Doğuş Otomotiv

Doğuş Otomotiv Servis ve Ticaret A.Ş.

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

Independent auditor's report

To the Board of Directors of
Doğuş Otomotiv Servis ve Ticaret A.Ş

Introduction
We have audited the accompanying consolidated statements of financial position of Doğuş Otomotiv Servis ve Ticaret A.Ş. (" the Company"), its subsidiaries and jointly controlled entities (together will be referred as "the Group") as at 31 December 2010, and the related consolidated income statements, consolidated statements of comprehensive income, and the consolidated statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Company management's responsibility for the financial statements

The Company management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the financial reporting standards of Capital Market Board ("CMB"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statement present fairly the financial position of the Group as at 31 December 2010 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with financial reporting standards published by the Capital Market Board of Turkey (Note 2).

Other matter

The consolidated financial statements of the Group prepared in accordance with financial reporting standards issued by Capital Market Board as at 31 December 2009 were audited by another independent audit firm whose report dated 6 April 2010 expressed an unqualified opinion.

Istanbul, 6 April 2011
Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Ruşen Fikret Selamet, Partner

Additional paragraph for convenience translation to English
As explained in note 2.1, the accompanying financial statements are not intended to present the financial position and results of its operations in accordance with acoounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

		Audited	
	Notes	2010	2009
ASSETS			
Current assets		**712,515**	**523,577**
Cash and cash equivalents	5	27,727	30,263
Trade receivables		242,765	153,976
Due from related parties	27.2	102,521	7,533
Other trade receivables	8	140,244	146,443
Other receivables	9	21,505	24,264
Inventories	10	402,562	293,396
Other current assets	17.1	17,956	21,678
Non-current assets		**786,854**	**695,431**
Available-for-sale financial assets	6	381,726	329,548
Investments in equity accounted investees	11	135,741	110,590
Property and equipment	12	256,534	243,856
Intangible assets	13	4,393	5,741
Deferred tax assets	25	2,177	5,472
Other non-current assets	17.2	6,283	224
TOTAL ASSETS		**1,499,369**	**1,219,008**

Accompanying notes are an integral part of these consolidated financial statements.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

		Audited	
	Notes	**2010**	**2009**
LIABILITIES			
Current liabilities		**667,262**	**548,645**
Financial liabilities	7	263,048	295,639
Trade payables		317,807	217,152
Due to related parties	27.3	5,800	2,682
Other trade payables	8	312,007	214,470
Income tax payable	25	9,090	-
Provisions	14.1	38,158	19,936
Other current liabilities	17.3	39,159	15,918
Non-current liabilities		**94,655**	**137,297**
Financial liabilities	7	85,498	135,586
Employee benefits	16	1,929	1,711
Deferred tax liabilities	25	7,228	-
EQUITY		**737,452**	**533,066**
Equity attributable to equity holders of the Company		**735,820**	**531,690**
Share capital	18	220,000	110,000
Inflation adjustment to share capital	18	23,115	23,115
Value increase reserves	18	301,209	247,390
Fair value reserve		300,094	247,390
Hedge reserve		1,115	-
Legal reserves	18	32,013	32,013
Translation reserve	18	(1,530)	(2,548)
Retained earnings	18	11,720	91,185
Profit for the year	26	149,293	30,535
Non-controlling interests	18	**1,632**	**1,376**
TOTAL EQUITY AND LIABILITIES		**1,499,369**	**1,219,008**

Accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

		Audited	
OPERATING ACTIVITIES	**Notes**	**2010**	**2009**
Revenue	19	3,428,300	2,129,485
Direct cost of revenue (-)	19	(2,943,411)	(1,827,658)
Gross profit		**484,889**	**301,827**
General administration expenses (-)	20	(126,754)	(121,156)
Selling, marketing, and distribution expenses (-)	20	(121,197)	(84,456)
Warranty expenses (-)	20	(31,154)	(25,043)
Other operating income	22.1	26,653	22,218
Other operating expenses (-)	22.2	(30,657)	(15,819)
Results from operating activities		**201,780**	**77,571**
Share of profit of equity accounted investees	11	22,022	4,140
Finance income	23	8,090	3,252
Finance costs (-)	24	(39,212)	(43,609)
Profit before income tax		**192,680**	**41,354**
Tax expense		**(43,131)**	**(10,825)**
Income tax expense	25	(35,217)	-
Deferred tax expense	25	(7,914)	(10,825)
Profit for the period		**149,549**	**30,529**
Attributable to:			
Non-controlling interests		**256**	**(6)**
Equity holders of the Company		**149,293**	**30,535**
Basic/Diluted earnings per share (in full TL)	26	**0.6786**	**0.2776**

Accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

		Audited	
	Notes	2010	2009
PROFIT FOR THE PERIOD		**149,549**	**30,529**
Other comprehensive income/(loss):			
Change in fair value of available-for-sale financial assets	6	52,178	151,201
Change in fair value of available for-sale financial assets held by associates	11	4,417	9,063
Income tax on other comprehensive income	25	(2,776)	(8,013)
Foreign currency translation differences		1,018	(1,518)
OTHER COMPREHENSIVE INCOME		**54,837**	**150,733**
TOTAL COMPREHENSIVE INCOME		**204,386**	**181,262**
Attributable to:			
Non-controlling interests		256	(6)
Equity holders of the Company		204,130	181,268

Accompanying notes are an integral part of these consolidated financial statements.

