been translated from TL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT on 30 September 2011 of TL2,5157 = EUR1 and TL1,8453 = USD1, respectively and EUR and USD amounts shown in the interim consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average official EUR and USD bid rates calculated from the official daily bid rates announced by the CBRT for the nine months period ended 30 September 2011 of TL2,2757 = EUR1 and TL1,6177 = USD1, respectively, and do not form part of these interim condensed consolidated financial statements.

2.2 Amendments in International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements as of 30 September 2011 are consistent with those followed in the preparation of the consolidated financial statements as of 31 December 2010, except for the new standards and IFRIC interpretations summarized below.

New or revised standards, revisions and interpretations which are effective in the current period but having no material effect on the financial statements:

- IAS 24 "Related Party Disclosures" (Revised),
- IAS 32 "Classifications on Rights Issues" (Amended),
- IFRIC 14 "Prepayments of a Minimum Funding Requirement" (Amended),
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (Interpretation),
- IFRS 3 "Contingent considerations that arose from business combinations with acquisition dates precede the adoption of revised IFRS" (Improvement),
- IFRS 7 "Financial Instruments: Disclosures; clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments" (Amended),
- IAS 1 "Clarification to the statement of changes in equity" (Improvement),
- IAS 27 "Clarification of the consequential amendments from IAS 27 "Consolidated and Separate Financial Statements" made to IAS 21, IAS 28 and IAS 31" (Improvement),
- IFRIC 13 "Customer Loyalty Programmes: The fair value of award credits" (Improvement),
- IAS 34 "Interim Financial Reporting: Guidance to illustrative how to apply disclosure principles and additional disclosure requirements" (Improvement).

Standards, revisions and interpretations in issue but not yet adopted on the financial statements (has not yet been endorsed by EU):

- IFRS 7 Financial Instruments – "Disclosures as part of its comprehensive review of off balance sheet activities" (Amended),
- IAS 12 Income Taxes - "Deferred Tax: Recovery of Underlying Assets" (Amendment),
- IFRS 9 "Financial Instruments - Phase 1 financial assets, classification and measurement".
- IFRS 10 Consolidated Financial Statements: A new definition of control, which is used to determine which entities are consolidated",
- IFRS 11 Joint Arrangements: "The accounting for joint ventures and joint operations with joint control",
- IFRS 12 Disclosure of Interests in Other Entities: All of the disclosures related to consolidated financial statements and all of the disclosures related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities"
- IFRS 13 Fair Value Measurement: "How to measure fair value under IFRS and new disclosure requirements for fair value measurements",
- IAS 27 Separate Financial Statements (Amendment): "Amendment to IAS 27 as a consequential amendment to IFRS 10",
- IAS 28 Investments in Associates and Joint Ventures: "Application of the equity method to investments in joint ventures"(Amendment),
- IAS 19 Employee Benefits (Amendment): "Removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement"
- IAS 1 Presentation of Financial Statements (Amendment): "The grouping of items presented in other comprehensive income",

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

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

2.3 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended 30 September 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial statements for the period ended 30 September 2011 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2010. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010.

Group accounting

The interim condensed consolidated financial statements, which have been prepared in accordance with the principles in the consolidated financial statements for the year ended 31 December 2010, include the accounts of the parent company, Koç Holding, its Subsidiaries and its Joint Ventures.

Except for the companies disclosed below, there has been no change in total ownership interests and effective interests of the Subsidiaries and Joint Ventures, included in the scope of consolidation as of 30 September 2011, from the interests reported as of 31 December 2010.

	Effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Ardutch Taiwan ⁽¹⁾	40,51	-	100,00	-	-	-	100,00	-
Ayvalık Marina ⁽²⁾	48,41	49,34	95,57	95,57	4,43	4,43	100,00	100,00
Bekodutch ⁽³⁾	-	40,51	-	100,00	-	-	-	100,00
Beko Australia ⁽¹⁾	40,51	-	100,00	-	-	-	100,00	-
Beko Elektronik Llc ⁽⁴⁾	-	40,51	-	100,00	-	-	-	100,00
Grundig Denmark ⁽⁵⁾	-	40,51	-	100,00	-	-	-	100,00
Grundig Finland ⁽⁵⁾	-	40,51	-	100,00	-	-	-	100,00
Grundig Switzerland ⁽⁵⁾	-	40,51	-	100,00	-	-	-	100,00
Palmira ⁽²⁾	9,63	9,85	20,78	20,78	79,22	79,22	100,00	100,00
RMK Marine ⁽²⁾	53,81	53,82	66,84	66,84	33,12	33,12	99,96	99,96
Sarıyer Tankercilik ⁽¹⁾	34,13	-	80,00	-	-	-	80,00	-
Setur ⁽²⁾	46,32	47,38	81,07	81,07	18,87	18,87	99,94	99,94
Tek-Art Marina ⁽²⁾	50,48	50,51	51,94	51,94	47,46	47,46	99,40	99,40
Yalova Marina ⁽²⁾	46,63	47,63	100,00	100,00	-	-	100,00	100,00

Joint Ventures

Eltek ⁽⁶⁾	14,84	35,03	49,62	100,00	-	-	49,62	100,00
Entek ⁽⁶⁾	14,84	35,03	36,47	86,09	13,15	13,15	49,62	99,24
Netsel ⁽²⁾	27,76	27,78	55,00	55,00	-	-	55,00	55,00

(1) Established in 2011.

(2) Due to the sale of Setur shares owned by Koçnet to Zer Ticaret. The effects of related ratio changes are accounted under "Transaction with non-controlling interests" in equity.

(3) Merged with Ardutch as of 31 March 2011.

(4) Merged with Beko Russia as of 24 January 2011.

(5) Liquidated in 2011.

(6) Accounted as a Joint Venture in consolidated financial statements as of 28 February 2011 (Note 3).

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

2.4 Significant Accounting Estimates and Assumptions

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

2.5 Changes in the Accounting Policies, Estimates and Errors

Any change in the accounting policies resulted from the first time adoption of a new TAS/IFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/IFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. The 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 2010, except for the reclassifications explained in Note 2.1.2.

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. The significant estimates 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 2010, except for the change explained below.

Yapı Kredi Bankası, a joint venture of the Group, calculates collective (IBNR) provision with intrinsic elements such as loss confirmation periods, probability of default and loss given defaults along with expert views. Taking into consideration the historical loss experience, Yapı Kredi Bankası has reassessed the parameters for different segments. As a result of such reassessment, TL53.230 thousand is recorded as “other expense” in the interim consolidated statement of income for the nine month period ended 30 September 2011.

2.6 Convenience Translation into English of Consolidated Financial Statements

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 3 - BUSINESS COMBINATIONS

According to the resolution of the Board of Directors of Aygaz, a subsidiary of the Group, on 30 November 2010, it is agreed to sell 49,62% shares (with a nominal value of TL49.079 thousand) of Aygaz in Entek to AES Mont Blanc Holdings B.V. for a consideration of USD136.455.000 to be paid in cash at the date when the share transfer transaction is completed.

The assets and liabilities of the subsidiary intended for sale have been classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" in the consolidated financial statements as of 31 December 2010 (Note 22). Following the permissions of the Competition Board and the Energy Market Regulation Authority ("EMRA"), transfer of Entek shares was completed on 28 February 2011 and the total share transfer price of USD136.455.000 has been paid in cash. As stated in the public announcement of Aygaz dated 1 December 2010, this amount is adjusted according to the financial statements of Entek dated 28 February 2011 and the sale price is revised as USD149.581.000 after the finalization of the process.

Since, the sales transaction is considered as a "loss of control" according to IAS 27 "Consolidated and Separate Financial Statements", the gain on sale of 49,62% of Entek shares amounting to TL112.159 thousand has been accounted under "other income" in the consolidated financial statements as of 30 September 2011. In addition, remaining 36,47% investment in Entek, at the date when control is lost, is accounted at its fair value which is calculated according to the sales price. The difference amounting to TL82.470 thousand has also been accounted under "other income" as part of the sales transaction.

