BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009

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

	Notes	2010	2009
ASSETS			
Current assets:			
Cash and cash equivalents	4	30.330.257	15.044.732
Financial assets	5	464.105	452.128
Trade receivables	8	219.380.198	140.749.818
Other receivables	9	1.086.234	365.862
Derivative financial instruments	7	932.696	-
Inventories	10	180.875.391	141.717.149
Other current assets	15	5.984.634	8.646.592
Total current assets		**439.053.515**	**306.976.281**
Non-current assets:			
Trade receivables	8	431.222	189.613
Other receivables	9	45.622	60.657
Property, plant and equipment	11	327.432.205	338.431.598
Intangible assets	12	18.314.132	14.894.721
Deferred tax assets	22	2.248.386	383.571
Other non-current assets	15	3.442.858	1.430.408
Total non-current assets		**351.914.425**	**355.390.568**
Total assets		**790.967.940**	**662.366.849**

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009

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

	Notes	**2010**	**2009**
LIABILITIES			
Current liabilities:			
Financial liabilities	6	137.060.968	32.393.400
Derivative financial instruments	7	785.186	734.872
Trade payables	8	110.878.371	96.725.208
Other payables	9	11.122.233	12.186.651
Taxes on income	22	-	1.997.733
Provisions	13	3.633.729	3.347.436
Provision for employee benefits	14	5.035.740	2.897.151
Other current liabilities	15	1.539.843	2.324.162
Total current liabilities		**270.056.070**	**152.606.613**
Non-current liabilities:			
Financial liabilities	6	50.000.000	64.594.910
Provision for employee termination benefits	14	21.939.659	17.698.395
Total non-current liabilities		**71.939.659**	**82.293.305**
Total liabilities		**341.995.729**	**234.899.918**
EQUITY			
Attributable to equity holders of the parent			
Share capital	16	7.441.875	7.441.875
Adjustment to share capital	16	352.660.701	352.660.701
Share premium	16	4.903	4.903
Restricted reserves	16	25.760.116	22.267.584
Hedge reserves	16	118.008	-
Retained earnings	16	6.301.922	6.029.391
Net income for the period	16	56.684.522	39.062.477
Attributable to equity holders of the parent		**448.972.047**	**427.466.931**
Non-controlling interests		**164**	**-**
Total equity		**448.972.211**	**427.466.931**
Total liabilities and shareholders' equity		**790.967.940**	**662.366.849**
Provisions, commitments, contingent assets and liabilities	13		

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	2010	2009
OPERATING REVENUE			
Revenue	17	979.897.971	775.878.486
Cost of sales (-)	17,18	(777.352.832)	(615.484.821)
GROSS PROFIT		**202.545.139**	**160.393.665**
Marketing, selling and distribution expenses (-)	18	(88.188.745)	(73.462.084)
General administrative expenses (-)	18	(39.418.821)	(31.175.497)
Research and development expenses (-)	18	(9.160.540)	(8.191.317)
Other operating income	19	1.225.279	502.237
Other operating expense (-)	19	(1.361.667)	(1.355.413)
OPERATING PROFIT		**65.640.645**	**46.711.591**
Financial income	20	16.866.704	15.548.778
Financial expense (-)	21	(12.107.068)	(13.897.084)
INCOME BEFORE TAXATION ON INCOME		**70.400.281**	**48.363.285**
Taxation on income		**(13.715.759)**	**(9.300.808)**
- Income tax expense for the period	22	(15.610.076)	(10.585.540)
- Deferred tax income	22	1.894.317	1.284.732
NET INCOME FOR THE PERIOD		**56.684.522**	**39.062.477**
Net income for the period attributable to:			
Equity holders of the parent		56.684.522	39.062.477
Non-controlling interests		-	-
		56.684.522	**39.062.477**
Earnings per share	23	7,14	4,92

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	2010	2009
NET INCOME FOR THE PERIOD	**56.684.522**	**39.062.477**
Other Comprehensive Income:		
Changes in fair value of derivative financial instruments	147.510	-
Tax effect	(29.502)	-
OTHER COMPREHENSIVE INCOME	**118.008**	**-**
TOTAL COMPREHENSIVE INCOME	**56.802.530**	**39.062.477**
Total comprehensive income attributable to:		
Equity holders of the parent	56.802.530	39.062.477
Non-controlling interests	-	-
	56.802.530	**39.062.477**

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

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Attributable to equity holders of the parent									
	Share capital	**Adjustments to share capital**	**Share premium**	**Restricted reserves**	**Hedge reserves**	**Retained earnings**	**Net income for the period**	**Total**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2009	**7.441.875**	**352.660.701**	**4.903**	**19.414.285**	**-**	**5.991.817**	**31.795.956**	**417.309.537**	**-**	**417.309.537**
Transfers	-	-	-	2.853.299	-	28.942.657	(31.795.956)	-	-	-
Dividend paid	-	-	-	-	-	(28.905.083)		(28.905.083)	-	(28.905.083)
Total comprehensive income	-	-	-	-	-	-	39.062.477	39.062.477	-	39.062.477
Balances at 31 December 2009	**7.441.875**	**352.660.701**	**4.903**	**22.267.584**	**-**	**6.029.391**	**39.062.477**	**427.466.931**	**-**	**427.466.931**
Balances at 1 January 2010	**7.441.875**	**352.660.701**	**4.903**	**22.267.584**	**-**	**6.029.391**	**39.062.477**	**427.466.931**	**-**	**427.466.931**
Transfers	-	-	-	3.492.532	-	35.569.945	(39.062.477)	-	-	-
Dividend paid	-	-	-	-	-	(35.297.414)	-	(35.297.414)	-	(35.297.414)
Effect of merger (Note 3)	-	-	-	-	-	-	-	-	164	164
Total comprehensive income	-	-	-	-	118.008	-	56.684.522	56.802.530	-	56.802.530
Balances at 31 December 2010	**7.441.875**	**352.660.701**	**4.903**	**25.760.116**	**118.008**	**6.301.922**	**56.684.522**	**448.972.047**	**164**	**448.972.211**

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	2010	2009
Net income for the period		**56.684.522**	**39.062.477**
Adjustments to reconcile net income before taxation and minority interest to net cash provided by operating activities:			
Depreciation of property, plant and equipment	11	50.468.171	50.101.415
Amortization of intangible assets	12	5.246.310	5.028.630
Employment termination benefits	14	6.236.057	3.343.336
Deferred tax	22	(1.894.317)	(1.284.732)
Interest income	20	(412.492)	(129.076)
Interest expense	21	9.361.867	9.796.138
Income from sale of property, plant and equipment	19	(842.702)	11.847
Provisions	13	1.125.007	2.511.745
Provision for employee premiums	14	1.930.000	1.243.395
Provision for unused vacation pay	14	4.590.462	768.864
Provision for benefits provided to personnel	14	1.843.907	5.009.490
Provision for doubtful receivables	8	1.683.335	1.331.359
Loss on derivative financial instruments	20	610.530	734.872
Taxes on income	22	15.610.076	10.585.540
Unrealised credit finance expense	8	110.974	89.384
Unearned credit finance income	8	(1.865.944)	(1.056.435)
Unrealised foreign exchange losses		(3.336.000)	1.125.100
Net cash generated from operating activities before changes in operating assets and liabilities		**147.149.763**	**128.273.349**
Trade receivables		(75.107.447)	4.737.193
Inventories		(36.937.282)	65.434.465
Other current receivables and assets		3.233.258	12.691.880
Other non-current receivables and assets		(1.997.415)	480.757
Trade payables		10.800.984	29.680.499
Other current payables and liabilities		(1.970.973)	3.678.188
Provisions paid	13	(838.714)	(6.094.426)
Employment termination benefits paid	14	(1.994.793)	(1.902.881)
Personnel benefits paid		(1.243.395)	(929.257)
Vacation pay liabilities paid	14	(4.213.521)	(4.577.785)
Personnel premiums paid	14	(768.864)	(668.000)
Taxes paid		(18.329.185)	(8.587.807)
Net cash generated from operating activities		**17.782.416**	**222.216.175**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	11,12	(49.909.963)	(59.070.641)
Proceeds from sale of property, plant and equipment		4.660.598	394.762
Cash outflow on acquisition	3	(5.052.016)	-
Interest received	20	412.492	129.076
Proceeds from sale of financial assets held for sale		(11.977)	156.203
Net cash used in investing activities		**(49.900.866)**	**(58.390.600)**
Cash flows from financing activities			
Proceeds from borrowings		635.234.488	426.685.427
Payments of borrowings		(545.009.621)	(538.528.494)
Interest paid		(6.178.076)	(10.397.692)
Derivative financial instruments paid		(1.345.402)	-
Dividends paid		(35.297.414)	(28.905.083)
Net cash generated from/(used in) financing activities		**47.403.975**	**(151.145.842)**
Net decrease in cash and cash equivalents		**15.285.525**	**12.679.733**
Cash and cash equivalents at the beginning of the period	4	15.044.732	2.364.999
Cash and cash equivalents at the end of the period	**4**	**30.330.257**	**15.044.732**

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa" or "Company") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş..