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

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

	Attributable to equity holders of the Company									
	Share Capital (Note 18)	Inflation Adjustment To Share Capital (Note 18)	Reserves (Note 18)	Fair Value Reserve (Note 18)	Hedge Reserve (Note 18)	Translation Reserve (Note 18)	Retained Earnings (Note 18)	Total	Non-controlling interests (Note 18)	Total Equity
Balance at 1 January 2009	**110,000**	**23,115**	**32,013**	**95,138**	**-**	**(1,030)**	**91,185**	**350,421**	**1,382**	**351,803**
Profit for the period	-	-	-	-	-	-	30,535	30,535	(6)	30,529
Change in fair value of available for sale financial assets, net of tax	-	-	-	143,642	-	-	-	143,642	-	143,642
Change in fair value of available for sale asset held by associates, net of tax	-	-	-	8,610		-	-	8,610	-	8,610
Foreign currency translation differences	-	-	-	-	-	(1,518)	-	(1,518)	-	(1,518)
Total comprehensive income for the year	**-**	**-**	**-**	**152,252**	**-**	**(1,518)**	**30,535**	**181,269**	**(6)**	**181,263**
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2009 (Audited)	**110,000**	**23,115**	**32,013**	**247,390**	**-**	**(2,548)**	**121,720**	**531,690**	**1,376**	**533,066**
Balance at 1 January 2010	**110,000**	**23,115**	**32,013**	**247,390**	**-**	**(2,548)**	**121,720**	**531,690**	**1,376**	**533,066**
Profit for the period	-	-	-	-	-	-	149,293	149,293	256	149,549
Change in fair value of available for sale financial assets, net of tax	-	-	-	49,567	-	-	-	49,567	-	49,567
Change in hedge reserve of joint ventures	-	-	-	-	1,115	-	-	1,115	-	1,115
Change in fair value of available for sale asset held by associates, net of tax	-	-	-	3,137	-	-	-	3,137	-	3,137
Foreign currency translation differences	-	-	-	-	-	1,018	-	1,018	-	1,018
Total comprehensive income for the year	-	-	-	**52,704**	**1,115**	**1,018**	**149,293**	**204,130**	**256**	**204,386**
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	-	-	-	-
Capital increase	110,000	-	-	-	-	-	(110,000)	-	-	-
Total transactions with owners of the Company, recognized directly in equity	**110,000**	**-**	**-**	**-**	**-**	**-**	**(110,000)**	**-**	**-**	**-**
Balance at 31 December 2010 (Audited)	**220,000**	**23,115**	**32,013**	**300,094**	**1,115**	**(1,530)**	**161,013**	**735,820**	**1,632**	**737,452**

Accompanying notes are an integral part of these consolidated financial statements.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

	Notes	Audited 2010	Audited 2009
Cash flows from operating activities:			
Net profit for the year		149,549	30,529
Adjustments for:			
Loss on sales of property and equipment		(1,238)	(1,296)
Income tax expense	25	43,131	10,825
Warranty provision expense	14	31,154	25,043
Legal provision expenses	14	2,481	3,489
Provision for employee benefits	16	2,184	395
Provision for doubtful receivables	8	247	483
Provision for diminution in the value of inventories	10	455	-
Expenses regarding to disposal group classified as held for sale(*)		-	5,195
Special Consumption Tax lawsuit provision expenses	14	4,457	-
Provision for Competition Authority investigation	14	11,900	-
Provision for vacation pay liability	14	1,493	-
Depreciation and amortization	12,13	20,615	18,516
Share of profit of equity accounted investees		(20,900)	(4,140)
Interest expense	24	26,830	27,982
Dividend income		(1,522)	(1,158)
Unrealized foreign exchange (gains)/losses		(1,170)	379
Changes in operating assets and liabilities			
Trade payables		95,374	(526,219)
Other assets / liabilities, net		23,663	18,695
Trade receivables		5,952	(41,334)
Due to / due from related parties		(91,870)	3,745
Inventories		(109,621)	370,554
Legal penalties paid	14	(633)	(621)
Employee termination benefits paid	16	(1,966)	(803)
Warranty claims paid	14	(28,550)	(26,203)
Special Consumption Tax lawsuit provision paid	14	(4,080)	-
Income tax paid	25	(26,127)	-
Net cash provided by/(used in) operating activities		**131,808**	**(85,944)**
Investing activities:			
Acquisition of property and equipment		(27,494)	(54,814)
Proceeds from sales of property		5,766	18,184
Acquisition of intangible assets		(2,353)	(2,496)
Dividend received		1,786	1,638
Contribution to increase in share capital of joint ventures and associates	11	-	(11,882)
Net cash used in investing activities		**(22,295)**	**(49,370)**
Financing activities:			
Interest paid		(21,224)	(31,442)
Repayment of loans and borrowings		(212,158)	(83,702)
Proceeds from issuance of loans and borrowings		125,000	206,375
Net cash (used in)/provided by financing activities		**(108,382)**	**91,231**
Effects of foreign exchange rate fluctuations on statement of financial position items		**(3,667)**	**(1,282)**
Net decrease in cash and cash equivalents		**(2,536)**	**(45,365)**
Cash and cash equivalents at 1 January		30,263	75,628
Cash and cash equivalents at 31 December	5	**27,727**	**30,263**