Following the completion of the share transfer, Entek is considered as a "joint venture" and consolidated to the Group financial statements by using proportionate consolidation method as of 30 September 2011. The fair value of 36,47% Entek investment of the Group, is recognised as the cost value of the investment in the joint venture used in initial recognition. In accordance with the transition provisions of IFRS 3 - "Business Combinations", the difference between the cost value of the investment in joint venture and 36,47% of the net asset value of the joint venture is provisionally accounted as goodwill in the consolidated financial statements as of 30 September 2011 (Note 12).

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

Acquisition cost ⁽¹⁾	174.824
Net assets acquired ⁽²⁾	(92.354)
Goodwill (Note 12)	82.470

(1) Represents the fair value of the investment in joint venture.

(2) Provisionally calculated in accordance with IFRS 3.

The provisional fair values of the identifiable assets and liabilities (49,62%), arising from the acquisition in accordance with IFRS 3, are as follows:

Cash and cash equivalents	25.241
Trade receivables	16.942
Property, plant and equipment	111.943
Intangible assets	162
Other assets	5.892
Financial Liabilities	(10.456)
Trade Payables	(15.802)
Deferred tax liabilities	(5.782)
Other liabilities	(2.485)
Net assets controlled (49,62%)	125.655
Non-controlling interest	(33.301)
Net assets acquired (36,47%)	92.354

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011

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

NOTE 4 - SEGMENT REPORTING

	1 January - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2011	1 July - 30 September 2010
a) <u>Total revenue</u>				
Energy	34.722.630	22.477.793	13.724.458	8.340.507
Automotive	7.296.250	5.169.645	2.318.780	1.779.829
Consumer durables	6.363.652	5.248.412	2.389.676	1.795.797
Finance	4.315.908	3.633.153	1.527.290	1.251.878
Other	2.231.505	1.945.612	897.640	710.792
	54.929.945	38.474.615	20.857.844	13.878.803
b) <u>Operating profit</u>				
Energy	1.974.773	1.052.292	813.319	440.542
Automotive	588.717	356.847	190.681	131.053
Consumer durables	548.048	528.111	209.698	181.998
Finance	1.169.017	1.167.216	361.575	425.545
Other	91.448	145.284	69.890	69.103
	4.372.003	3.249.750	1.645.163	1.248.241
c) <u>Depreciation and amortisation</u>				
Energy	283.107	277.409	97.951	94.142
Automotive	174.141	169.183	61.445	57.590
Consumer durables	165.059	149.464	58.116	50.009
Finance	80.018	68.652	27.495	24.055
Other	64.666	58.485	22.643	20.617
	766.991	723.193	267.650	246.413
d) <u>Capital expenditures</u>				
Energy	448.766	222.664	242.336	84.465
Automotive	340.984	227.070	126.955	69.615
Consumer durables	181.862	140.755	75.511	59.213
Finance	68.890	61.831	29.703	27.752
Other	129.764	75.129	46.637	23.123
	1.170.266	727.449	521.142	264.168

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 4 - SEGMENT REPORTING (Continued)

e) **Segment analysis**

1 January-30 September 2011	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	34.722.630	7.296.250	6.363.652	4.315.908	2.231.505	-	54.929.945
Inter segment revenue	187.702	78.129	155.078	19.061	135.104	(575.074)	-
Total revenue	34.910.332	7.374.379	6.518.730	4.334.969	2.366.609	(575.074)	54.929.945
Total costs	(32.376.077)	(6.359.286)	(4.586.105)	(2.155.413)	(1.696.512)	551.840	(46.621.553)
Gross profit	2.534.255	1.015.093	1.932.625	2.179.556	670.097	(23.234)	8.308.392
Operating expenses							
Marketing, selling and distribution	(400.877)	(258.636)	(1.103.409)	(35.660)	(178.093)	-	(1.976.675)
General administrative	(409.995)	(113.355)	(229.257)	(902.304)	(356.604)	32.909	(1.978.606)
Research and development	(9.911)	(47.456)	(56.808)	-	(5)	-	(114.180)
Other income/expenses (net) (*)	261.301	(6.929)	4.897	(72.575)	(43.947)	(9.675)	133.072
Operating profit	1.974.773	588.717	548.048	1.169.017	91.448	-	4.372.003

(*) Gain on sale of Entek shares of Aygaz, a subsidiary of the Group, amounting to TL194.629 thousand (Note 3) and gain on scrap sales (platinum) of Tüpraş amounting to TL39.482 thousand has been accounted as "other income" in Energy Segment.

Provision expense for impairment on assets held for sale amounting to TL44.838 thousand has been accounted as "other expense" in Other Segment (Note 22).

1 January-30 September 2010	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	22.477.793	5.169.645	5.248.412	3.633.153	1.945.612	-	38.474.615
Inter segment revenue	138.661	65.471	128.551	46.110	141.687	(520.480)	-
Total revenue	22.616.454	5.235.116	5.376.963	3.679.263	2.087.299	(520.480)	38.474.615
Total costs	(20.842.758)	(4.547.364)	(3.771.034)	(1.608.279)	(1.508.396)	498.652	(31.779.179)
Gross profit	1.773.696	687.752	1.605.929	2.070.984	578.903	(21.828)	6.695.436
Operating expenses							
Marketing, selling and distribution	(336.812)	(184.023)	(880.969)	(40.013)	(158.843)	-	(1.600.660)
General administrative	(395.144)	(114.078)	(197.728)	(867.968)	(307.912)	34.753	(1.848.077)
Research and development	(11.840)	(35.588)	(44.659)	-	(27)	-	(92.114)
Other income/expenses (net) (*)	22.392	2.784	45.538	4.213	33.163	(12.925)	95.165
Operating profit	1.052.292	356.847	528.111	1.167.216	145.284	-	3.249.750

(*) Gain on sale of factory buildings and annexes of Arçelik, a subsidiary of the Group, located in Topkapı, Istanbul, to Koç University amounting to TL40.055 thousand has been accounted as "other income" in Consumer durables segment.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 4 - SEGMENT REPORTING (Continued)

1 July - 30 September 2011	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	13.724.458	2.318.780	2.389.676	1.527.290	897.640	-	20.857.844
Inter segment revenue	63.737	28.519	46.890	6.509	42.337	(187.992)	-
Total revenue	13.788.195	2.347.299	2.436.566	1.533.799	939.977	(187.992)	20.857.844
Total cost	(12.682.248)	(2.017.856)	(1.706.699)	(801.483)	(681.557)	179.380	(17.710.463)
Gross profit	1.105.947	329.443	729.867	732.316	258.420	(8.612)	3.147.381
Operating expenses							
Marketing, selling and distribution	(147.954)	(89.436)	(426.592)	(11.453)	(62.904)	-	(738.339)
General administrative	(147.917)	(39.587)	(77.651)	(280.229)	(125.767)	11.666	(659.485)
Research and development	(3.504)	(15.804)	(19.733)	-	(1)	-	(39.042)
Other income/expenses (net)	6.747	6.065	3.807	(79.059)	142	(3.054)	(65.352)
Operating profit	813.319	190.681	209.698	361.575	69.890	-	1.645.163

1 July - 30 September 2010	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	8.340.507	1.779.829	1.795.797	1.251.878	710.792	-	13.878.803
Inter segment revenue	65.658	24.066	44.417	21.207	49.382	(204.730)	-
Total revenue	8.406.165	1.803.895	1.840.214	1.273.085	760.174	(204.730)	13.878.803
Total cost	(7.685.655)	(1.549.425)	(1.267.565)	(555.377)	(524.224)	197.119	(11.385.127)
Gross profit	720.510	254.470	572.649	717.708	235.950	(7.611)	2.493.676
Operating expenses							
Marketing, selling and distribution	(136.596)	(69.747)	(304.498)	(13.907)	(50.193)	-	(574.941)
General administrative	(132.904)	(41.776)	(65.443)	(279.638)	(137.116)	13.985	(642.892)
Research and development	(5.535)	(13.170)	(16.078)	-	(16)	-	(34.799)
Other income/expenses (net)	(4.933)	1.276	(4.632)	1.382	20.478	(6.374)	7.197
Operating profit	440.542	131.053	181.998	425.545	69.103	-	1.248.241