Brisa is primarily engaged in manufacturing, marketing and selling vehicle tires in Turkey. In 1988, the Company entered into a license agreement with Bridgestone Corporation for the purpose of manufacturing and selling Bridgestone tires.

The control of the Company is jointly held by H.Ö. Sabancı Holding A.Ş. and Bridgestone Corporation.

Brisa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Istanbul Stock Exchange ("ISE") since 1986. As of 31 December 2010, 12,74% of the Company's shares are traded on ISE. As of the same date, the main shareholders and their respective shareholding in the Company are as follows (Note 16):

	%
Hacı Ömer Sabancı Holding A.Ş.	43,63
Bridgestone Corporation	43,63
Other	12,74
	100,00

The address of the registered office of the Company is as follows:

Sabancı Center Kule 2 Kat: 3
4. Levent 34330 Beşiktaş / İstanbul

Subsidiary

The nature of the business of the subsidiary and its country of operations are as follows:

Subsidiary	**Country**	**Nature of business**
Bandag Lastik Mamulleri Tic.Ltd.Şti. ("Bandag")	Turkey	Tire retread

The Company acquired 99,99% shares of Bandag on 30 December 2010 in consideration of TL5.604.120 (Note 3). Brisa and its subsidiary will be named as the "Group" hereafter.

These consolidated financial statements as at and for the year ended 31 December 2010 have been approved for issue by the Board of Directors on 11 March 2011 and signed on behalf of the Board of Directors by Mübin Hakan Bayman, General Manager, and by Bora Çermikli, Chief Financial Officer.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial Reporting Standards Applied

The Capital Markets Board of Turkey ("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"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, the consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which is based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required by the CMB on 14 April 2008 including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative consolidated financial statements (Note 2.4).

Amendments in International Financial Reporting Standards

(a) The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010 and currently relevant for the Group

- IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply to acquisition method business combinations but with some significant changes compared with IFRS 3. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

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

- IAS 38 (amendment), "Intangible assets", effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for the Group

- IFRIC 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

- IFRIC 9, "Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement", effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category. This assessment is to be made based on circumstances that existed on the later date between the date on which the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.

- IFRIC 16, "Hedges of a net investment in a foreign operation" effective 1 July 2009. This amendment states that in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the company should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

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

- IAS 36 (amendment), "Impairment of assets", effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics).

- IFRS 2 (amendment), "Group cash-settled share-based payment transactions", effective form 1 January 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 - Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

- IFRS 9, "Financial instruments", issued in November 2009. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU.

- Revised IAS 24 (revised),"Related party disclosures", issued in November 2009. It supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed.

- "Classification of rights issues" (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

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

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

- "Prepayments of a minimum funding requirement" (amendment to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendment is effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendment should be applied retrospectively to the earliest comparative period presented.

Improvements to IFRS:

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various beginning on 01 July 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by EU.

The following improvements to IFRS are not expected to have an impact on the financial statements of the Group:

IFRS 3: Contingent consideration that arose from business combinations with acquisition dates precede the adoption of revised IFRS 3.
IFRS 3: Measurement of non controlling interests.
IFRS 3: Replacement of the acquiree's share-based payment transactions (whether obliged of voluntarily).
IAS 1: Clarification to the statement of changes in equity.
IAS 27: Clarification of the consequential amendments from IAS 27 "Consolidated and separate financial statements" made to IAS 21, IAS 28 and IAS 31.
IFRIC 13: Customer loyalty programmes: The fair value of award credit.
IAS 34 Interim Financial Reporting: Guidance to illustrate how to apply disclosure principles and additional disclosure requirements.

The impact of the improvement to IFRS below on the financial statements is being assessed by the Group:

IFRS 7 "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2011. This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosure and the nature and the extent of risks associated with financial instruments..

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

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

The following amendments to IFRS are not expected to have an impact on the financial statements of the Group:

IFRS 7 "Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities" (Amended), is effective for annual period beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRS.

IAS 12 "Deferred Tax: Recovery of underlying assets" (Amendment), is mandatory for annual period beginning on or after 1 January 2012. IAS 12 has been updated to include. IAS 12, (i) a rebutable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the bases that its carrying amount will be recovered through sale and (ii) a requirement that deferred tax on non depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis.

2.1.2 Basis of consolidation

a) The consolidated financial statements include the accounts of the parent company Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. and its Subsidiaries the ("Group") on the basis set out in below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation. The results of operations of subsidiary is included or excluded from the effective date of acquisition or disposal respectively.

b) Subsidiaries are companies in which Brisa has the power to control the financial and operating policies for the benefit of itself, either (a) through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The table below sets out the subsidiary and demonstrates the shareholding structure as of 31 December 2010 and 2009:

	Direct and indirect ownership interest held (%)		Effective interest (%)	
Subsidiary	**2010**	**2009**	**2010**	**2009**
Bandag	99,99	-	99,99	-

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

2.2 Changes in the Accounting Policies

Significant changes in the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting principles and significant accounting errors in the period 1 January - 31 December 2010.

2.3 Changes in or Corrections of the Accounting Estimations

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no changes in the accounting estimates in the period 1 January - 31 December 2010.

2.4 Summary of Significant Relevant Accounting Policies

2.4.1 Revenue recognition

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commissions, and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

Other revenues earned by the Group are recognised on the following bases:

Royalty and rental income- on an accrual basis.
Interest income- on an effective yield basis.
Dividend income- when the Group's right to receive payment is established.

2.4.2 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 10). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

2.4.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 11). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows.

	Years
Land improvements	10
Buildings	25
Machinery and equipment	8
Motor vehicles	5
Furniture and fixtures	10

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Major overhaul expenditure, including replacement spares and labour costs, is capitalised and depreciated over the average expected life between major overhauls.

2.4.4 Intangible assets

Intangible assets include acquired rights, software, special selling rights, licences and other identifiable rights. Intangible assets are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method over a period not exceeding 10 years (Note 12).

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.4.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

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

2.4.6 Business combinations

All business combinations are accounted for through applying the acquisition method. Excess of acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill. Goodwill recognized in a business combination is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment, instead of amortization.

Excess of acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of business combination, is accounted for as income in the related period.

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

2.4.7 Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

2.4.8 Due date income/(charges)

Due date income/(charges) represents the income/(charges) that are resulting from credit purchase or sales. These kind of income/(charges) are accepted as financial income and expenses which result from credit purchase or sales come true during the accounting period and included in the financial income and expense within the maturity period.

2.4.9 Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Principal payments are disclosed as liabilities and decreased according to payments made (Note 6). The interest element of the finance cost is charged to the income statement over the lease period. Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment and depreciated over the useful life.

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

2.4.10 Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

When the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred income tax assets and deferred income tax liabilities are offset accordingly (Note 22).

2.4.11 Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred (Note 6).

2.4.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4.13 Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at period-end. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of income.

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

2.4.14 Provisions, contingent assets and liabilities

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities and not included in financial statements. (Note 13).

2.4.15 Provision for employment termination benefits

Provision for employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 14).

2.4.16 Share capital

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.4.17 Derivative financial instruments and embedded derivatives

The derivative financial instruments of the Group consist of foreign exchange forward transactions. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at their respective fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has designated their derivatives ("hedging instrument") to hedge its cash flows on foreign purchases ("hedged item").

The Group documents, at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statements of income.

The gain or loss relating to the ineffective portions of foreign exchange forward is recognised in the consolidated statements of income. Amounts previously recognised in other comprehensive income are transferred to the income statement in the periods when the hedged item affects profit or loss (when the forecast transaction that is hedged takes place). The gain or loss relating to the effective portions of foreign exchange forward is then recognised in the consolidated statements of income.

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

2.4.18 Earnings per share

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

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported (Note 23).

2.4.19 Related parties

For the purpose of these consolidated financial statements, shareholders, the group companies of Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties The Group assigned its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 24).

2.4.20 Reporting of cash flows

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from Group's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from Group's changes in the size and composition of the contributed equity and borrowings.

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within 3 months (Note 4).

2.4.21 Offsetting

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

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

2.4.22 Comparatives and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. The Group prepared the consolidated balance sheet at 31 December 2010 in comparison with its consolidated balance sheet at 31 December 2009, the Group also prepared the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the period 1 January - 31 December 2010 in comparison with the accounting period 1 January - 31 December 2009.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

- Goods in transit amounting to TL13.109.202 were reclassified to "inventories" from "other current assets" in the balance sheet at 31 December 2009.

- Due to shareholders amounting to TL142.704 was reclassified to "other payables" from "other current liabilities" in the balance sheet at 31 December 2009.

- Reversal of legal disputes amounting to TL300.951 was reclassified to "general and administrative expenses" from "other income", other sales income amounting to TL294.018 was offset on "other expenses", service expenses amounting to TL183.751 was reclassified to "marketing, selling and distribution expenses" from "other expenses" in the income statement at 31 December 2009.