(*) In 2009, the Group gradually sold the assets of its subsidiaries, Doğuş Oto Mısır For Trading and Manufacturing Vehicles Joint Stock Company and Doğuş Auto Mısır LLC, considering the economic conditions and limited competition opportunities of the region, and potential effects of global economic crisis on the region. In this regard, assets of the aforementioned subsidiaries were recognised under assets available for sale during the year 2009.

Accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğuş Otomotiv Servis ve Ticaret AŞ ("Doğuş Otomotiv" or the "Company") was established on 24 November 1999 as a distributor of Volkswagen AG, and its activities include importing, marketing and selling automobiles, commercial vehicles and spare parts of Volkswagen Group brands (VW, Audi, Seat, Porsche, Bentley, Lamborghini, Bugatti, SCANIA, Krone, Meiller and VW Marine Engines) and Thermoking climate control systems. The Company started its used car operations via its dealer network under the brand name "DOD" since 2005.

The Company's shares have been listed at the Istanbul Stock Exchange Market since 17 June 2004.

The Company's subsidiaries as at 31 December 2010 are as follows:

- Doğuş Oto Pazarlama ve Ticaret A.Ş. ("Doğuş Oto Pazarlama") (Automobile dealer for group brands distributed by Doğuş Otomotiv and Yüce Auto Motorlu Araçlar Ticaret A.Ş. ("Yüce Auto")).

- Doğuş Auto Misr for Trading and Manufacturing Vehicles Joint Stock Company ("Doğuş Auto Mısır JS") has been founded to execute distribution and after sales services of commercial vehicles of Volkswagen brand. (*)

- Doğuş Automotive Limited Liability Company ("Doğuş Auto Mısır LLC") has been founded as the authorized dealer for brands distributed by Doğuş Auto Mısır JS (*).

- D-Auto Suisse SA ("Doğuş Auto Swiss") has been founded in Lausanne, Switzerland as authorized dealer and service provider for Porsche. The company has been established at 16 July 2007, and started its vehicle sales and after sales services operations since 10 March 2009.

(*) It has been decided for cessation of activities and liquidation of these subsidiaries, the process of liquidation is still ongoing.

The Company and its subsidiaries (together referred to as the "Group") operate in a single business segment.

The Company and Doğuş Oto Pazarlama are registered in Turkey at the following address:

Şişli Ayazağa Maslak Mah.
G-45 Ahi Evren Polaris Cad. No.4 -İstanbul-Türkiye.

Doğuş Auto Mısır JS and Doğuş Auto Mısır LLC are registered in Egypt and located in the address below:

3/4 Anwar El - mofty St. Abbas El akkad St. Nasr city
Cairo, Egypt

Doğuş Auto Swiss is registered in Switzerland and located at the address below:

Avenue Gabriel-de-Rumine 37, c/o Lausanne.

The average number of blue-collar employees of the Group for the year ended 31 December 2010 is 663 (31 December 2009: 629) whereas the average number of white-collar employees of the Group for the year ended 31 December 2010 is 1,154 (31 December 2009: 1,140).

NOTE 2 - BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying financial statements of the Company have been prepared in accordance with the accounting and reporting principles issued by CMB ("CMB Financial Reporting Standards"). CMB published Communiqué No: XI-29 "Basis for Financial Reporting in the Capital Markets" ("Communiqué No: XI-29"). In Communiqué No: XI-29, CMB determines the principles, procedures and basis for composing financial reports. Communiqué No: XI-29 is effective from the first period reporting after 1 January 2008, which supersedes Communiqué No: XI-25 "The Accounting Standards in Capital Markets" ("Communiqué No: XI-25"). In accordance with Communiqué No: XI-29, the companies are required to prepare their financial statements in accordance with the International Financial Reporting Standards as accepted the European Union. However, in the application of Temporary Article 5 of Communiqué No: XI-29, until Turkish Accounting Standards Board ("TASB") publishes the differences between the European Union accepted IAS/IFRS and International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"), IAS/IFRS has to be applied by the companies. Within the above-mentioned scope, Turkish Financial Reporting Standards ("TFRS") issued by TASB will be applied if there is not inconsistency in the standards applied.

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, IAS 29 has not been applied in preparing the Group's consolidated financial statements in accordance with CMB Financial Reporting Standards.