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) Assets and liabilities

	30 September 2011	31 December 2010
<u>Total assets</u>		
Energy	21.642.798	19.788.267
Automotive	5.070.485	4.450.887
Consumer durables	7.570.783	6.414.557
Finance	58.488.222	46.829.941
Other	3.457.061	3.302.110
Segment assets	96.229.349	80.785.762
Assets held for sale (Note 22)	71.368	356.755
	96.300.717	81.142.517
<u>Total liabilities</u>		
Energy	13.658.652	12.878.157
Automotive	3.667.805	2.855.181
Consumer durables	4.541.779	3.789.799
Finance	50.275.324	39.241.418
Other	1.613.452	1.275.864
Segment liabilities	73.757.012	60.040.419
Liabilities held for sale (Note 22)	47.936	124.184
	73.804.948	60.164.603

NOTE 5 - CASH AND CASH EQUIVALENTS

	<u>30 September 2011</u>			<u>31 December 2010</u>		
	Finance	Other	Total	Finance	Other	Total
Cash in hand	497.160	4.444	501.604	349.702	2.245	351.947
Cheques received	220	35.746	35.966	179	31.370	31.549
Banks						
- Demand deposits	192.932	295.423	488.355	153.380	495.135	648.515
- Time deposits	817.986	3.931.911	4.749.897	610.959	7.706.212	8.317.171
Bonds and bills	51.075		51.075	38.754	-	38.754
Money markets	22.028	-	22.028	487.037	-	487.037
Central banks						
- Reserve deposits	4.656.524	-	4.656.524	2.194.989	-	2.194.989
- Other balances	669.198	-	669.198	471.111	-	471.111
Other	1.947	78.327	80.274	1.230	61.322	62.552
	6.909.070	4.345.851	11.254.921	4.307.341	8.296.284	12.603.625

As of 30 September 2011, total blocked deposits amount to TL446.622 thousand (31 December 2010: TL359.309 thousand).

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 6 - FINANCIAL ASSETS

	30 September 2011			31 December 2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets at fair value through profit or loss	167.251	-	167.251	204.928	-	204.928
Available-for-sale financial assets	198.004	3.772.272	3.970.276	90.959	2.992.132	3.083.091
Held-to-maturity financial assets	852.993	6.078.534	6.931.527	1.661.656	5.378.167	7.039.823
	1.218.248	9.850.806	11.069.054	1.957.543	8.370.299	10.327.842

a) Financial assets at fair value through profit or loss

	30 September 2011			31 December 2010		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds and treasury bills	109.251	-	109.251	120.227	-	120.227
Eurobond	2.519	18.043	20.562	30.049	16.633	46.682
Investment funds	28.747	-	28.747	28.975	-	28.975
Other	7.055	-	7.055	6.635	-	6.635
	147.572	18.043	165.615	185.886	16.633	202.519
Equity securities:						
Listed	1.636	-	1.636	2.409	-	2.409
	149.208	18.043	167.251	188.295	16.633	204.928

b) Available-for-sale financial assets

	30 September 2011			31 December 2010		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds and treasury bills	2.375.910	-	2.375.910	1.807.689	-	1.807.689
Eurobond	421.573	-	421.573	395.871	-	395.871
Private sector bonds	951.474	-	951.474	658.885	-	658.885
Investment funds	38.772	-	38.772	26.483	-	26.483
Other	-	-	-	2.009	-	2.009
	3.787.729	-	3.787.729	2.890.937	-	2.890.937
Equity securities:						
Listed	28.447	42.025	70.472	11.253	63.592	74.845
Unlisted	42.722	69.353	112.075	47.079	70.230	117.309
	3.858.898	111.378	3.970.276	2.949.269	133.822	3.083.091

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 6 - FINANCIAL ASSETS (Continued)

c) Held-to-maturity financial assets

	30 September 2011			31 December 2010		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds and treasury bills	1.797.874	-	1.797.874	2.787.009	-	2.787.009
Eurobond	4.498.392	-	4.498.392	3.701.223	-	3.701.223
Time deposits	603.350	31.911	635.261	533.465	18.126	551.591
	6.899.616	31.911	6.931.527	7.021.697	18.126	7.039.823

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

	30 September 2011	31 December 2010
Held-to-maturity financial assets	3.505.445	1.817.086
Available for-sale financial assets	556.113	106.246
Financial assets at fair value through profit or loss	-	21.867
	4.061.558	1.945.199

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	30 September 2011	31 December 2010
Trade receivables	7.050.350	3.906.024
Notes and cheques receivables	1.961.653	1.484.389
Less: Provision for doubtful trade receivables	(197.813)	(214.900)
Less: Unearned finance income	(47.815)	(69.034)
Due from related parties (Note 20)	424.486	83.023
	9.190.861	5.189.502
Short-term trade receivables	9.058.914	5.098.243
Long-term trade receivables	131.947	91.259
	9.190.861	5.189.502

Movement of provision for doubtful trade receivables is as follows:

	2011	2010
Beginning of the period - 1 January	214.900	191.094
Increase during the period	26.615	20.824
Collections	(6.914)	(8.644)
Transfers ⁽¹⁾	(6.115)	-
Changes in the scope of consolidation	-	(1.782)
Write-off during the period as uncollectible ⁽²⁾	(36.658)	-
Currency translation differences	5.985	(4.414)
End of the period - 30 September	197.813	197.078

(1) Transferred to assets held for sale.

(2) Uncollectible doubtful trade receivables and related provisions are released.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade payables	30 September 2011	31 December 2010
Trade payables	9.343.567	7.308.840
Notes payables	144	1.447
Less: Unearned finance income	(11.588)	(8.644)
	9.332.123	7.301.643
Due to related parties (Note 20)	226.668	247.725
	9.558.791	7.549.368

NOTE 8 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	30 September 2011			31 December 2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Loans and advances to customers	19.517.878	17.637.984	37.155.862	15.205.731	14.375.629	29.581.360
Receivables from insurance business	112.650	5.412	118.062	93.125	4.179	97.304
	19.630.528	17.643.396	37.273.924	15.298.856	14.379.808	29.678.664

Loans and advances to customers:

30 September 2011	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Performing loans	22.098.647	7.602.650	4.652.500	1.202.628	876.794	36.433.219
Watch listed loans	401.280	189.636	108.879	85.489	-	785.284
Loans under legal follow-up	558.069	268.645	259.458	134.956	9.756	1.230.884
Gross	23.057.996	8.060.931	5.020.837	1.423.073	886.550	38.449.387
Less: Provision for impairment	(700.693)	(225.192)	(260.492)	(94.495)	(12.653)	(1.293.525)
Net	22.357.303	7.835.739	4.760.345	1.328.578	873.897	37.155.862
31 December 2010	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Performing loans	17.011.630	5.856.980	4.122.234	835.777	906.615	28.733.236
Watch listed loans	463.885	222.916	152.508	96.901	-	936.210
Loans under legal follow-up	486.947	280.603	235.740	156.890	9.022	1.169.202
Gross	17.962.462	6.360.499	4.510.482	1.089.568	915.637	30.838.648
Less: Provision for impairment	(659.741)	(219.570)	(264.335)	(101.699)	(11.943)	(1.257.288)
Net	17.302.721	6.140.929	4.246.147	987.869	903.694	29.581.360

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 8 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Movement of provision for impairment is as follows:

	2011	2010
Beginning of the period - 1 January	1.257.288	1.600.059
Provisions for loan impairment	326.095	527.132
Recoveries of amounts previously provided	(197.112)	(529.764)
Changes in estimates (Note 2.5)	(53.230)	-
Write-off during the period as uncollectible (*)	(43.633)	(359.292)
Currency translation differences	4.117	(910)
End of the period - 30 September	1.293.525	1.237.225

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

Net investment in finance leases is shown below:

	30 September 2011	31 December 2010
Gross investment in finance leases	1.431.097	1.006.697
Less: Unearned finance income	(228.469)	(170.920)
	1.202.628	835.777

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

	30 September 2011	31 December 2010
Less than a year	884.043	409.111
1-5 years	547.054	597.586
Less: Unearned finance income	(228.469)	(170.920)
	1.202.628	835.777

NOTE 9 - INVENTORIES

	30 September 2011	31 December 2010
Raw materials and supplies	2.742.592	1.752.219
Finished goods	1.822.578	1.104.966
Merchandise	1.190.032	905.185
Work in progress	909.727	449.479
Other inventories	55.209	61.859
Less: Provision for impairment	(80.964)	(80.610)
	6.639.174	4.193.098