- Foreign exchange losses amounting to TL7.329.337 was offset on "financial income" which previously reported on "financial expenses" in the income statement at 31 December 2009.

2.5 Critical Accounting Judgements, Estimates and Assumptions

Preparation of the consolidated financial statements in accordance with CMB Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

Net realisable value

Inventories are valued at the lower of cost or net realisable value as described the accounting policy in Note 2.4. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 10).

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

2.5 Critical Accounting Judgements, Estimates and Assumptions (Continued)

Useful lives of tangible and intangible assets

In accordance with the accounting policy explained in Note 2.4, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment, if any. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made (Note 11 - 12).

Provision for doubtful receivables

In accordance with the accounting policy explained in Note 2.4, the Group calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the inability of its customers to make required payments. The estimates used in evaluating the adequacy of the provision for impairment of trade receivables are based on the aging of the trade receivable balances and the trend of collection performance. The provision for doubtful trade receivables is a critical accounting estimate that is formed by past payment performance and financial position of customers (Note 8).

Provision for warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products sold under the scope of the warranty terms. Provision for warranty expenses is calculated based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 13).

Provisions

In accordance with the accounting policy explained in Note 2.4, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made (Note 13).

2.6 Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

The accounting principles described in Note 2.4 "Summary of Significant Relevant Accounting Policies" from 2.4.1 to 2.4.22 to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, for the period 1 January - 31 December 2005. Accordingly, the consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

NOTE 3 - BUSINESS COMBINATIONS

Brisa has acquired Bandag's %99,99 shares in consideration of TL5,604,120 as of 30 December 2010. The net assets acquired, except the special selling right and licence, are accounted for at their carrying values. The excess amount of the consideration of TL3.959.671 over the net assets acquired is associated with the special selling right and licence and accounted for under intangible assets (Note 12).

The details of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Cash and cash equivalents	552.104
Trade receivables	3.581.933
Inventories	294.146
Property, plant and equipment	9.575
Intangible assets	3.959.671
Other current assets	570.296
Trade payables	(3.241.205)
Other current liabilities	(122.236)
Carrying value of net assets	5.604.284
Less: Non-controlling interests	(164)
Cost of acquisition	5.604.120
Total cash consideration	5.604.120
Less: Cash and cash equivalents in subsidiary acquired	(552.104)
Cash outflow on acquisition	**5.052.016**

NOTE 4 - CASH AND CASH EQUIVALENTS

	2010	**2009**
Cash	2.351	203
Bank - demand deposit	19.325.828	1.923.419
Bank - time deposit	11.002.078	13.121.110
	30.330.257	**15.044.732**

Maturities of the time deposits are less than three month and effective interest rate for TL denominated deposit is 7,05% (2009: 9,89%).

NOTE 5 - FINANCIAL ASSETS

	2010	2009
Time deposits matured more than 3 months	464.105	452.128
	464.105	**452.128**

Maturities of the time deposits are 354 days and denominated in USD (2009: 354 days). Effective interest rate is 2,00% (2009:2,25%).

NOTE 6 - FINANCIAL LIABILITIES

	2010	2009
Short-term bank borrowings	137.060.968	32.250.801
Finance lease payables	-	142.599
Total short-term financial liabilities	**137.060.968**	**32.393.400**
Long-term bank borrowings	50.000.000	64.594.910
Total long-term financial liabilities	**50.000.000**	**64.594.910**
Total financial liabilities	**187.060.968**	**96.988.310**

Bank borrowings

	2010		2009	
	Weighted average annual effective interest rate %	**TL**	**Weighted average annual effective interest rate %**	**TL**
Short-term bank borrowings:				
TL denominated borrowings	8,19	74.434.897	8,80	32.227.904
Euro denominated borrowings	1,72	61.705.109	-	-
		136.140.006		**32.227.904**
Short-term portion of long-term bank borrowings:				
TL denominated borrowings		920.962		22.897
Total short-term bank borrowings		**137.060.968**		**32.250.801**
Long-term bank borrowings:				
TL denominated borrowings	9,70	50.000.000	-	-
Euro denominated borrowings	-	-	1,27	64.594.910
Total long-term bank borrowings		**50.000.000**		**64.594.910**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	2010		2009	
	Fair value	**Book value**	**Fair value**	**Book value**
TL denominated borrowings	139.352.618	125.355.859	32.227.904	32.227.904
Euro denominated borrowings	61.705.109	61.705.109	67.427.927	64.617.807
	201.057.727	**187.060.968**	**99.655.831**	**96.845.711**

Redemption schedules of long-term borrowings are summarised below:

	2010	**2009**
2011	-	64.594.910
2013	50.000.000	-
	50.000.000	**64.594.910**

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	2010	**2009**
Up to 3 months	34.675.082	2.169.237
3-12 months	102.385.886	30.081.564
1-5 years	63.809.027	65.799.293
	200.869.995	**98.050.094**

Finance Lease Payables

Redemption schedule of the finance lease payables is stated below:

	2010	**2009**
1-3 months	-	80.842
3-6 months	-	61.757
	-	**142.599**

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

	2010		2009	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign exchange forward contracts	932.696	785.186	-	734.872
	932.696	**785.186**	**-**	**734.872**

The Group entered into a number of foreign exchange forwards contracts with banks in order to hedge its exchange rate risk associated with the mismatch between raw material purchases denominated in USD and export sales denominated in Euro.

The Group entered into forward contracts to sell EUR15.850.000 and purchase USD21.080.075 where the average exchange rate of Euro contract is TL2,0170 and USD contract is TL1,5118. At 31 December 2010 the Group recognised derivative financial assets amounting to TL932.696 and derivative financial liabilities amounting to TL785.186.

The Group entered into a forward contract to sell JPY620.861.000 in order to hedge its exchange rate risk associated with tangible assets purchase amounting to JPY1.243.086.477.

Movements in derivative financial instruments as of 31 December 2010 and 2009 are as follows:

	2010	**2009**
1 January	(734.872)	-
Recognised in income statement	(610.530)	(734.872)
Recognised in other comprehensive income	147.510	-
Payments	1.345.402	-
31 December	**147.510**	**(734.872)**

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables	**2010**	**2009**
Trade receivables	218.245.795	136.646.883
Due from related parties (Note 24)	7.552.116	8.380.010
	225.797.911	**145.026.893**
Less: Provision for doubtful receivables	(4.551.769)	(3.220.640)
Less: Unearned credit finance income	(1.865.944)	(1.056.435)
	219.380.198	**140.749.818**
Long term trade receivables	431.222	189.613

As of 31 December 2010 annual interest rates for discount of trade receivables and due from related parties are 7,68% and 9,00% and maturity of trade receivables and due from related parties are 63 and 54 days, respectively.

As of 31 December 2010, the trade receivables amounting to TL3.432.053 (2009: TL3.603.284) were past due but not impaired. The aging of these receivables as of 31 December 2010 and 2009 is as follows:

	2010	**2009**
Up to 1 month	2.290.546	3.400.835
1-3 months	615.762	76.620
3-12 months	525.745	125.829
	3.432.053	**3.603.284**

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES (Continued)

As of 31 December 2010, the trade receivables amounting to TL4.551.769 (2009: TL3.220.640) were impaired and provided for. The aging of these receivables as of 31 December 2010 and 2009 is as follows:

	2010	**2009**
1-3 months	234.624	-
3-12 months	880.322	1.060.205
Over 12 months	3.436.823	2.160.435
	4.551.769	**3.220.640**

Movement schedules of provision for doubtful receivables as of 31 December 2010 and 2009 are as follows:

	2010	**2009**
Balances at 1 January	3.220.640	1.894.361
Additions	1.580.193	1.331.359
Collections	(352.206)	(5.080)
Addition due to subsidiary purchase	103.142	-
Balances at 31 December	**4.551.769**	**3.220.640**

Trade payables	**2010**	**2009**
Trade payables	61.522.020	50.763.624
Due to related parties (Note 24)	49.467.325	46.050.968
	110.989.345	96.814.592
Less: Unrealised credit finance expense	(110.974)	(89.384)
	110.878.371	**96.725.208**

As of 31 December 2010 annual interest rates for discount of trade payables and due to related parties are 7,68% and 9,00% and maturity of trade receivables and due from related parties are 33 and 36 days, respectively. Group has financial risk management policy in order to manage maturity structure of liabilities.

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	**2010**	**2009**
Prepaid taxes	721.376	-
Advances given to related parties (Note 24)	349.107	349.371
Other	15.751	16.491
	1.086.234	**365.862**

Other long-term receivables	**2010**	**2009**
Deposits and guarantees given	45.622	60.657
	45.622	**60.657**

Other short-term payables	**2010**	**2009**
Accrued tax liability	5.240.918	4.430.579
Accrued SGK premiums	2.948.696	2.439.906
Other payables to related parties (Note 24)	2.450.200	4.696.665
Guarantees received	473.076	619.501
Other	9.343	-
	11.122.233	**12.186.651**

NOTE 10 - INVENTORIES

	2010	**2009**
Raw materials	93.928.710	65.291.077
Materials and supplies	24.277.369	21.467.696
Semi-finished goods	13.828.924	10.317.982
Finished goods	32.305.584	27.794.164
Trade goods	14.435.132	16.582.077
Other inventories	2.099.672	264.153
	180.875.391	**141.717.149**

In the period 1 January - 31 December 2010 the cost of inventories recognised as expense and included in cost of goods sold is TL566.320.913 (1 January - 31 December 2009: TL425.270.803).