As at the date of this report, the differences between IFRS as accepted the European Union and IFRS issued by IASB has not been issued by TASB, the accompanying financial statements have been prepared in accordance with TFRS which are identical to IAS/IFRS to conform with Communiqué No: XI-29. The consolidated financial statements have been presented in accordance with the templates advised by CMB to be used for financial statements and notes to the financial statements including compulsory disclosures.

2.2 Basis of presentation

Basis of presentation of consolidated financial statements

The Company and its affiliates registered in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The affiliates in Egypt maintain their books of account and prepare their statutory financial statements in Egypt Pound ("EGP") in accordance with the laws and regulations in force in Egypt; and the affiliate in Switzerland maintains its books of account and prepares its statutory financial statements in Swiss Franc ("CHF") in accordance with the laws and regulations in force in Switzerland. The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with CMB Financial Reporting Standards.

The accompanying consolidated financial statements are approved by the Board of Directors of the Company for issue on 6 April 2011. These consolidated financial statements will be definitive following their approval in the General Assembly.

Basis of measurement

The consolidated financial statements have been prepared on an historical cost basis, except for available for sale financial assets which are measured at fair value.

NOTE 2 - BASIS OF PREPARATION (Continued)

2.3 Changes in IFRS

New standards and interpretations effective as at 1 January 2010 or for the fiscal periods starting subsequent to 1 January 2010 are presented below:

(a) New standards amendments and interpretations adopted in 2010 that have no effect on Group's financial statements:

- Annual amendments to IFRSs (issued in 2009): The amendments do not have any impact on the Group's financial statements, except "IFRS 8: Operating Segments".
- Amendment to IFRS 1, "First-time Adoption of International Financial Reporting Standards" and amended to IAS 27 "Consolidated and Separate Financial Statements".
- Amendments to IFRS 2 "Share Based Payment"
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments to Classification of Financial Instruments, Embedded Derivatives)
- IFRS 3, "Business Combinations", IAS 27 "Consolidated and Separate Financial Statements",
- IFRIC 17, "Distribution of non-cash assets to owners"

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 9, "Financial Instruments: Classification and Measurement of Financial Assets"
- Amendment to IAS 32 (Amendment), "Presentation of Stock Instruments"
- IAS 24 (2009) (Revised), "Related Party Disclosures"
- IFRIC 14 (Amendment), "Repayment of Minimum Funding Requirement"
- IFRIC 9, "Revaluation of Embedded Derivatives"
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"
- IFRS 1 (Amendment), "Limited Exemption From Comparative IFRS 7 Disclosures"
- IFRS 7, "Financial Instruments: Disclosures"
- IAS 12, "Income Taxes"

These new standards, amendments to standards and interpretations are effective for annual periods after 31 December 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 2 - BASIS OF PREPARATION (Continued)

2.4 Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements starting from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The table below sets out all the subsidiaries included in the scope of consolidation and, shows the Group's proportion of ownership interest as at 31 December:

	2010	2009
Doğuş Oto Pazarlama	96.20 %	96.20 %
Doğuş Auto Mısır JS	99.97 %	99.97 %
Doğuş Auto Mısır LLC	98.97 %	98.97 %
Doğuş Auto Swiss	99.88 %	99.88 %

(ii) Joint Ventures

Joint ventures are companies for which an economic activity is undertaken through contractual arrangements and subject to joint control by the Group and one or more other parties. The Group accounts for its interest in joint ventures through equity method.

The table below sets out all joint ventures and the Group's interest as at 31 December:

	2010	2009
TÜVTURK Kuzey Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. ("TÜVTURK Kuzey")	33.33 %	33.33 %
TÜVTURK Güney Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. ("TÜVTURK Güney")	33.33 %	33.33 %
TÜVTURK İstanbul Taşıt Muayene İstasyonları İşletim Anonim Şirketi ("TÜVTURK Istanbul")(*)	33.33 %	33.33 %
Meiller Doğuş Damper Sinai ve Ticaret Ltd. Şti. ("Meiller-Doğuş")	49.00 %	49.00 %
Krone Doğuş Treyler Sanayi ve Ticaret A.Ş. ("Krone-Doğuş")	48.00 %	48.00 %

(*) Since the Company had not participated in the capital increase in TUVTURK İstanbul, its share decreased to 16.802 % from 33.33 % after the capital increase. Nevertheless, the renounced pre-emptive rights have been committed by TUVTURK Kuzey along with TUVTURK Güney. As a result of indirect ownership of the Company in the shares of TUVTURK İstanbul through TUVTURK Kuzey and TUVTURK Güney, total ownership of the Company in TUVTURK İstanbul, which were 33.33 % prior to the capital increase, has not been changed subsequent to the capital increase.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 2 - BASIS OF PREPARATION (Continued)

2.4 Basis of Consolidation (Continued)

(iii) Associates

Associates are those enterprises in which the Group has significant influence, but does not have control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

The table below sets out all the associates included in the scope of consolidation, and shows the Group's proportion of ownership interest as at 31 December:

	2010	2009
Yüce Auto (*)	50.00 %	50.00 %
Doğuş Sigorta Aracılık Hizmetleri A.Ş. ("Doğuş Sigorta")	42.00 %	42.00 %
LPD Holding A.Ş. ("LPD Holding")	38.22 %	38.22 %
Volkswagen Doğuş Tüketici Finansmanı A.Ş. ("VDTF")	48.00 %	48.00 %
VDF Servis Holding A.Ş. ("VDF Servis Holding")	38.22 %	38.22 %

(*) Even though the Group has 50% interest in Yüce Auto (Distributor of Skoda), the Group only exercises a significant influence rather than joint control on the operations of Yüce Auto.