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	2011	2010
As of 1 January		
Cost	18.725.936	18.653.487
Accumulated depreciation	(8.280.084)	(8.023.948)
Net book value	10.445.852	10.629.539
Net book value at the beginning of the period	10.445.852	10.629.539
Acquisitions (Note 3)	111.943	-
Additions	942.406	589.638
Disposals	(123.417)	(108.991)
Reversal of provision for impairment	36.991	-
Transfers (*)	(68.883)	(15.778)
Changes in the scope of consolidation	-	(9.132)
Currency translation differences	45.710	(17.466)
Current period depreciation	(619.390)	(605.105)
Net book value at the end of the period	10.771.212	10.462.705
As of 30 September		
Cost	19.864.968	19.175.589
Accumulated depreciation	(9.093.756)	(8.712.884)
Net book value	10.771.212	10.462.705

(*) Consists of transfers to intangible assets, assets held for sale and other assets amounting to TL40.939 thousand, TL25.632 thousand and TL2.312 thousand, respectively (30 September 2010: Consists of transfers to intangible assets)

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 11 - INTANGIBLE ASSETS

	2011	2010
As of 1 January		
Cost	2.195.530	1.985.020
Accumulated amortisation	(811.372)	(665.127)
Net book value	1.384.158	1.319.893
Net book value at the beginning of the period	1.384.158	1.319.893
Acquisitions (Note 3)	162	-
Additions	220.288	137.811
Disposals	(85.819)	(1.258)
Transfers (*)	28.210	16.793
Additions to the scope of the consolidation	-	110
Changes in the scope of consolidation	-	(583)
Currency translation differences	62.883	(17.522)
Current period amortisation	(146.645)	(117.124)
Net book value at the end of the period	1.463.237	1.338.120
As of 30 September		
Cost	2.407.814	2.110.686
Accumulated amortisation	(944.577)	(772.566)
Net book value	1.463.237	1.338.120

(*) Consists of transfers from property, plant and equipment amounting to TL40.939 thousand and transfers to assets held for sale amounting to TL12.729 thousand (30 September 2010: Includes transfers from property, plant and equipment of TL15.778 thousand and from other non-current assets of TL1.015 thousand).

Total research and development expenditures incurred as of 30 September 2011 amounts to TL218.088 thousand (30 September 2010: TL97.173 thousand).

NOTE 12 - GOODWILL

	2011	2010
Net book value at the beginning of the period- 1 January	3.526.351	3.517.860
Additions (Note 3)	82.470	-
Disposals	(757)	-
Currency translation differences	867	(354)
Net book value at the end of the period- 30 September	3.608.931	3.517.506

The allocation of the goodwill is as follows:

	30 September 2011	31 December 2010
Tüpraş	2.736.463	2.736.463
Yapı Kredi Bankası	642.957	643.714
Opet	138.984	138.984
Entek (Note 3)	82.470	-
Other	8.057	7.190
	3.608.931	3.526.351

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 13- PAYABLES OF FINANCE SECTOR OPERATIONS

	30 September 2011			31 December 2010		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Deposits	33.639.314	707.177	34.346.491	26.530.200	291.923	26.822.123
Insurance technical reserves	269.386	252.906	522.292	228.711	236.457	465.168
Other payables from insurance business	37.660	10.218	47.878	30.928	6.390	37.318
	33.946.360	970.301	34.916.661	26.789.839	534.770	27.324.609

Deposits:

	30 September 2011			31 December 2010		
	Demand	Time	Total	Demand	Time	Total
TL deposits						
Saving deposits	1.008.838	9.341.464	10.350.302	906.379	7.921.605	8.827.984
Commercial deposits	1.565.927	3.840.978	5.406.905	1.357.091	4.225.557	5.582.648
Deposits from banks	136.180	126.015	262.195	79.344	189.766	269.110
Funds deposited under repurchase agreement	-	973.151	973.151	-	33.920	33.920
	2.710.945	14.281.608	16.992.553	2.342.814	12.370.848	14.713.662

Foreign currency deposits

Saving deposits	1.342.978	5.066.584	6.409.562	983.601	3.770.979	4.754.580
Commercial deposits	1.547.160	6.327.471	7.874.631	1.368.793	3.786.460	5.155.253
Deposits from banks	23.787	508.672	532.459	17.169	634.630	651.799
Funds deposited under repurchase agreements	-	2.537.286	2.537.286	-	1.546.829	1.546.829
	2.913.925	14.440.013	17.353.938	2.369.563	9.738.898	12.108.461
			34.346.491			26.822.123

NOTE 14 - FINANCIAL LIABILITIES

	30 September 2011	31 December 2010
Short-term financial liabilities		
Bank borrowings	9.695.794	8.362.967
Debt securities in issue	1.053.801	355.220
Financial leasing payables	2.581	3.257
Factoring payables	-	124.400
	10.752.176	8.845.844
Long-term financial liabilities		
Bank borrowings	7.423.171	7.103.180
Debt securities in issue	1.104.057	927.674
Financial leasing payables	2.675	1.596
	8.529.903	8.032.450
	19.282.079	16.878.294

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 14 - FINANCIAL LIABILITIES (Continued)

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

- a loan of USD950.000.000 from the consortium, comprising of JP Morgan Europe Limited and JP Morgan Chase Bank N.A. with a maturity of 7 years and bearing an interest rate of Libor+1,9%;
- a loan from the consortium comprising of Akbank T.A.Ş. Malta Branch, Türkiye Garanti Bankası A.Ş. Luxembourg Branch, Türkiye İş Bankası A.Ş. Bahrain Offshore Branch, Standard Bank Plc, Türkiye Vakıflar Bankası T.A.O. Bahrain Offshore Branch, Türkiye Halk Bankası A.Ş. in an amount of USD1.800.000.000 with a maturity of 10 years and bearing an interest rate of Libor+2,3% until 2013 and an interest rate of Libor+2,8% thereafter.

Following the principal repayments of the loans detailed above, the outstanding balance of the related loans decreased to USD992.135.696 as of 30 September 2011.

As of 30 September 2011, Yapı Kredi Bankası, a joint venture of the Group, has an outstanding securitization deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to TL743.246 thousand (equivalents of USD238.500.000 and EUR120.500.000) (31 December 2010: TL704.582 thousand). This loan is floating rated and based on Euribor/Libor rates with maturity dates between 7 and 8 years. The repayments are started in the first quarter of 2010.

Yapı Kredi Bankası, has outstanding subordinated loans amounting to TL1.320.743 thousand, (EUR525.000.000) with 10 years of maturity and repayment option at the end of the 5th year (31 December 2010: TL1.075.778 thousand). These loans were extended by Merrill Lynch Capital Corporation (EUR250.000.000), Goldman Sachs International Bank (EUR175.000.000), and Citibank (EUR100.000.000) with UniCredit S.p.A. as guarantor. For the first 5 years, the interest rates of the loans are determined as Euribor+2%, Euribor +2,25% and Euribor +1,85%, respectively.

In 2010, Koç Holding has obtained a loan in the amount of USD425.000.000, comprising two tranches of USD120.000.000 and EUR211.500.000 from a consortium including 21 financial institutions. Following the principal repayments amounting to EUR115.500.000 and USD28.000.000, the outstanding balance of the related loan decreased approximately to USD223.000.000 as of 30 September 2011. The remaining USD and EUR portions of the related loan are repriced as Libor+2,25% and Euribor+1,75%, respectively.

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

In October 2010, Yapı Kredi Bankası, has obtained a syndicated loan from international banks, consisting of two credit tranches with 1 year maturity and a total amount of USD625.000.000; first tranche amounting to TL279.172 thousand (USD171.250.000) with an interest rate of Libor+1,3% and the second tranche amounting to TL786.982 thousand (EUR335.000.000) with an interest rate of Euribor+1,3%.

In 11 October 2010, Yapı Kredi Bankası, has signed a loan agreement with UniCredit Luxembourg amounting to TL611.325 thousand (USD375.000.000) with five years of maturity and an interest rate of 5,19%.