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Transfers	Disposals	Additions due to purchase of subsidiary	31 December 2010
Cost:						
Land improvements	16.240.403	-	208.845	-	-	16.449.248
Buildings	207.211.326	37.664	1.156.622	-	-	208.405.612
Machinery and equipment	938.237.893	176.301	49.512.826	(5.980.105)	-	981.946.915
Motor vehicles	5.464.498	106.662	222.514	(2.147.712)	-	3.645.962
Furniture and fixtures	20.987.974	1.058.174	607.871	(69.233)	7.595	22.592.381
Other fixed assets	10.424.076	1.751.548	-	(957)	1.980	12.176.647
Construction in progress	37.784.421	42.895.372	(52.558.627)	-	-	28.121.166
	1.236.350.591	**46.025.721**	**(849.949)**	**(8.198.007)**	**9.575**	**1.273.337.931**
Accumulated amortization:						
Land improvements	9.674.562	179.115	-	-	-	9.853.677
Buildings	105.867.959	6.630.504	-	-	-	112.498.463
Machinery and equipment	766.371.228	41.680.313	-	(2.449.185)	-	805.602.356
Motor vehicles	3.988.067	543.526	-	(1.901.708)	-	2.629.885
Furniture and fixtures	8.564.360	1.933.487	-	(30.714)	-	10.467.133
Other fixed assets	3.452.817	1.401.407	-	(12)	-	4.854.212
	897.918.993	**52.368.352**	**-**	**(4.381.619)**	**-**	**945.905.726**
Net book value	**338.431.598**					**327.432.205**

As of 31 December 2010, TL43.332.744 of the depreciation expense is charged to "cost of goods sold", TL1.133.950 is included to "research and development expenses", TL4.859.477 is included in "selling and marketing costs", TL1.142.000 is included in general administrative expenses" and TL1.900.181 of the depreciation expense is included in 'finished goods inventory'.

As of 31 December 2010 amount of TL182.292 borrowing cost has been capitalised on property, plant and equipment (2009: TL683.116).

As of 31 December 2010 there is no mortgage on property, plant and equipment (2009: None).

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2009	Additions	Transfers	Disposals	31 December 2009
Cost:					
Land improvements	16.240.403	-	-	-	16.240.403
Buildings	206.857.712	226.952	319.970	(193.308)	207.211.326
Machinery and equipment	899.543.401	85.545	42.344.047	(3.735.100)	938.237.893
Motor vehicles	3.359.378	563.246	1.838.060	(296.186)	5.464.498
Furniture and fixtures	18.662.669	643.192	2.038.885	(356.772)	20.987.974
Other fixed assets	7.473.680	1.994.283	980.458	(24.345)	10.424.076
Construction in progress	30.060.100	52.911.361	(45.187.040)	-	37.784.421
	1.182.197.343	**56.424.579**	**2.334.380**	**(4.605.711)**	**1.236.350.591**
Accumulated amortization:					
Land improvements	9.487.789	186.773	-	-	9.674.562
Buildings	99.351.554	6.633.678	-	(117.273)	105.867.959
Machinery and equipment	728.517.348	41.588.980	-	(3.735.100)	766.371.228
Motor vehicles	2.469.877	736.714	1.000.052	(218.576)	3.988.067
Furniture and fixtures	6.890.044	1.878.102	-	(203.786)	8.564.360
Other fixed assets	1.792.078	1.125.565	537.456	(2.282)	3.452.817
	848.508.690	**52.149.812**	**1.537.508**	**(4.277.017)**	**897.918.993**
Net book value	**333.688.653**				**338.431.598**

As of 31 December 2009, TL42.977.255 of the depreciation expense is charged to "cost of goods sold", TL1.044.758 is included to "research and development expenses", TL4.828.189 is included in "selling and marketing costs", TL1.251.213 is included in general administrative expenses" and TL2.048.397 of the depreciation expense is included in 'finished goods inventory'.

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

NOTE 12 - INTANGIBLE ASSETS

	1 January 2010	Additions	Transfers	Disposals	Additions due to purchase of subsidiary	31 December 2010
Cost:						
Rights	24.167.287	3.349.730	-	-	3.959.671	31.476.688
Other intangible assets	16.774.324	534.512	849.949	(113.916)	-	18.044.869
	40.941.611	**3.884.242**	**849.949**	**(113.916)**	**3.959.671**	**49.521.557**
Accumulated amortization:						
Rights	13.562.925	4.198.798	-	-	-	17.761.723
Other intangible assets	12.483.965	1.074.145	-	(112.408)	-	13.445.702
	26.046.890	**5.272.943**	**-**	**(112.408)**	**-**	**31.207.425**
Net book value	**14.894.721**					**18.314.132**

As of 31 December 2010, TL607.350 of the amortisation expense is charged to "cost of goods sold", TL45.002 is charged to "research and development expenses", TL4.192.841 is included in "selling and marketing costs", TL401.117 expense is included in "general administrative expenses" and TL26.633 is included in "finished goods inventory".

	1 January 2009	Additions	Transfers	Disposals	31 December 2009
Cost:					
Rights	21.977.423	2.251.864	-	(62.000)	24.167.287
Other intangible assets	18.743.051	394.198	(2.334.380)	(28.545)	16.774.324
	40.720.474	**2.646.062**	**(2.334.380)**	**(90.545)**	**40.941.611**
Accumulated amortization:					
Rights	9.515.916	4.056.309	-	(9.300)	13.562.925
Other intangible assets	13.025.995	998.808	(1.537.508)	(3.330)	12.483.965
	22.541.911	**5.055.117**	**(1.537.508)**	**(12.630)**	**26.046.890**
Net book value	**18.178.563**				**14.894.721**

As of 31 December 2009, TL555.711 of the amortisation expense is charged to "cost of goods sold", TL55.117 is charged to "research and development expenses", TL4.063.629 is included in "selling and marketing costs", TL354.173 is included in "general administrative expenses" and TL26.487 is included in "finished goods inventory".

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Provisions	**2010**	**2009**
Provision for warranty claims (*)	1.020.010	1.093.431
Provision for lawsuits	1.200.245	570.423
Other	1.413.474	1.683.582
	3.633.729	**3.347.436**

(*) The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's 24-month warranty program for tires. The estimate has been made on the basis of historical warranty expenses and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

	Provision for the lawsuits for labour disputes	**Warranty claims**	**Lawsuits**	**Other**	**Total**
1 January 2009	2.791.116	1.079.180	394.345	2.665.476	6.930.117
Additions	-	1.476.055	706.067	329.623	2.511.745
Payments/reversals	(2.791.116)	(1.461.804)	(529.989)	(1.311.517)	(6.094.426)
31 December 2009	**-**	**1.093.431**	**570.423**	**1.683.582**	**3.347.436**

	Warranty claims	**Lawsuits**	**Other**	**Total**
1 January 2010	1.093.431	570.423	1.683.582	3.347.436
Additions	375.052	749.955	-	1.125.007
Payments/reversals	(448.473)	(120.133)	(270.108)	(838.714)
31 December 2010	**1.020.010**	**1.200.245**	**1.413.474**	**3.633.729**

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Investment incentives:

The Group has obtained a foreign investment incentive right with a certificate taken from Republic of Turkey Prime Ministry Undersecretariat of Treasury dated 1 June 2010 based on the 4875 Act Of Direct Foreign Investment Law. Based on the related incentive right the Group incurred investment expenditure amounting to TL31.941.766 and benefited from reduced corporate tax.

Guarantees obtained:

	2010	**2009**
Direct debiting system limits	80.697.274	50.874.221
Letters of guarantees taken	76.184.933	47.581.984
Export insurance	25.769.481	22.834.371
Mortgages	17.906.564	19.343.164
Cheques and notes receivables taken as guarantee	7.972.846	7.777.086
Letter of credit	1.728.254	1.976.835
Export factoring	1.319.800	501.532
Cash blockage	463.800	610.466
	212.042.952	**151.499.659**

The Group has guarantees obtained from banks, guarantee cheques and notes receivable due to advances given to suppliers.

In addition, the Group has guarantees comprising letters of guarantee received to minimise customer credit risk in forward sales made to domestic customers, encumbrances, debentures and limits for government debt securities allocated to customers through banks and export insurance, bank letters of guarantee, letters of credit, cash blockage and export factoring for trade receivables due from foreign customers on the basis of credit risk management.