(iv) Transactions eliminated in consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The carrying amount of Doğuş Otomotiv's investment in each subsidiary, and dividend income from these subsidiaries are eliminated from the related equity and income statement accounts.

(v) Functional and presentation currency

Items included in the financial statements of Subsidiaries, Joint Ventures and Associates are presented in the functional currencies in their primary economic environments in which they maintain their operations. The consolidated financial statements are presented in TL, which is Doğuş Otomotiv's functional and presentation currency.

NOTE 2 - BASIS OF PREPARATION (Continued)

2.5 Offsetting

Financial assets and financial liabilities should be offset and are reported net only when the entity has a legally enforceable right to offset, and it intends to settle the asset and the liability either simultaneously or on a net basis.

2.6 Comparative information

The Group has prepared the consolidated statement of financial position as at 31 December 2010 comparatively with the consolidated statement of financial position as at 31 December 2009, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2010 comparative to the year ended 31 December 2009.

Where necessary, comparative figures are reclassified to conform in presentation of current period consolidated financial statements.

Other current assets: Income accruals which were presented under “Other receivables” in the consolidated financial position as at 31 December 2009 amounting to TL 11,633 thousand were presented under ‘Other current assets” as at 31 December 2010.

Other current liabilities: Expense accruals which were presented under “Provisions” in the consolidated financial position as at 31 December 2009 amounting to TL 1,849 thousand were presented under ‘Other current liabilities” as at 31 December 2010.

The effects of these reclassifications have been adjusted in the statement of cash flow as at 31 December 2010.

2.7 Accounting estimates

The preparation of the consolidated financial statements in conformity with CMB requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 2.8 - The useful lives of tangible and intangible assets
Note 16 - Employee benefits
Note 14 - Provisions, contingent assets and liabilities
Note 25 - Tax assets and liabilities

NOTE 2 - BASIS OF PREPARATION (Continued)

2.8 Significant accounting policies

Revenue recognition

Revenue from the sales of cars, spare parts and marine engines and services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised on an accrual basis when persuasive evidence exists that goods are delivered and services are rendered, that the significant risks and rewards of ownership have been transferred to the buyer; recovery of the consideration is probable; there is no continuing management involvement with the goods; and the amount of revenue can be measured reliably. Significant risks and rewards are transferred to the buyer when the goods or ownership of goods passed to the buyer.

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 in the period on an accrual basis.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories comprise all costs of purchase and the other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on specific costing basis for trade goods, moving weighted average basis for spare parts and other inventories. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Building and land costs are recorded separately even if they are acquired together. Land is not depreciated.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised within other operating income or expense in profit or loss.

Subsequent expenditures

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 2 - BASIS OF PREPARATION (Continued)

Property and equipment (Continued)

Depreciation

The estimated useful lives of property and equipment are as follows;

Buildings	25-50 years
Land improvements	4-50 years
Machinery and equipment	5-15 years
Furniture and fixtures	3-15 years
Motor vehicles	4-5 years

Property and equipment are depreciated over the estimated useful lives of the related assets from the date of purchase or the date of setup on a straight line basis. Useful lives of property and equipment are reviewed at each reporting date and necessary adjustments are applied if necessary

Intangible assets

Intangible assets are consisted of rights and software programs. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss incurred.

Amortization

The estimated useful lives of intangible assets are as follows:

Rights	15 years
Software programs	5 years

Amortization is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use. The useful lives are reviewed at each reporting date and necessary adjustments are applied if necessary.

Borrowing costs

Until 1 October 2007, borrowing costs are charged to profit or loss when they are incurred. As at 1 October 2007, the Group early adopted IAS 23, Borrowing Costs (revised) effective as at 1 January 2009. Accordingly, the 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, until the activities to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs that are not eligible for capitalization are charged to profit or loss in the period they are incurred.

NOTE 2 - BASIS OF PREPARATION (Continued)

Financial instruments

i) Non-derivative financial assets

The Group initially recognises loans and receivables and bank deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a trading transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Held to maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents, including service concession receivables.

NOTE 2 - BASIS OF PREPARATION (Continued)

Financial instruments (Continued)

i) Non-derivative financial assets (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise shares of Doğuş Holding A.Ş. ("Doğuş Holding") and Garanti Yatırım Ortaklığı A.Ş. ("Garanti Yatırım").

ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise financial liabilities, trade payables and other liabilities.

iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

iv) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

NOTE 2 - BASIS OF PREPARATION (Continued)

Financial instruments (Continued)

iv) Derivative financial instruments and hedge accounting

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

NOTE 2 - BASIS OF PREPARATION (Continued)

Impairment (Continued)

Financial assets (Continued)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held to maturity financial assets

The Group considers evidence of impairment for loans and receivables and held to maturity financial assets at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not identified. Receivables and that are not individually significant are collectively assessed for impairment by grouping receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance for bad debt account. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

NOTE 2 - BASIS OF PREPARATION (Continued)

Impairment (Continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognized and carrying amount is reduced to recoverable amount if an asset's or CGU's carrying amount exceeds its recoverable amount.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

Assets and liabilities of those Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. These foreign currency differences are recognized in "other comprehensive income", within equity, under "Translation Reserves".

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. Parent company shares owned by the Group are not taken into consideration in the calculation of earnings per share.

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. 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.

NOTE 2 - BASIS OF PREPARATION (Continued)

Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation because 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.

Contingent assets are not recognized and solely disclosed until they are realized.

The warranties on automobiles sold by the Group are issued by the producers. The Group acts as an intermediary between the customers and the producer. The claims of customers from the Group are recognized as warranty expense. The Group recognises the amount claimed from the producers as warranty income and offset against warranty expense. The Group incurs the cost that is not paid by the manufactures. Accordingly, the Group recognises the estimated liability for the difference between possible warranty claims of customers and possible warranty claims from the producers based on historical service statistics.

Change and errors in the accounting policies and estimates

Material changes in accounting policies or material errors are corrected; retrospectively by restating, the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There is no change in accounting policies and estimates in the current period.

Leases

(i) Financial lease

Leases of property and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other current and non-current financial liabilities. The interest element of the finance cost is charged to the consolidated statements of income over the lease period.

(ii) Operational lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net off any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

NOTE 2 - BASIS OF PREPARATION (Continued)

Related parties

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:
- (i) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Company that gives it significant influence over the Company; or
- (iii) has joint control over the Company;

(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venturer;
(d) the party is member of the key management personnel of the Company and its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or
(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Board of directors is determined as the chief operating decision maker of the Group.

Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in other comprehensive income

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are derived from the timing differences in recognition of income and expenses between the consolidated financial statements and statutory records.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTE 2 - BASIS OF PREPARATION (Continued)

Taxes on income (Continued)

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

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

Employee benefits

In accordance with existing labor law in Turkey, the Group is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire.

Employee benefits are the estimation of the present value of future probable obligation of the Group arising from the retirement of the employees. It is computed and recognised in the financial statements considering the retirement pay cap and actuarial information.

The Group can make profit sharing contributions to its employees and Board of Directors concerning its Articles of Incorporation. An obligation under profit sharing and bonus plans result from employee service and do not form a transaction with the Company's owners. Therefore the Company recognises the cost of profit sharing and bonus plans not as a distribution of net profit but as an expense.

Cash flow

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

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

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

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

Trade receivables and provision for doubtful receivables

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

NOTE 2 - BASIS OF PREPARATION (Continued)

Trade receivables and provision for doubtful receivables (Continued)

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

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

Repurchase and resale transactions

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

Dividends

Dividend income is recognized by the Group at the date right to collect the dividend is realized. Dividend payables are recognized after the profit distribution approval in the General Assembly.

NOTE 3 - JOINT VENTURES

The Group accounts for its interests in joint ventures indicated in Note 2.4 through equity method. Therefore, financial information regarding to aforementioned joint ventures are presented in Note 11 "Investments in Equity Accounted Investees".

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 4 - OPERATING SEGMENTS

Operating segments has been determined based on the reports reviewed by the steering committee that make strategic decisions.

Group management believes that risk and rewards of the Group is strictly related with the changes in automotive sector and determined the Group's primary segments according to product types. Group's operating activities include importing, marketing and selling passenger and commercial vehicles, spare parts of Volkswagen Group brands (VW, Audi, Seat, Porsche, Bentley, Lamborghini, Bugatti, Scania, Krone, Meiller and VW Marine Engines) and Thermoking climate control systems and used car operations in Turkey via its dealer network under the brand name "DOD". Group's operating segments are identified based on the product groups. Considering the nature of the products, operating segments are identified as commercial vehicles, passenger vehicles, marine engines, used cars and spare parts.

Other segments are comprised of marine engines, used cars, spare parts and central office functions.

Segment assets and liabilities are not reported since the management reports do not include such information.

Accounting policies for certain types of transactions differ for management reporting from those used in preparation of consolidated financial statements:

Warranty expenses and provision for legal matters have been included in the operating results when they are realized. Provisions for employee termination benefits expenses represent the undiscounted estimated future obligation of the Group arising from the retirement of the employees. Inventories are carried at cost. Depreciation and amortization, which is not computed on a pro-rata basis is recognized in profit or loss on a straight-line method over the estimated useful lives of tangible and intangible assets.