In April 2011, Yapı Kredi Bankası has obtained a syndication loan from international banks from 19 countries, 47 banks, consisting of two credit tranches with 1 year maturity and a total amount of USD725.000.000; one tranche amounting to USD150.250.000 with total cost of Libor+1,1% and the other tranche amounting to EUR397.500.000 with total cost of Euribor+1,1%.

In September 2011, Yapı Kredi Bankası, issued discounted bonds in domestic market amounting to TL500.000 thousand (nominal) at an interest rate of 8.67% with 175 days maturity. These bonds can be re-purchased according to related legislation.

In August and September 2011, Yapı Kredi Bankası has obtained a syndication loan amounting to TL454.903 thousand comprising of USD112.500.000 and EUR103.000.000 from Standard Chartered Bank, Wells Fargo, West LB, and SMBC with the intermediation of Yapı Kredi Diversified Payment Rights Finance Company, a Special Purpose Entity, founded abroad. This loan has a floating rate based on Euribor/Libor with maturity dates between 2016 and 2023.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 14 - FINANCIAL LIABILITIES (Continued)

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

	30 September 2011	31 December 2010
1-2 years	2.277.951	2.725.090
2-3 years	1.603.366	1.668.451
3-4 years	1.896.933	752.984
4-5 years	1.947.709	1.337.057
5 years and over	803.944	1.548.868
	8.529.903	8.032.450

NOTE 15 - TAX ASSETS AND LIABILITIES

	30 September 2011	31 December 2010
Current income tax liabilities		
Domestic	663.357	728.569
Foreign	21.224	19.060
Less: Prepaid income tax	(401.928)	(537.762)
Current income tax liabilities (net)	282.653	209.867
Deferred tax liabilities		
Domestic	651.602	617.845
Foreign	55.989	47.316
	707.591	665.161
Deferred tax assets		
Domestic	(424.562)	(331.512)
Foreign	(27.535)	(19.714)
	(452.097)	(351.226)
Deferred tax liabilities (net)	255.494	313.935

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

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

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

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

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Property, plant and equipment and intangible assets	4.645.285	4.320.177	(929.742)	(893.515)
Investment incentives	(1.450.424)	(1.180.519)	112.636	90.876
Impairment provision for loans	(512.756)	(490.801)	102.084	97.892
Provision for the Pension Fund	(419.018)	(419.018)	83.804	83.804
Provision for employment termination benefits	(389.800)	(359.113)	78.034	71.861
Warranty and assembly provisions	(279.253)	(204.473)	55.334	40.574
Assets held for sale	(209.281)	-	41.856	-
Carryforward tax losses	(196.769)	(174.038)	39.355	34.809
Derivative financial instruments	(147.557)	72.906	28.490	(14.326)
Inventories	(107.423)	(103.488)	21.471	20.705
Expense accruals (net)	(84.524)	(63.145)	16.905	12.629
Provision for unused vacation	(80.893)	(71.554)	16.078	14.242
Impairment of financial assets	(62.093)	(61.703)	12.419	12.341
Research and development incentives	(57.293)	(72.371)	11.459	14.474
Provision for lawsuits	(37.356)	(181.023)	7.471	36.204
Deferred income	(29.563)	(33.122)	5.895	6.625
Provision for credit card bonus	(18.725)	(19.849)	3.745	3.970
Unearned credit finance income (net)	9.961	(17.587)	(1.781)	3.490
Other (net)	(165.798)	(200.634)	38.993	49.410
Deferred tax assets / (liabilities) (net)			(255.494)	(313.935)

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

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

Up to 1 year	132.810	137.799
1-2 years	49.507	57.370
2-3 years	648.006	654.229
3-4 years	177.994	183.529
4-5 years	479.056	355.642
5 years and over	316.462	-
	1.803.835	1.388.569

As of 30 September 2011, the Group's investment incentives that can be utilised in the following periods but not considered in the deferred tax calculation amount to TL302.533 thousand (subject to withholding) (31 December 2010: TL292.573 thousand) and TL984 thousand (not subject to withholding) (31 December 2010: TL922 thousand).

The movement of deferred tax assets/(liabilities) are as follows:

	2011	2010
Beginning of the period - 1 January	(313.935)	(310.319)
Charge to the statement of income	7.973	(34.024)
Charge to the equity:		
- Financial assets fair value reserve	(6.039)	(3.529)
- Cumulative gains/losses on hedging	83.960	7.270
- Non-current assets revaluation fund	311	272
Currency translation differences	(11.233)	(5.155)
Acquisitions	(6.718)	-
Transfers (*)	(9.813)	-
Changes in the scope of consolidation	-	674
End of the period - 30 September	(255.494)	(344.811)

(*) Transferred to assets held for sale.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2011		31 December 2010	
	Asset	Liability	Asset	Liability
Derivatives held for trading	219.794	277.903	348.183	181.995
Derivatives held for hedging	160.823	400.880	19.798	255.284
	380.617	678.783	367.981	437.279

Derivatives held for trading:

	30 September 2011			31 December 2010		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Currency swaps	9.641.668	19.444	13.146	11.787.389	151.451	97.836
Option agreements	7.777.929	79.732	78.876	5.210.238	42.301	42.415
Currency forwards	4.661.812	59.073	35.564	3.040.230	13.437	17.482
Interest rate swaps	2.073.676	56.118	145.022	3.346.226	135.004	22.765
Credit derivatives	730.798	4.888	5.173	450.065	5.990	335
Commodity futures	50.297	539	122	72.532	-	1.162
	24.936.180	219.794	277.903	23.906.680	348.183	181.995

Derivatives held for hedging:

	30 September 2011			31 December 2010		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Interest rate swaps	20.201.829	106.239	388.773	7.718.913	19.101	255.284
Currency swaps	659.276	25.255	-	107.615	343	-
Option agreements	372.857	-	7.239	-	-	-
Currency forwards	271.770	534	4.868	4.327	15	-
Receivables from operating leases	206.382	28.795	-	157.257	-	-
Commodity futures	-	-	-	1.414	339	-
	21.712.114	160.823	400.880	7.989.526	19.798	255.284

NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets	30 September 2011	31 December 2010
Value added tax receivables	698.186	376.382
Precious metals	531.936	124.886
Deposits and guarantees given	485.153	270.654
Advances given	389.097	291.577
Prepaid expenses	238.790	208.508
Taxes and funds deductible	233.664	151.328
Assets held for sale (*)	56.668	50.512
Payments for credit card settlements	43.349	33.916
Biological assets	28.752	42.850
Interbank cheque clearing account	24.325	4.149
Other	281.232	258.042
	3.011.152	1.812.804

(*) Includes impairment of loans and advances given to customers and ownership of assets received in exchange for trade receivables.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

b) Other non-current assets	30 September 2011	31 December 2010
Spare parts and other materials	356.172	329.518
Prepaid expenses	326.063	331.296
Advances given	274.383	143.374
Other	69.808	20.651
	1.026.426	824.839

c) Short-term provisions and other current liabilities	30 September 2011	31 December 2010
Provisions:		
Provisions for warranty and assembly	275.933	218.057
Cost accruals of construction contracts	174.658	146.382
Provisions for lawsuits	113.132	285.380
Provisions for losses related with loan commitments (Note 21)	101.176	100.855
Provisions for unused vacation	79.640	76.296
Provision for the advertising publication agreement	30.697	13.611
Provisions for credit cards campaigns	18.725	19.849
Provision for Energy Market Regulation Authority participation share	17.933	14.682
Provision for the non-core assets option agreement	-	15.273
Other	181.018	124.026
	992.912	1.014.411

Other current liabilities:		
Credit card payables	1.686.030	1.458.820
Advances received	535.623	288.606
Accruals for sales and other marketing expenses	267.565	74.285
Blocked accounts	244.237	270.689
Payables to personnel and premium accruals	142.215	215.035
Deferred income	77.843	56.095
Import deposits and transfer orders	57.843	61.404
Transitory accounts	58.889	65.428
Interbank cheque clearing account	43.231	140.396
Deposits and guarantees received	44.874	30.793
Accruals for license expenses	28.603	22.656
Export commitment accruals	18.064	19.743
Collaterals obtained for derivative transactions	3.523	80.251
Other	675.816	312.345
	3.884.356	3.096.546
	4.877.268	4.110.957

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

d) Long-term provisions and other non-current liabilities **30 September 2011** **31 December 2010**