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges and Mortgages given by the Company:

As of 31 December 2010 and 2009 collaterals, pledges and mortgages ("CPM") given of Company is as follows:

	2010			2009		
CPM given by the Company	**Currency**	**Amount**	**TL Equivalent**	**Currency**	**Amount**	**TL Equivalent**
A.Total of GPMs given on behalf of own legal personality	TL	10.557.551	10.557.551	TL	7.310.811	7.310.811
B. Total of GPMs given on behalf of subsidiaries consolidated in full	-	-	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPM						
i) Total amount of CPM given on behalf of the majority shareholder	-	-	-	-	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
			10.557.551			**7.310.811**
Proportion of CPM on equity			2,35%			1,71%

There are no CPMs given by the Company on behalf of third parties, other than those given on behalf of the Company itself.

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

NOTE 14 - EMPLOYMENT BENEFITS

Short-term employment benefits	**2010**	**2009**
Bonus accruals	1.930.000	768.864
Accrued salaries and wages	1.735.655	1.239.524
Unused vacation pay liability	1.261.833	884.892
Accrued private pension premiums	108.252	3.871
	5.035.740	**2.897.151**

Movement schedule of bonus accruals and unused vacation pay liability is as follows:

	Bonus accruals	**Unused vacation pay liability**
1 January 2009	668.000	453.187
Additions	768.864	5.009.490
Payments/reversals	(668.000)	(4.577.785)
31 December 2009	**768.864**	**884.892**

	Bonus accruals	**Unused vacation pay liability**
1 January 2010	768.864	884.892
Additions	1.930.000	4.590.462
Payments/reversals	(768.864)	(4.213.521)
31 December 2010	**1.930.000**	**1.261.833**

Long-term employment benefits	**2010**	**2009**
Provision for employment termination benefits	21.939.659	17.698.395
	21.939.659	**17.698.395**

<u>Provision for employment termination benefits</u>

Provision for employment termination is allocated in accordance with the disclosures given below:

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2010 the amount payable consists of one month's salary limited to a maximum of TL2.517,01 (2008: TL2.365,16) for each year of service.

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

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

NOTE 14 - EMPLOYMENT BENEFITS (Continued)

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

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2010	**2009**
Discount rate (%)	4,66	5,92
Turnover rate to estimate the probability of retirement (%)	100,00	100,00

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

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

	2010	**2009**
1 January	17.698.395	16.257.940
Increase during the year	5.411.312	2.380.866
Paid during the year	(1.994.793)	(1.902.881)
Actuarial loss	824.745	962.470
31 December	**21.939.659**	**17.698.395**

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

NOTE 15 - OTHER ASSETS AND LIABILITIES

	2010	2009
Other current assets		
Deferred VAT	1.980.826	5.118.662
Prepaid expenses	1.670.078	2.009.399
Advances given to personnel	1.448.431	1.265.846
Advances given to suppliers	738.701	170.367
Deductable VAT	1.377	1.377
Other	145.221	80.941
	5.984.634	**8.646.592**

	2010	2009
Other non-current assets		
Advances given for property, plant and equipment	3.442.858	1.430.408
	3.442.858	**1.430.408**

	2010	2009
Other current liabilities		
Advances received	1.525.758	626.000
Liability for cancelled equipment purchase (*)	-	1.147.661
Provision for customer rebate	-	550.000
Other	14.085	501
	1.539.843	**2.324.162**

(*) In 2009, the Group ordered an equipment from Bridgestone Corporation, and then, cancelled the order. Based on the agreement later made with Bridgestone Corporation, cost of rework required to sell the equipment to a third party is calculated and recorded as other short-term liability by the Group.

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

NOTE 16 - EQUITY

Paid-in share capital

The Company's authorised and issued capital consists of 744.187.500 shares at 1 shares of Kr 1 nominal value (2009: 744.187.500 shares). All shares are paid and there is no preferred stock. The Company's shareholders and their shareholdings at 31 December 2010 and 2009 are as follows:

Shareholders	(%)	2010	(%)	2009
H.Ö Sabancı Holding A.Ş.	43,63	3.246.619	43,63	3.246.619
Bridgestone Corporation	43,63	3.246.619	43,63	3.246.619
Other	12,74	948.637	12,74	948.637
Total paid-in share capital	**100,00**	**7.441.875**	**100,00**	**7.441.875**

Restricted reserves and retained earnings

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In accordance with the CMB regulations this amount is recorded under "Restricted Reserves". As of 31 December 2010 profit reserves comprise the legal reserves amounting to TL25.760.116 (2009: TL22.267.584).

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

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

NOTE 16 - EQUITY (Continued)

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

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";

- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

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

Capital adjustment differences have no other use other than being transferred to share capital.

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities on the stock exchange regarding for profits arising from operations in 2009. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid- in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year when the outstanding shares have been identified as "old" and "new", it is mandatory for companies that will make profit distribution from the net distributable profit of the 2007 to make this first dividend distribution in cash.

In accordance with the CMB's decision No. 7/242 dated 25 February, 2005; if the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations does not exceed net distributable profit in the statutory accounts, the whole amount calculated according to the CMB's regulations should be distributed. On the other hand, the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations exceeds net distributable profit in the statutory accounts; distributable profit is limited to the profit per statutory accounts. In the event there is a net loss per statutory accounts or financial statements prepared in accordance with CMB financial reporting standards, a distribution of profit is prohibited.

Inflation adjustment to shareholders' equity can only be netted-off against losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders.

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

NOTE 16 - EQUITY (Continued)

In accordance with the above explanation, the composition of Group's equity, which is considered as the basis for profit distribution, in accordance with Communiqué No.? XI/29, is as follows:

	2010	**2009**
Share capital	7.441.875	7.441.875
Adjustment to share capital	352.660.701	352.660.701
Share premium	4.903	4.903
Hedge reserves	118.008	-
Restricted reserves	25.760.116	22.267.584
Net income for the period	56.684.522	39.062.477
Retained earnings	6.301.922	6.029.391
Total equity based on profit distribution	**448.972.047**	**427.466.931**

NOTE 17 - REVENUE AND COST OF SALES

	2010	**2009**
Sales	1.081.357.477	864.212.104
Sales returns	(1.852.354)	(3.167.363)
Sales discounts	(75.261.394)	(63.695.685)
Other sales discounts	(24.345.758)	(21.470.570)
Net sales	**979.897.971**	**775.878.486**
Cost of sales	(777.352.832)	(615.484.821)
Gross profit	**202.545.139**	**160.393.665**

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

NOTE 18 - EXPENSE BY NATURE

	2010	**2009**
Raw materials used	529.068.364	341.657.261
Personnel expenses	147.006.012	117.388.016
Production overheads	57.522.267	49.399.895
Depreciation and amortisation	55.714.481	50.932.222
Cost of trade goods sold	47.314.599	44.902.124
Advertisement expenses	29.122.442	18.214.099
Royalty expenses	12.514.251	12.664.241
Transportation and storage expenses	6.543.893	6.413.508
Communication and information technology expenses	4.022.328	3.525.964
Insurance expenses	3.385.567	3.477.771
Energy expenses	2.039.463	2.432.012
Claims for defective tires	1.861.234	2.659.287
Change in work in progress	(5.343.297)	534.122
Change in finished goods	(2.791.935)	40.252.180
Idle time expenses (*)	-	12.750.664
Other	26.141.269	21.110.353
	914.120.938	**728.313.719**

(*) The details of idle time expenses are as follows:

	2010	**2009**
Direct labour cost	-	3.930.932
Production overheads	-	4.621.909
Depreciation expenses	-	4.197.823
	-	**12.750.664**

Since the Group's production was suspended in the periods 5 February 2009 - 11 February 2009, 24 February 2009 - 3 March 2009, 1 April 2009 - 8 April 2009, 20 May 2009 - 23 May 2009 and 27 July 2009 - 6 August 2009 a total amount of TL12.750.064 which includes the related direct labour cost of TL3.930.931, production overhead of TL4.621.910 and depreciation expense of TL4.197.823, is recognized under "cost of sales" account.