Provisions:

Warranty provision	74.171	57.212
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Other non-current liabilities:

Revenue share (*)	380.674	328.716
Deposits and guarantees received	65.958	57.446
Government grants	42.328	48.668
Other	37.320	38.697

600.451 **530.739**

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

NOTE 18 - EQUITY

Share Capital:

Koç Holding adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. Koç Holding’s registered and issued share capital is as follows:

Limit on registered share capital (historical)	3.000.000
Issued share capital in nominal value	2.415.141

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

The shareholding structures of Koç Holding are as follows:

	30 September 2011		31 December 2010	
	Share %	Amount	Share%	Amount
Temel Ticaret ve Yatırım A.Ş.	42,39	1.023.794	42,39	1.023.794
Semahat Arsel	6,42	154.947	6,42	154.947
Suna Kıraç	5,25	126.764	5,25	126.764
Rahmi M. Koç	5,23	126.311	5,23	126.311
Mustafa V. Koç	3,20	77.271	3,20	77.271
Ali Y. Koç	2,20	53.047	2,20	53.047
İpek Kıraç	1,93	46.558	1,93	46.558
Ömer M.Koç	1,79	43.298	1,79	43.298
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	0,10	2.532	0,10	2.532
Total Koç Family members and companies owned by Koç Family members	68,51	1.654.522	68,51	1.654.522
Vehbi Koç Vakfı	7,15	172.767	7,15	172.767
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,99	48.049	1,99	48.049
Other	22,35	539.803	22,35	539.803
Paid-in share capital	100,00	2.415.141	100,00	2.415.141
Adjustment to share capital (*)		967.288		967.288
Total share capital		3.382.429		3.382.429

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

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 18 - EQUITY (Continued)

The analysis of shares by group is as follows:

<u>Group</u>	<u>Unit of shares</u>	<u>TL'000</u>	<u>Nature of shares</u>
A	64.645.087.838	646.451	Registered
B	176.869.012.162	1.768.690	Registered
	241.514.100.000	2.415.141	

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

1. In accordance with Article 11, pre-emptive rights are used by each group; however 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 the resolutions to change the Articles).

Revaluation Funds

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

	30 September 2011	31 December 2010
Financial assets fair value reserve	50.806	109.626
Cumulative losses on hedging	(342.134)	(103.485)
Non-current assets revaluation fund	31.436	13.662
Total revaluation funds	(259.892)	19.803

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

Restricted Reserves

The details of the restricted reserves are as follows:

	30 September 2011	31 December 2010
Legal reserves	170.535	152.817
Special reserves	2.139.103	2.139.103
Total	2.309.638	2.291.920

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

Dividend Distribution:

It was resolved at Koç Holding's Ordinary General Assembly Meeting held on 7 April 2011 to distribute TL550.000 thousand from the consolidated net profit of 2010 amounting to TL1.734.479 thousand as first and second level dividends to shareholders, TL6.500 thousand to Koç Holding Emekli ve Yardım Sandığı Vakfı, and TL47.880 thousand to the holders of dividend right certificates as cash dividends (gross=net). Related cash dividend payments were completed as of 18 April 2011.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011

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

NOTE 19 - FINANCIAL INCOME/EXPENSES

	1 January - 30 September 2011	1 January - 30 September 2010	1 July - 30 September 2011	1 July - 30 September 2010
Financial income:				
Foreign exchange gains	1.687.305	864.960	707.656	214.156
Interest income	279.832	392.786	74.180	140.700
Credit finance income	209.015	120.479	75.452	43.373
Gains on derivative financial instruments	31.272	29.290	18.948	5.235
Other financial income	7.815	20.153	3.415	4.938
	2.215.239	1.427.668	879.651	408.402
Financial expenses:				
Foreign exchange losses	(2.416.467)	(890.738)	(1.206.465)	(19.265)
Interest expenses	(308.025)	(428.039)	(87.037)	(149.257)
Credit finance charges	(81.289)	(70.606)	(17.456)	(27.499)
Losses on derivative financial instruments	(23.146)	(16.682)	(6.460)	(6.792)
Other financial expenses	(37.782)	(38.277)	(24.277)	(26.262)
	(2.866.709)	(1.444.342)	(1.341.695)	(229.075)

NOTE 20 - RELATED PARTY DISCLOSURES

a) Related party balances

	30 September 2011			31 December 2010		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Cash and cash equivalents	1.549.621	-	1.549.621	2.143.670	-	2.143.670
Trade receivables	408.226	16.260	424.486	58.537	24.486	83.023
Trade payables	191.742	34.926	226.668	220.168	27.557	247.725
Loans and advances to customers	45.146	17.617	62.763	21.508	19.405	40.913
Deposits	152.585	1.059.113	1.211.698	69.555	864.878	934.433
Financial liabilities	334.349	-	334.349	463.783	-	463.783

b) Related party transactions

	1 January- 30 September 2011			1 January - 30 September 2010		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	2.323.943	29.831	2.353.774	966.863	96.835	1.063.698
Purchases of goods and services	1.113.992	116.063	1.230.055	933.222	94.814	1.028.036
Interest income	78.698	-	78.698	47.907	-	47.907
Interest expense (-)	15.240	-	15.240	40.245	-	40.245
	1 July - 30 September 2011			1 July - 30 September 2010		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	1.093.394	9.499	1.102.893	430.077	44.654	474.731
Purchases of goods and services	313.066	32.982	346.048	357.208	25.306	382.514
Interest income	26.213	-	26.213	22.623	-	22.623
Interest expense (-)	5.066	-	5.066	25.717	-	25.717

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

The remaining balances and transactions with the joint ventures of the Group, after the eliminations regarding proportionate consolidation method, are presented as "Joint Ventures" in the related party disclosures.

As of 30 September 2011, cash and cash equivalents, loans and advances to customers, deposits and financial liabilities balances are totally comprised of post elimination balances of the Group with Yapı Kredi Bankası. TL319.706 thousand of trade receivables is the post elimination balance regarding to the petroleum products sales of Tüpraş to Opet and THY Opet. TL100.129 thousand of trade payables is the post elimination balance regarding the vehicle purchases of Otokoç from Ford Otosan and Tofaş.

TL2.072.029 thousand of sales of goods and services is the post elimination amount regarding the petroleum products sales of Tüpraş to Opet and THY Opet during the interim period ended as of 30 September 2011. TL822.132 thousand of purchases of goods and services is the post elimination amount regarding the vehicle purchases of Otokoç from Ford Otosan and Tofaş during the interim period ended as of 30 September 2011.

c) Key management compensation

Total compensation provided to key management personnel by Koç Holding for the nine months period ended 30 September 2011 amounts to TL9.960 thousand (30 September 2010: TL12.955 thousand). The amount is comprised of short-term employee benefits.

NOTE 21 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Non-finance sectors:

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

Guarantees given:

	30 September 2011	31 December 2010
Letters of credit	2.488.711	1.949.590
Letters of guarantee	1.906.597	1.531.396
Guarantee notes	411.275	649.641
Equity shares (*)	202.714	219.414
Other commitments and guarantees	58.813	56.202
Total guarantees given	5.068.110	4.406.243

(*) The Group's equity shares in Arçelik and Tüpraş with nominal values of TL75.000 thousand and TL127.714 thousand, respectively, (31 December 2010: TL91.700 thousand and TL127.714 thousand, respectively) are pledged as collateral (without prejudice to voting and dividend rights associated with these shares) against the loans obtained to finance the cost of Tüpraş acquisition and refinance the Group's existing loans (Note 14).

Guarantees received:

	30 September 2011	31 December 2010
Letters of guarantee	2.352.365	1.626.063
Mortgages	1.810.791	1.627.273
Direct crediting limit	567.718	434.313
Bill of guarantees	178.868	305.138
Letters of credit	144.289	205.809
Other commitments	209.349	121.294
Total guarantees received	5.263.380	4.319.890

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 21 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledges/mortgages ("CPM") of the Group, except finance sector, as of 30 September 2011 and 31 December 2010 are as follows (Total amounts in the table below also contains TL denominated CPM balances. Foreign currency CPMs are presented by their TL equivalents):

	30 September 2011	31 December 2010
A. Total amount of CPM's given in the name of its own legal personality	4.611.277	3.561.056
-USD	2.910.392	2.369.569
-EUR	655.036	529.120
-Other	92.924	71.097
B. Total amount of CPM's given on behalf of the fully consolidated companies (*)	261.912	589.432
-USD	69.199	144.628
-EUR	161.005	316.586
C. Total amount of CPM's given on behalf of third parties for ordinary course of business (*)	194.921	255.755
-USD	114.409	108.220
-EUR	80.502	147.535
-Other	10	-
D. Total amount of other CPM's given	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-
	5.068.110	4.406.243

(*) As of 30 September 2011, TL411.275 thousand of the amount includes bills of guarantees, provided for the loan obtained from a consortium including 21 financial institutions to meet various financing needs of Koç Group companies (Subsidiaries and Joint Ventures) (Note 14) as part of Koç Holding's main operations

Finance sector:

Debt securities pledged as collateral:

As of 30 September 2011, debt securities, amounting to TL1.990.916 thousand (31 December 2010: TL1.283.170 thousand), included in the financial assets are pledged;

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

Custody services:

The Group's Joint Ventures in the finance sector provide custody services to third parties. The assets held in a fiduciary capacity are not included in these consolidated financial statements. As of 30 September 2011, the Group has custody accounts amounting to TL15.665.165 thousand (31 December 2010: TL13.259.444 thousand).

Credit related commitments:

	30 September 2011	31 December 2010
Letters of guarantee		
- TL	4.695.693	3.890.362
- Foreign Currency	4.505.811	3.583.683
Letter of credits	2.658.127	1.999.937
Acceptance credits	81.680	82.899
Other	1.149.631	289.719
	13.090.942	9.846.600
Less: Provisions (Note 17.c)	(101.176)	(100.855)
	12.989.766	9.745.745

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 22- ASSETS HELD FOR SALE

According to the resolution of the Board of Directors of Aygaz, a subsidiary of the Group, on 30 November 2010, it is agreed to sell 49,62% shares of Aygaz in Entek to AES Mont Blanc Holdings B.V. at the date when the share transfer transaction is completed. In the consolidated financial statements dated 31 December 2010, the assets and liabilities of the mentioned subsidiary have been classified as held for sale in accordance with IFRS 5. Following the completion of share transfer, Entek is accounted as a joint venture in the consolidated financial statements through proportionate consolidation (Note 3).

According to the resolution of the Board of Directors decision taken on 27 July 2011, Koç Holding signed share sales agreement with Vodafone Holding A.Ş for the 100% shares of Koçnet, a subsidiary of the Group. Assets and liabilities of the subsidiary, subject to the sale, are classified as assets and liabilities held for sale in accordance with IFRS 5 and measured by lower of net realizable value and carrying value. The impairment on the related net assets, amounting to TL44.838 thousand is classified under "Other Expenses" in the consolidated statements of income as of 30 September 2011(Note 4).

In addition, due to the liquidation process of Otoyol Sanayi, a subsidiary of the Group; assets and liabilities of the related subsidiary are classified as held for sale in accordance with IFRS 5 in the consolidated financial statements as of 30 September, 2011 and 31 December, 2010.

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

Assets held for sale	30 September2011	31December2010
Cash and cash equivalents	20.472	91.955
Trade receivables	27.710	30.687
Inventories	1.596	-
Property, plant and equipment	26.505	221.331
Intangible assets	12.729	349
Deferred tax assets	9.813	-
Other assets	17.381	12.433
Provision for impairment	(44.838)	-
	71.368	356.755
Liabilities held for sale	30 September2011	31December2010
Financial liabilities	20.121	64.295
Trade payables	7.699	34.879
Provision for employment termination benefits	1.166	686
Deferred tax liability	-	12.587
Other liabilities	18.950	11.737
	47.936	124.184

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management:

There has been no significant change in the Group's financial risk policies and credit risk management applications during the interim period ended 30 September 2011.

a) Credit Risk

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

	Trade Receivables	Loans and advances to customers	Cash and cash equivalents	Financial assets	Derivative financial instruments
30 September 2011					
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	9.190.861	37.155.862	10.753.317	10.884.871	380.617
A. Net book value of neither past due nor impaired financial assets	8.101.241	35.532.364	10.753.317	10.866.447	380.617
B. Net book value of restructured financial assets	25.697	49.006	-	-	-
C. Net book value of past due but not impaired financial assets	1.008.994	1.637.132	-	-	-
D. Net book value of impaired assets	54.929	290.735	-	18.424	-
- Past due:	54.929	290.735	-	-	-
- Gross amount	252.742	1.230.885	-	-	-
- Impairment	(197.813)	(940.150)	-	-	-
- Secured with guarantees	54.514	205.715	-	-	-
- Not past due:	-	-	-	18.424	-
- Gross amount	-	-	-	31.010	-
- Impairment	-	-	-	(12.586)	-
- Secured with guarantees	-	-	-	-	-
E. Collective provision for impairment (-)	-	(353.375)	-	-	-
31 December 2010					
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	5.189.502	29.581.360	12.251.678	10.133.279	367.981
A. Net book value of neither past due nor impaired financial assets	4.843.928	28.082.502	12.251.678	10.133.279	367.981
B. Net book value of restructured financial assets	31.134	40.215	-	-	-
C. Net book value of past due but not impaired financial assets	260.333	1.546.729	-	-	-
D. Net book value of impaired assets	54.107	249.156	-	-	-
- Past due:	54.107	249.156	-	-	-
- Gross amount	269.007	1.169.202	-	-	-
- Impairment	(214.900)	(920.046)	-	-	-
- Secured with guarantees	51.783	213.306	-	-	-
- Not past due:	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
E. Collective provision for impairment (-)	-	(337.242)	-	-	-

As of 30 September 2011, neither past due nor impaired trade receivables amounting to TL3.818.082 thousand (31 December 2010: TL2.723.398 thousand) and past due but not impaired trade receivables amounting to TL196.497 thousand (31 December 2010: TL199.497 thousand) have been secured with guarantees.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Foreign Exchange Risk

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

	30 September 2011	31 December 2010
Assets	32.189.437	26.065.224
Liabilities	(39.454.227)	(30.550.152)
Net balance sheet position	(7.264.790)	(4.484.928)
Off-balance sheet derivative instruments net position	1.786.367	64.686
Net foreign currency position	(5.478.423)	(4.420.242)

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 30 September 2011, Tüpraş has raw materials and petroleum products amounting to TL3.203.128 thousand (31 December 2010: TL1.797.120 thousand).

The repayment obligation related to the loans of Tofaş, a joint venture of the Group, obtained for investment purposes, is guaranteed by Fiat Auto S.p.A and Peugeot Citroen Automobiles S.A. (the "Purchasers") through future purchases. Accordingly, the exposure to foreign exchange and interest rate risks are undertaken by the Purchasers. Therefore, the net foreign currency liability position should be considered lower by TL496.953 thousand when assessing foreign exchange risk (31 December 2010: TL374.148 thousand).

In addition, foreign exchange purchase commitments with the future value dates amounting to TL65.687 thousand booked under commitments of Yapı Kredi Bankası, a joint venture of the Group, are not included in the net foreign currency position.

As of 30 September 2011 and 31 December 2010, if EUR and USD had appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would have been TL547.842 thousand (31 December 2010: TL442.024 thousand) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses/gains on the net profit (equity holders)/equity of the parent is approximately TL231.000 thousand.