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

	2010	**2009**
Cost of sales	43.940.094	43.532.966
Marketing, selling and distribution expenses	9.052.318	8.891.818
General administrative expenses	1.543.117	1.605.386
Research and development expenses	1.178.952	1.099.875
	55.714.481	**55.130.045**

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

NOTE 18 - EXPENSE BY NATURE (Continued)

Personnel expenses	**2010**	**2009**
Cost of sales	107.643.740	90.584.364
General administrative expenses	19.126.720	14.231.801
Marketing, selling and distribution expenses	14.659.245	11.693.056
Research and development expenses	5.576.307	4.809.727
	147.006.012	**121.318.948**

NOTE 19 - OTHER INCOME/EXPENSES

Other income	**2010**	**2009**
Gain on sale of property, plant and equipment	842.702	-
Gain on sale of raw materials	138.690	-
Income from insurance damages	101.733	127.509
Income from insurance agency	498	171.369
Other	141.656	203.359
	1.225.279	**502.237**

Other expense	**2010**	**2009**
Loss on sale of supplies	559.929	372.603
Loss on sale of scrap materials	468.436	810.245
Loss on sale of property, plant and equipment	-	11.847
Other	333.302	160.718
	1.361.667	**1.355.413**

NOTE 20 - FINANCIAL INCOME

	2010	**2009**
Finance income on credit sales	12.226.456	13.747.144
Foreign exchange gains on borrowings	3.336.000	-
Foreign exchange gains	891.756	1.672.558
Interest income on bank accounts	412.492	129.076
	16.866.704	**15.548.778**

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

NOTE 21 - FINANCIAL EXPENSE

	2010	**2009**
Interest and commission expenses on borrowings	(9.361.867)	(9.796.138)
Finance expenses on credit purchases	(2.125.300)	(2.189.638)
Derivative financial instruments	(610.530)	(734.872)
Interest expense of leasing	(9.371)	(51.336)
Foreign exchange losses on borrowings	-	(1.125.100)
	(12.107.068)	**(13.897.084)**

NOTE 22 - TAXES ON INCOME

Corporate tax:

	2010	**2009**
Corporate tax currently payable	15.610.076	10.585.540
Less: Prepaid taxes	(16.331.452)	(8.587.807)
	(721.376) (*)	**1.997.733**

(*) The portion of the corporate tax amount paid in advance which exceeds the corporate tax amount to be paid as of 31 December 2010 is included under other short-term receivables (Note 9).

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

Corporate Income Tax Law has been changed with the law numbered 5520 which was published on 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable in Turkey is % 20 (2009: %20). Corporate tax rate is applied to the taxable profit which is calculated by adding non-deductible expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives) from accounting profit of the Company. No additional taxes are paid unless profit is distributed (except %19.8 withholding tax paid over used investment incentives).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

NOTE 22 - TAXES ON INCOME (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. As of 1 January 2005, aforementioned conditions are not valid thus, there are no inflation adjustments.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to the Group are real property, investment equity, preferential rights, usufruct shares, founding shares, sales exemption.

A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of 5 years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Apart from the abovementioned exemptions considered in the determination corporate income tax base, allowances stated in Corporate Income Tax Law Articles 8, 9 and 10 and Income Tax Law Article 40 are also taken into consideration.

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

NOTE 22 - TAXES ON INCOME (Continued)

The taxes on income reflected to consolidated statements of income for the years ended 31 December are summarised as follows:

	2010	**2009**
Current period corporate tax	(15.610.076)	(10.585.540)
Deferred tax	1.894.317	1.284.732
	(13.715.759)	**(9.300.808)**

Current period tax reconciliation is as follows:

	2010	**2009**
Profit before taxation on income	70.400.281	48.363.285
Tax charge calculated at enacted tax rate	(14.080.056)	(9.672.657)
Disallowable expenses	310.500	470.104
Other exempt income	132.893	-
Reduced corporate tax	70.034	-
Non-deductible expenses	(149.130)	(98.255)
Tax expense	**(13.715.759)**	**(9.300.808)**

Deferred income taxes:

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements.

Tax rates used for deferred income tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method are 20% in Turkey (2009: 20%).

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

NOTE 22 - TAXES ON INCOME (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2010 and 2009 using the enacted tax rates, are as follows:

	Cumulative temporary differences		**Deferred income tax assets/(liabilities)**	
	2010	**2009**	**2010**	**2009**
Deferred income tax assets:				
Employment termination benefit	21.939.659	17.698.395	4.387.932	3.539.679
Allowance for doubtful receivable	2.458.698	1.221.790	491.740	244.358
Unearned credit finance income	1.865.944	1.056.435	373.189	211.287
Provision for personnel expenses	1.261.833	884.892	252.367	176.978
Forward foreign exchange contracts	785.186	734.872	157.037	146.974
Provision for warranty claims	1.020.010	1.093.431	204.002	218.686
Provision for lawsuits	1.200.245	176.078	240.049	35.216
Other provisions	-	1.739.443	-	347.888
Valuation difference on inventories	-	12.513	-	2.503
Sales premium provision	1.930.000	727.082	386.000	145.416
			6.492.316	**5.068.985**
Deferred income tax liabilities:				
Property, plant and equipment	19.538.852	23.337.685	3.907.770	4.667.537
Valuation difference on inventories	637.129	-	127.426	-
Unincurred credit finance expense	110.974	89.385	22.195	17.877
Forward foreign exchange contracts	932.696	-	186.539	-
			4.243.930	**4.685.414**
Deferred income tax assets, net			**2.248.386**	**383.571**

The movements in deferred income tax assets/(liabilities) in the year ended 31 December are as follows:

	2010	**2009**
1 January	**383.571**	**(901.161)**
Recognised in income statement	1.894.317	1.284.732
Recognised in equity	(29.502)	-
31 December	**2.248.386**	**383.571**

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

NOTE 23 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	2010	**2009**
Total number of ordinary shares	744.187.500	744.187.500
Net income attributable to equity holders of the parent	56.684.522	39.062.477
Earnings per redeemed shares (TL)	35.200	24.182
Earnings per ordinary shares (TL)	7,14	4,92

Nominal values of ordinary shares for the years ended 31 December 2010 and 2009 are assumed to be Kr1 each.

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from related parties as of 31 December 2010 and 31 December 2009 have an average maturity of 35 and 28 days, respectively.

Due to related parties as of 31 December 2010 and 31 December 2009 have an average maturity of 23 and 24 days, respectively.

Deposits on Akbank T.A.Ş.	**2010**	**2009**
Demand deposits	17.177.570	1.187.892
Time deposits	464.105	10.464.246
Credit card receivables (*)	1.709.178	2.480.303
	19.350.853	**14.132.441**

(*) Disclosed in trade receivables.

Financial liabilities	**2010**	**2009**
Akbank T.A.Ş.	2.579.821	-
Ak Finansal Kiralama A.Ş.	-	142.599
	2.579.821	**142.599**

Financial income	**2010**	**2009**
Akbank T.A.Ş.	363.991	66.122
	363.991	**66.122**

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Financial expense	2010	2009
Akbank T.A.Ş.	29.925	2.145.649
Ak Finansal Kiralama A.Ş.	9.371	51.336
	39.296	**2.196.985**

Guarantees received	2010	2009
Birlas Mot. Spor Otom. San. ve Tic.Ltd.	1.290.000	490.000
Other	705.000	205.000
	1.995.000	**695.000**

	2010			
Balances with related parties	**Current receivables**		**Current payables**	
	Trade	**Non-trade**	**Trade**	**Non-trade**
Shareholders				
H.Ö Sabancı Holding A.Ş.	-	-	4.871	-
Bridgestone Corporation	1.520.877	292.512	4.861.197	2.013.456
Other related parties				
Bridgestone Singapore Pte. Ltd.	-	-	22.358.688	-
Bandag AG	-	-	7.484.668	-
Kordsa Global End. İp.Kord Bezi.San.Tic.A.Ş.	-	29.197	5.492.373	194.444
Enerjisa Enerji Üretim A.Ş.	-	-	3.759.407	-
Bridgestone (Shenyang) Steel Cord	-	-	1.323.061	-
Bridgestone Carbon Black Co.Ltd.	-	-	997.034	-
Bimsa Uluslararası İş. Bilgi ve Yön.Sis.A.Ş.	-	-	460.415	-
Birlas Mot. Spor Otom. San.ve Tic.Ltd.	2.846.066	-	56.109	-
Temsa San. ve Tic. A.Ş.	1.375.871	-	20.960	-
Other	100.124	27.398	2.648.542	242.300
	5.842.938	**349.107**	**49.467.325**	**2.450.200**

Non-trade receivables balance consists of other receivable related with services received from Kentsa.

Non-trade payables balance consists of royalty liability amounting to TL1.685.806 (31 December 2009: TL3.553.431) and common service usage invoices.