30 September 2011	USD	EUR	Other	Total
Foreign currency net asset/liability	478.163	284.594	(36.278)	726.479
Off-balance sheet derivative instruments net position	36.361	(213.377)	(1.621)	(178.637)
	514.524	71.217	(37.899)	547.842
31 December 2010	USD	EUR	Other	Total
Foreign currency net asset/liability	211.787	260.743	(24.037)	448.493
Off-balance sheet derivative instruments net position	215.851	(235.426)	13.106	(6.469)
	427.638	25.317	(10.931)	442.024

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011

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

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	30 September 2011			
	USD ^(*)	EUR ^(*)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Cash and cash equivalents	1.657.154	1.253.936	81.227	6.293.701
Financial assets	2.613.216	194.864	81.918	5.394.304
Trade receivables	274.567	702.746	407.475	2.682.032
Receivables from finance sector operations	5.379.872	2.290.952	469.406	16.160.231
Inventories	41.908	52.596	704	210.353
Deferred tax assets	-	133	724	1.058
Other assets	331.336	117.112	541.728	1.447.758
Total assets	10.298.053	4.612.339	1.583.182	32.189.437
Liabilities:				
Payables of finance sector operations	6.781.170	1.979.866	967.767	18.461.808
Financial liabilities	3.553.457	3.198.245	189.541	14.792.559
Trade payables	2.041.468	392.368	49.270	4.803.471
Provisions for employee benefits	-	668	-	1.681
Other liabilities	513.203	172.465	13.823	1.394.708
Total liabilities	12.889.298	5.743.612	1.220.401	39.454.227
Net balance sheet position	(2.591.245)	(1.131.273)	362.781	(7.264.790)
Derivative financial assets	6.564.085	2.246.295	574.707	18.338.418
Derivative financial liabilities	(6.761.133)	(1.398.115)	(558.494)	(16.552.051)
Off-balance sheet derivative instruments net position	(197.048)	848.180	16.213	1.786.367
Net foreign currency position	(2.788.293)	(283.093)	378.994	(5.478.423)
Monetary items net foreign currency position	(2.830.201)	(335.689)	378.290	(5.688.776)
Fair value of currency hedge instruments	13.976	11.446	-	54.584

(*) Presented in original currencies.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010			
	USD (*)	EUR (*)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Cash and cash equivalents	2.428.461	1.069.257	86.852	6.032.268
Financial assets	2.667.331	228.397	64.397	4.656.098
Trade receivables	329.775	748.607	287.517	2.331.320
Receivables from finance sector operations	4.871.965	2.072.704	341.400	12.120.636
Inventories	42.844	49.106	394	167.255
Deferred tax assets	-	-	795	795
Other assets	212.148	144.476	132.827	756.852
Total assets	10.552.524	4.312.547	914.182	26.065.224
Liabilities:				
Payables of finance sector operations	5.455.340	2.085.078	500.145	13.206.634
Financial liabilities	3.788.783	2.849.838	148.868	11.845.930
Trade payables	2.248.241	417.655	11.408	4.343.005
Current income tax liabilities	-	44	-	90
Provisions for employee benefits	-	668	-	1.369
Deferred tax liabilities	-	520	-	1.066
Other liabilities	430.064	231.217	13.393	1.152.058
Total liabilities	11.922.428	5.585.020	673.814	30.550.152
Net balance sheet position	(1.369.904)	(1.272.473)	240.368	(4.484.928)
Derivative financial assets	4.058.543	2.007.652	280.360	10.668.750
Derivative financial liabilities	(5.454.734)	(858.729)	(411.422)	(10.604.064)
Off-balance sheet derivative instruments net position	(1.396.191)	1.148.923	(131.062)	64.686
Net foreign currency position	(2.766.095)	(123.550)	109.306	(4.420.242)
Monetary items net foreign currency position	(2.808.939)	(172.656)	108.912	(4.587.497)
Fair value of currency hedge instruments	232	-	-	358

(*) Presented in original currencies.

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Export and import details (TL Equivalent)

	1 Jan - 30 September 2011	1 Jan - 30 September 2010	1 July - 30 September 2011	1 July - 30 September 2010
Export				
USD	6.584.282	3.721.173	2.078.517	1.159.630
EUR	4.770.634	3.805.995	1.695.602	1.157.384
Other	628.958	444.303	254.115	172.174
	11.983.874	7.971.471	4.028.234	2.489.188
Import				
USD	26.438.249	15.194.747	10.465.228	5.873.349
EUR	3.662.626	2.630.474	1.128.519	882.831
Other	37.474	24.042	16.957	6.827
	30.138.349	17.849.263	11.610.704	6.763.007

NOTE 24 - EARNINGS PER SHARE

	1 Jan - 30 September 2011	1 Jan - 30 September 2010	1 July - 30 September 2011	1 July - 30 September 2010
Earnings per share:				
Profit for the period	3.043.925	2.625.280	941.348	1.173.710
Profit attributable to non-controlling interest	(1.391.104)	(1.200.492)	(442.968)	(514.574)
Profit attributable to equity holders of the parent	1.652.821	1.424.788	498.380	659.136
Weighted average number of shares with nominal value Kr1 each	2.415.141.000	2.415.141.000	2.415.141.000	2.415.141.000
Earnings per share (Kr)	0,684	0,590	0,206	0,273

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 25- SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the interim consolidated cash flow statements for the interim periods ended 30 September 2011 and 2010 is as follows:

	30 September 2011	30 September 2010
Changes in provisions:		
Provision for loans and doubtful receivables	352.710	555.095
Provision for warranty and assembly	57.877	4.124
Provision for impairment on assets held for sale	44.838	-
Insurance technical reserves	57.124	29.906
Provision for employment termination benefits and Yapı Kredi Bankası pension Fund	27.541	18.778
Provision for impairment on inventories	354	5.943
Cost accruals for construction contracts	28.276	54.157
Provision for lawsuits	(172.248)	11.953
Provision for impairment on property, plant and equipment	(36.991)	-
Other provisions	66.443	99.615
	425.924	779.571
Add back net interest income:		
Interest income from non-finance sector (Note 19)	(279.832)	(392.786)
Interest income from finance sector	(2.963.683)	(2.524.744)
Interest expense from non-finance sector (Note 19)	308.025	428.039
Interest expense from finance sector	1.690.149	1.242.707
	(1.245.341)	(1.246.784)
Net changes in the operating assets and liabilities:		
Finance sector:		
Reserve deposits at central banks	(2.461.536)	(433.320)
Receivables from finance sector operations	(7.699.201)	(5.123.055)
Payables of finance sector operations	7.465.312	3.339.280
Financial assets	(883.056)	(165.805)
	(3.578.481)	(2.382.900)
Other:		
Inventories	(2.448.026)	(774.944)
Trade receivables	(4.042.199)	(569.012)
Other assets	(1.581.186)	(732.041)
Trade payables	1.998.287	1.719.224
Other liabilities	1.600.292	1.241.342
	(4.472.832)	884.569
	(8.051.313)	(1.498.331)
Cash and cash equivalents:		
Cash and cash equivalents	11.254.921	11.091.715
Cash and cash equivalents held for sale	20.472	11.967
Less: Reserve deposits at central banks	(4.656.524)	(1.862.597)
Less: Blocked deposits	(446.622)	(321.710)
	6.172.247	8.919.375

KOÇ HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2011**

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

NOTE 26 - EVENTS AFTER THE BALANCE SHEET DATE

- i) Meetings regarding the financing of the Fuel Oil Transformation Project of Tüpraş, a subsidiary of the Group, have been completed and loan agreements with the approximate value of USD2,1 billion in total, majority of which will be insured by CESCE and SACE, have been signed on 10 October 2011 with 10 finance institutions that procured the loans. This financing package consists of three tranches and the tranches insured by CESCE and SACE (including insurance premium and investment period interests) amounts to USD1.111,8 million and USD624,3 million respectively. These loans have a maturity of 12 years, without principal repayment in the first 4 years. Considering the loans' estimated duration and average maturity, their approximate costs including insurance premium and all other costs are Libor+%3,05 and Libor+%3,10 respectively. The commercial loan amount, the third tranche, to be utilized with respect to these loans is USD359 million. This loan has a maturity of 7 years, without principal repayment in the first 4 years. Considering the loan's estimated duration and average maturity, its approximate cost including all expenses is Libor+%2,85. On the other hand, attempts for converting the loans insured by CESCE and SACE partially and/or wholly to fixed interest rate are still in progress. Utilizations in the scope of the loan package will be realized in approximately 3-3,5 years in parallel with the advance and progress payments to be made to the contractor company (Técnicas Reunidas Group of Spain).
- ii) Yapı Kredi Bankası, a joint venture of the Group, has obtained a syndication loan from international banks from 18 countries, 42 banks, consisting of two credit tranches with 1 year maturity; one tranche amounting to USD142.500.000 with total cost of Libor+1% and the other tranche amounting to EUR343.500.000 with total cost of Euribor+1%. The loan agreement was signed on 29 September 2011 and granted on 4 October 2011.

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