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2009			
Balances with related parties	**Current receivables**		**Current payables**	
	Trade	**Non-trade**	**Trade**	**Non-trade**
Shareholders				
Bridgestone Corporation	2.908.446	262.293	22.782.730	3.773.877
Other related parties				
Bridgestone Singapore Pte. Ltd.	-	-	10.930.801	-
Kordsa Global End. İp. Kord Bezi.San.Tic.A.Ş.	-	65.209	4.613.771	93.840
Enerjisa Enerji Üretim A.Ş.	-	-	3.609.676	34.186
Bridgestone (Shenyang) Steel Cord	-	-	1.744.511	-
Bimsa Uluslararası İş. Bilgi ve Yön.Sis.A.Ş.	-	-	816.499	-
Temsa San. ve Tic.A.Ş.	1.032.000	13.975	-	-
Birlas Mot. Spor Otom. San.veTic.Ltd.	1.768.086	-	-	-
Exsa UK Limited	-	-	-	599.279
Other	191.175	7.894	1.552.980	195.483
	5.899.707	**349.371**	**46.050.968**	**4.696.665**

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2010							
	Sales and Other Income			Purchase and Other Expense				
Transactions with related parties	**Sales**	**Other Sales**	**Total**	**Inventory Purchase**	**Service Purchase**	**Rent expense**	**Commission expense**	**Total**
Shareholders								
Bridgestone Corporation	116.872.836	5.273.587	122.146.423	4.740.192	38.216.927	-	12.514.251	55.471.370
H. Ö. Sabancı Holding A.Ş.	-	-	-		60.236	110.952	-	171.188
Other related parties								
Bridgestone Singapore Pte. Ltd.	-	-	-	189.140.143	-	-	-	189.140.143
Enerjisa Enerji Üretim A.Ş.	-	-	-	-	33.621.971	-	-	33.621.971
Kordsa Glb End. İpl. Kordbezi San. Tic. A.Ş.	-	110.552	110.552	25.050.152	1.058.876	-	-	26.109.028
Bridgestone (Shenyang) Steel Cord Co.	-	-	-	16.010.213	-	-	-	16.010.213
Bridgestone (Huizhou) Synthetic Rub	-	-	-	15.324.695	-	-	-	15.324.695
Naklog Lojistik ve Servis Hiz. Tic. Ltd. Şti.	132.411	-	132.411	-	14.883.914	-	-	14.883.914
Aksigorta A.Ş.	-	-	-	-	7.959.302	33.900	-	7.993.202
Bridgestone Europe S.A./N.V.	-	-	-	-	6.682.746	-	-	6.682.746
Bridgestone Carbon Black Co. Ltd.	-	-	-	5.905.429	-	-	-	5.905.429
Bandag AG	-			-	3.959.671	-	-	3.959.671
Bimsa Uluslararası İş. Bilgi ve Yön. Sis. A.Ş.	-	-	-	-	3.951.279	-	-	3.951.279
Exsa UK Limited	-	-	-	-	87.912	-	2.953.734	3.041.646
Vista Turizm ve Seyahat A.Ş.	-	-	-	-	2.479.386	-	-	2.479.386
Birlas Mot. Spor Otom. San. ve Tic. A.Ş.	9.452.533	-	9.452.533	-	203.414	-	1.040.685	1.244.099
Temsa San. ve Tic. A.Ş.	4.481.480	14.055	4.495.535	-	483.376	253.678	9.779	746.833
Other	159.670	9.388	169.058	5.184.152	3.796.047	790	200.182	9.181.171
	131.098.930	**5.407.582**	**136.506.512**	**261.354.976**	**117.445.057**	**399.320**	**16.718.631**	**395.917.984**

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2009							
	Sales and Other Income			Purchase and Other Expense				
Transactions with related parties	Sales	Other Sales	Total	Inventory Purchase	Service Purchase	Rent Expense	Commission Expense	Total
Shareholders								
Bridgestone Corporation	96.500.565	389.908	96.890.473	185.219	54.792.490	-	12.664.241	67.641.950
H. Ö. Sabancı Holding A.Ş.	-	-	-	-	159.697	95.676	-	255.373
Other related parties								
Bridgestone Singapore Pte. Ltd.	-	-		76.583.831	-	-	-	76.583.831
Enerjisa Enerji Üretim A.Ş.	-	1.282	1.282	-	31.085.005	-	-	31.085.005
Kordsa Glb End. İpl. Kordbezi San. Tic. A.Ş.	-	159.997	159.997	19.324.553	1.160.496	-	-	20.485.049
Naklog Lojistik ve Servis Hiz. Tic. Ltd. Şti.	109.701	1.898	111.599	-	13.217.018	-	-	13.217.018
Bridgestone (Shenyang) Steel Cord Co.	-	-	-	11.458.893	-	-	-	11.458.893
Aksigorta A.Ş.	-	-	-	-	8.456.291	31.800	-	8.488.091
Exsa UK Limited	-	-	-	-	46.557	-	4.687.434	4.733.991
Bimsa Uluslararası İş. Bilgi ve Yön. Sis. A.Ş.	-	29.827	29.827	-	4.514.831	-	-	4.514.831
Bridgestone Europe SA./N.V.	-	-	-	-	3.840.972	-	-	3.840.972
Bridgestone Carbon Black Co. Ltd.	-	-	-	3.801.978	-	-	-	3.801.978
Bridgestone Plant Eng.	-	-	-	-	1.623.365	-	-	1.623.365
Bridgestone Metalpha Italia	-	-	-	1.622.146	-	-	-	1.622.146
Birlas Mot. Spor Otom. San.ve Tic. A.Ş.	6.723.402	-	6.723.402	-	125.851	-	874.781	1.000.632
Vista Turizm ve Seyahat A.Ş.	-	-	-	-	790.840	-	-	790.840
Temsa San.ve Tic. A.Ş.	2.210.137	52.588	2.262.725	-	240.915	166.816	7.078	414.809
Other	1.081.433	15.048	1.096.481	1.775.900	2.183.060	1.610	246.117	4.206.687
	106.625.238	**650.548**	**107.275.786**	**114.752.520**	**122.237.388**	**295.902**	**18.479.651**	**255.765.461**

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Key management compensation:

Key management of the Group comprises members of board of directors and members of executive committee.

	2010	**2009**
Salaries and other short-term benefits	3.008.916	3.078.461
Employee termination benefits	13.920	88.286
Post-employment benefits	-	-
Other long-term benefits	58.082	100.330
Payments per share	15.000	15.000
	3.095.918	**3.282.077**

NOTE 25 - FINANCIAL RISK MANAGEMENT

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Finance Department of Brisa under policies approved by the board of directors. Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk analysis of the financial liabilities of the Group is as follows:

Non-derivative financial liabilities (1)(2):

2010	Book value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	187.060.967	200.869.995	34.675.082	102.385.886	63.809.027	-
Trade payables	110.878.371	110.989.345	110.986.985	2.360	-	-
Other payables	21.331.545	21.331.545	21.331.545	-	-	-
	319.270.883	**333.190.885**	**166.993.612**	**102.388.246**	**63.809.027**	**-**

2009	Book value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	96.845.711	98.050.094	2.169.237	30.081.564	65.799.293	-
Trade payables	96.725.208	96.814.592	76.549.808	20.264.784	-	-
Other payables	20.755.400	20.755.400	20.755.400	-	-	-
	214.326.319	**215.620.086**	**99.474.445**	**50.346.348**	**65.799.293**	**-**

(1) Only financial instruments comprise to maturity analysis and exclude legal liabilities.

(2) The aforementioned cash flows are contractual and non-discounted amounts. Since, discounted amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the book value.

(b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk table of the Group as of 31 December 2010 and 2009 is as follows:

	2010	**2009**
Financial instruments with fixed interest rate		
Financial liabilities	125.355.859	32.227.904
Time deposits	11.466.183	13.573.238
Financial instruments with variable interest rate		
Financial liabilities	61.705.109	64.617.807

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

At 31 December 2010, if interest rates on Euro denominated borrowings had been 10% higher/lower with all other variables held constant, post-tax profit for the year would have been TL614.730 (2009: TL648.090) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira. Foreign Exchange risk is monitored with an analysis of foreign exchange positions. In addition, the Group aims to reduce foreign exchange risk arising from assets and liabilities by using currency forward instruments.

The Group has documented officially its currency risk policy practices and derivative transactions under its "Currency Risk Hedge Policy", and performs this practice according to the rules and limits stated in the document and approved by senior management.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

Derivative financial instruments

The derivative financial instruments of the Group consist of foreign exchange forward contracts. Such contracts while providing effective economic hedges for the associated risks also qualify for hedge accounting under the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" thus they are accounted for as hedging derivatives financial instruments in the consolidated financial statements.

The Group presents the gains and losses relating to the hedging transactions under equity as "hedge reserves".

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Foreign Currency Position

The Group's assets and liabilities denominated in foreign currencies at 31 December 2010 and 2009 are as follows:

	2010	**2009**
Assets	22.530.102	20.057.049
Liabilities	(119.824.415)	(91.993.068)
Net foreign currency position	**(97.294.313)**	**(71.936.019)**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

2010	**Total TL Equivalent**	**USD**	**Euro**	**JPY**	**GBP**
Assets:					
Cash and cash equivalents	1.976.548	461.242	283.537	14.340	285.607
Financial assets	463.800	300.000	-	-	-
Trade receivables	18.218.697	2.781.574	5.244.615	-	1.327.825
Due from related parties	1.520.877	-	742.217	-	-
Other receivables	18.312	11.845	-	-	-
Other receivables from related parties	320.395	180.567	20.125	-	-
Other current assets	11.473	-	-	606.000	-
Total Assets	**22.530.102**	**3.735.228**	**6.290.494**	**620.340**	**1.613.432**
Liabilities:					
Trade payables	22.935.838	7.138.952	4.043.552	181.837.652	71.441
Due to related parties	31.383.594	17.636.065	1.403.366	65.631.438	-
Other payables	473.076	306.000	-	-	-
Other payables to related parties	1.801.039	882.148	10.789	17.305.771	36.624
Other current liabilities	1.525.759	460.277	67.035	-	283.350
Financial liabilities	61.705.109	-	30.113.274	-	-
Total Liabilities	**119.824.415**	**26.423.442**	**35.638.016**	**264.774.861**	**391.415**
Net Foreign Currency Position	**(97.294.313)**	**(22.688.214)**	**(29.347.522)**	**(264.154.521)**	**1.222.017**
Total foreign currency amount of off-balance sheet derivative financial assets	32.589.796	21.080.075		-	-
Total foreign currency amounts off-balance sheet derivative financial liabilities	32.478.235	-	15.850.000	-	-
Net foreign currency position of derivative financial instruments	111.561	21.080.075	(15.850.000)	-	-
Net foreign asset/(liability) position	**(97.182.752)**	**(1.608.139)**	**(45.197.522)**	**(264.154.521)**	**1.222.017**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

2009	Total TL Equivalent	USD	Euro	JPY	GBP
Assets:					
Cash and cash equivalents	856.480	424.614	99.964	-	497
Financial assets	452.127	300.277	-	-	-
Trade receivables	15.808.072	2.713.803	4.332.353	-	991.582
Due from related parties	2.908.446	99	1.346.247	-	-
Other receivables	26.309	9.595	5.491	-	-
Other current assets	5.615	-	-	344.409	-
Total Assets	**20.057.049**	**3.448.388**	**5.784.055**	**344.409**	**992.079**
Liabilities:					
Trade payables	1.383.581	776.077	64.667	1.766.855	19.478
Due to related parties	24.757.497	2.416.825	240.143	1.256.288.126	50.097
Other payables	619.500	306.000	73.488	-	-
Other current liabilities	637.580	421.110	1.627	-	-
Financial liabilities	64.594.910	-	29.900.898	-	-
Total Liabilities	**91.993.068**	**3.920.012**	**30.280.823**	**1.258.054.981**	**69.575**
Net Foreign Currency Position	**(71.936.019)**	**(471.625)**	**(24.496.768)**	**(1.257.710.572)**	**922.504**
Total foreign currency amount of off-balance sheet derivative financial assets	10.121.276	-	-	620.861.000	-
Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-	-
Net foreign currency position of derivative financial instruments	10.121.276	-	-	620.861.000	-
Net foreign asset/(liability) position	**(61.814.743)**	**(471.625)**	**(24.496.768)**	**(636.849.572)**	**922.504**

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

2010

	TL Equivalent	USD	Euro	JPY	GBP
Export (*)	317.552.053	48.599.190	114.694.297	-	6.240.481
Import (*)	483.490.398	228.712.949	50.264.623	2.553.763.298	18.069

2009

	TL Equivalent	USD	Euro	JPY	GBP
Export (*)	266.447.256	38.441.027	89.524.366	-	5.189.637
Import (*)	320.366.190	130.712.557	30.497.189	3.187.639.826	183.286

(*) Imputed interest on receivables of sales and purchases in foreign denominated export and import balances are not taken into account. TL denominated export balances are carried at the prevailing rates at the export date. TL denominated import balances are measured at the annual average rate.

The Company is exposed to foreign exchange risk arising primarily with respect to transactions denominated in USD, Euro, GBP and JPY.

The following table details the Company's sensitivity to a 10% increase and decrease in the TL against USD, Euro, GBP and JPY. 10% is used in the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange rate fluctuations. Sensitivity analysis can only made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency fluctuation on the related items. The analysis includes foreign loans as well as loans that are denominated other than the creditors' functional currency and used for the Company's foreign transactions. Positive value represents an increase in profit/loss and other equity items.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

	Profit / Loss	
2010	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%		
1 - USD Net Assets/Liabilities	(3.507.598)	3.507.598
2 - Hedged USD (-)	3.258.980	(3.258.980)
3 - USD Net Effect (1+2)	(248.618)	248.618
Change in Euro against TL by 10%		
4 - Euro Net Assets/Liabilities	(6.013.601)	6.013.601
5 - Hedged Euro (-)	(3.247.824)	3.247.824
6 - Euro Net Effect (4+5)	(9.261.424)	9.261.424
Change in JPY against TL by 10%		
7 - JPY Net Assets/Liabilities	(500.124)	500.124
8 - Hedged JPY (-)	-	-
9 - JPY Net Effect (7+8)	(500.124)	500.124
Change in GBP against TL by 10%		
10 - GBP Net Assets/Liabilities	291.891	(291.891)
11 - Hedged GBP (-)	-	-
12 - GBP Net Effect (10+11)	291.891	(291.891)
TOTAL (3+6+9+12)	**(9.718.275)**	**9.718.275**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

	Profit / Loss	
2009	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%		
1 - USD Net Assets/Liabilities	(71.013)	71.013
2 - Hedged USD (-)		
3 - USD Net Effect (1+2)	(71.013)	71.013
Change in Euro against TL by 10%		
4 - Euro Net Assets/Liabilities	(5.292.037)	5.292.037
5 - Hedged Euro (-)		
6 - Euro Net Effect (4+5)	(5.292.037)	5.292.037
Change in JPY against TL by 10%		
7 - JPY Net Assets/Liabilities	(1.038.192)	1.038.192
8 - Hedged JPY (-)	1.012.128	(1.012.128)
9 - JPY Net Effect (7+8)	(26.064)	26.064
Change in GBP against TL by 10%		
10 - GBP Net Assets/Liabilities	220.404	(220.404)
11 - Hedged GBP (-)		
12 - GBP Net Effect (10+11)	220.404	(220.404)
TOTAL (3+6+9+12)	**(5.168.710)**	**5.168.710**

(c) Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Group are from financially strong various financial institutions.

(d) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. The Group management covers these risks by limiting the aggregate risk from any individual counter party and if necessary by obtaining guarantee.

The Group uses internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, the Group approves, increases or decreases individual customer credit limits for high balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letter of guarantees, mortgages and other guarantees are received for the high risk customers.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2010, the credit risk regarding the financial instruments is as follows:

	Trade receivables		Other receivables (*)		Bank deposits	
2010	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk based on financial Instruments as of reporting date	7.874.967	211.505.231	349.107	15.751	17.177.570	1.601.427
- Collateralized or secured with guarantees part of maximum credit risk	**2.999.178**	**134.735.267**	**-**	**-**	**-**	**-**
Net book value of not due or not impaired financial assets	7.856.118	208.073.178	349.107	15.751		
Net book value of past due but not impaired financial assets	18.849	3.432.053	-	-	-	-
- Collateralized or guaranteed part	-	2.239.476	-	-	-	-
Net book value of impaired financial assets	-	-				
- Gross Amount of overdue part	-	4.551.769	-	15.216	-	-
- Impairment (-)	-	(4.551.769)	-	(15.216)	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes tax and other legal receivables.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2009, the credit risk regarding the financial instruments is as follows:

	Trade receivables		Other receivables (*)		Bank deposits	
2009	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk based on financial Instruments as of reporting date	8.380.010	132.369.807	349.371	16.491	1.187.892	735.527
- Collateralized or secured with guarantees *part of maximum credit risk*	**2.940.555**	**83.780.734**	**-**	**-**	**-**	**-**
Net book value of not due or not impaired financial assets	7.748.756	128.766.524	349.371	16.491	-	-
Net book value of past due but not impaired financial assets	631.255	3.603.284	-	-	-	-
- *Collateralized or guaranteed part*	-	2.319.762	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- *Gross Amount of overdue part*	-	3.220.640	-	15.216	-	-
- *Impairment (-)*	-	(3.220.640)	-	(15.216)	-	-
- *Collateralized or guaranteed part of net value*	-	-	-	-	-	-

(*) Excludes tax and other legal receivables.

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

NOTE 25 - FINANCIAL RISK MANAGEMENT (Continued)

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired are analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms is as follows:

	2010	**2009**
0-1 month	2.309.395	3.870.905
1-3 months	615.762	237.805
3-12 months	525.745	125.829
	3.450.902	**4.234.539**

(e) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt/(total capital+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents.

As of 31 December 2010 and 2009 Net debt/equity+net debt+ non-controlling interest rates are:

	2010	**2009**
Total liabilities	341.995.729	234.899.918
Cash and cash equivalents	(30.330.257)	(15.044.732)
Net debt	311.665.472	219.855.186
Equity	448.972.047	427.466.931
Non-controlling interest	164	-
Equity+net debt+ non-controlling interest	760.637.683	647.322.117
Net debt/Equity+net debt+ non-controlling interest	41%	34%

NOTE 26 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, air value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate (Note 7)

NOTE 26 - FINANCIAL INSTRUMENTS (Continued)

Fair value estimation:

Financial instruments measured at fair value in the balance sheet reclassified as flows:

Level: 1: Quoted prices in markets for assets and liabilities
Level: 2: Direct or indirect observable inputs for the assets or liabilities other than quoted prices in market
Level: 3: Inputs for the assets and liabilities where observable market data cannot be determined.

Derivative financial instruments	**2010**	**2009**
Level 1	-	-
Level 2	785.186	734.872
Level 3	-	-
	785.186	**734.872**

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