Segment information presented to the Group management for the years ended 31 December is as follows:

2010	Passenger Segment	Commercial Segment	Other Segments	Total
Revenue from external customers	1,942,491	1,095,210	390,599	3,428,300
Cost of sales (-)	(1,731,411)	(949,051)	(262,494)	(2,942,956)
Gross profit	**211,080**	**146,159**	**128,105**	**485,344**
General administration expenses (-)	(36,282)	(12,413)	(61,970)	(110,665)
Selling, marketing and distribution expenses (-)	(66,135)	(29,636)	(25,426)	(121,197)
Warranty expenses (-)	(20,070)	(8,517)	38	(28,549)
Other operating income/ (expense), net	(2,582)	(818)	(2,364)	(5,764)
Operating income	**86,011**	**94,775**	**38,383**	**219,169**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 4 - OPERATING SEGMENTS (Continued)

2009	Passenger Segment	Commercial Segment	Other Segments	Total
Revenue from external customers	1,310,371	475,790	343,324	2,129,485
Cost of sales (-)	(1,166,715)	(423,901)	(238,345)	(1,828,961)
Gross profit	**143,656**	**51,889**	**104,979**	**300,524**
General administration expenses (-)	(39,214)	(16,852)	(63,724)	(119,790)
Selling, marketing and distribution expenses (-)	(47,988)	(16,025)	(20,443)	(84,456)
Warranty expenses (-)	(15,392)	(10,811)	-	(26,203)
Other operating income/ (expense), net	4,354	1,468	6,265	12,087
Operating income	**45,416**	**9,669**	**27,077**	**82,162**

The Group management assesses the performance of the operating segments based on the measure of operating income. The measurement basis excludes the effects of non - recurring expenses (i.e. restructuring expenses and one-offs) from the operating income. The measurement basis also excludes the share of profit of equity accounted investees. Finance income and costs are not allocated to segments, as this type of activity is driven by the central finance function of the Group.

The reconciliation of operating income to profit before tax is as follows:

	2010	2009
Operating profit for reportable segments	219,169	82,162
Share of profit of equity accounted investees	22,022	4,140
Provision for employee termination benefits, net	1,863	3,544
Provision for diminution in value of inventories	(455)	1,367
Provision for unused vacation liability, net	(1,493)	-
Warranty provision expense, net	(2,605)	1,160
Depreciation and amortization	(2,710)	(2,042)
Provision for legal exposures and indemnities	(13,749)	(2,868)
Finance costs, net	(31,122)	(40,357)
Provision expense regarding to disposal group classified as held for sale	-	(4,162)
Other	1,760	(1,590)
Profit before tax	**192,680**	**41,354**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 5 - CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprise the following:

	2010	2009
Cash on hand	65	28
Cash at banks	27,662	30,235
- Demand deposits	5,804	13,515
- Time deposits/reverse repo	2,605	3,925
- Credit card receivables	19,253	12,795
Total	**27,727**	**30,263**

As at 31 December 2010, the effective interest rates on USD and EUR denominated time deposits are 0.50% and 0.50% respectively (31 December 2009: USD 0.50% and EUR 0.50%).

There is no blocked deposit as at 31 December 2010 and 2009.

Foreign currency risk exposure of cash and cash equivalents are presented under Note 28.

Credit card receivables' due date is less than three months.

NOTE 6 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 December, available-for-sale financial assets comprise of the following:

	2010		2009	
	Ownership interest (%)	Carrying Amount	Ownership interest (%)	Carrying Amount
Doğuş Holding (*)	3.72	381,718	3.86	329,541
Garanti Yatırım	0.03	8	0.03	7
		381,726		**329,548**

(*)LASSAŞ Lastik San. ve Tic. A.Ş. ("Garanti Turizm A.Ş."), a shareholder of Doğuş Holding, has transferred a real estate to Doğuş Holding for the purpose of capital contribution in-kind and has increased its interest in ownership to 4.7%. As a result, share capital of Doğuş Holding has increased by the value of mentioned real estate and the Group's interest in Doğuş Holding, which was 3.86% prior to the capital increase, has decreased to 3.72%.

Fair value of Doğuş Holding shares, which do not have a quoted market price, is estimated by the Group using available market information and appropriate valuation methodologies. Since Garanti Yatırım is quoted in the stock exchange, fair value of the company is calculated by considering the closing price at the balance sheet date. The movements in available-for-sale financial assets within the year are as follows:

	2010	2009
Balance at 1 January	329,548	178,347
Change in fair value of available-for-sale financial assets	52,178	151,201
Balance at 31 December	**381,726**	**329,548**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 7 - FINANCIAL LIABILITIES

As at 31 December, financial liabilities comprise the following:

	2010		2009	
	Interest Rate	Amount	Interest Rate	Amount
Short-term borrowings:				
TL denominated interest bearing borrowings	7.00% - 9.70%	184,401	7.15% - 7.95%	213,782
TL denominated non-interest bearing borrowings (*)	-	21,657	-	11,459
Finance lease liabilities :				
CHF denominated finance lease liabilities	4.40%	292	4.40%	200
Short-term portion of long-term borrowings:				
Euro denominated borrowings	EURIBOR+0.13%-0.35%	34,725	EURIBOR+0.13%-0.35%	44,463
USD denominated borrowings	LIBOR+1.75%-1.95%	20,329	LIBOR+1.75%-1.95%	25,735
CHF denominated borrowings	3.75%	1,644	-	-
Total short term financial liabilities		**263,048**		**295,639**

(*) As at 31 December 2010, Group has non-interest bearing TL denominated loans from various financial institutions amounting to TL 21,657 thousand, which have been obtained to pay value added taxes, custom taxes and special consumption taxes (31 December 2009: TL 11,459 thousand)

	2010		2009	
	Interest Rate	Amount	Interest Rate	Amount
Long-term borrowings:				
Euro denominated borrowings	EURIBOR+0.13%-0.35%	35,196	EURIBOR+0.13%-0.35%	71,147
USD denominated borrowings	LIBOR+1.75%-1.95%	33,895	LIBOR+1.75%-1.95%	51,478
CHF denominated borrowings	3.75%	15,056	3.75%	11,811
Finance lease liabilities :				
CHF denominated finance lease liabilities	4.40%	1,351	4.40%	1,150
Total long term financial liabilities		**85,498**		**135,586**

As at 31 December 2010, the repayment schedule of long-term borrowings including their short-term portions is as follows:

Payment Period	Original Amount (USD thousand)	Original Amount (Euro thousand)	Original Amount (CHF thousand)	TL Equivalents
2011	13,150	16,947	1,000	56,700
2012	9,830	12,349	-	40,501
2013	2,688	4,827	3,000	18,978
2014 and on	9,406	-	6,159	24,666
Total	**35,074**	**34,123**	**10,159**	**140,845**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 7 - FINANCIAL LIABILITIES (Continued)

As at 31 December 2009, the repayment schedule of long-term borrowings including their short-term portions is as follows:

Payment Period	Original Amount (USD thousand)	Original Amount (Euro thousand)	Original Amount (CHF thousand)	TL Equivalents
2010	17,092	20,582	-	70,198
2011	13,238	17,123	8,150	68,734
2012	9,689	11,478	-	39,384
2013 and on	11,262	4,333	-	26,318
Total	**51,281**	**53,516**	**8,150**	**204,634**

Foreign currency and liquidity risk exposure of financial liabilities are presented under Note 28.

As at 31 December 2010 and 2009, there are no debt covenants defined in credit agreements signed regarding to financial liabilities.

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

8.1 - Trade Receivables

As at 31 December, trade receivables are consisted of the following:

	2010	2009
Trade receivables	141,426	147,378
Less: allowance for doubtful receivables	(1,182)	(935)
Trade receivables, net	**140,244**	**146,443**

As at 31 December 2010, the Group charges 4% monthly interest to the dealers regarding overdue receivables (31 December 2009: 4%).

The movement of individually impaired receivables is as follows;

	2010	2009
Balance as at 1 January	935	452
Additions	247	483
Balance as at 31 December	**1,182**	**935**

Guarantees received for trade receivables

Significant portion of the trade receivables is consisted of receivables from the dealers. The Group's management established an effective control system over the dealers and monitors the credit risk of the dealers arising from the transactions. The Group requests letters of guarantee for vehicle and spare parts sales from authorized dealers. TL 64,055 thousand of total trade receivables are covered via letters of guarantee (31 December 2009: TL 100,602 thousand) (Note 28).

As at 31 December 2010, overdue trade receivables that are not impaired amount to TL 1,944 thousand (31 December 2009: TL 1,776 thousand). TL 1,376 thousand of such overdue receivables are covered via guarantee letters (31 December 2009: TL 1,659 thousand) (Note 28).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

8.2 Trade Payables

As at 31 December, trade payables are consisted of the following:

	2010	2009
Volkswagen AG	155,721	125,469
Audi AG	64,401	44,039
Scania CV AB	31,977	726
Seat SA	13,320	12,090
TRT Genel Müdürlüğü	5,028	3,123
Aunde Teknik A.Ş.	3,377	1,254
Fahrzeugwerk Bernard Krone GMBH	3,291	439
Mediacom İstanbul Medya Hizmetleri A.Ş.	3,259	3,414
Mer-Tur Otomotiv ve Taşımacılık Ltd. Şti.	1,626	1,127
Other	30,007	22,789
Total trade payables	**312,007**	**214,470**

Original Equipment Manufacturers ("OEM's") provide a credit option to the Group up to 1 year, which is free from interest for 10 days. The OEM's charge the Group an interest of 1.83% per annum for trade payables not settled within 10 days (31 December 2009: 1.5% per annum).

Foreign currency and liquidity risk exposure of trade payables are presented under Note 28.

NOTE 9 - OTHER RECEIVABLES

As at 31 December, other receivables comprise of the following:

	2010	2009
Warranty claims and price difference receivables(*)	15,465	16,541
Receivables due to insurance claims	3,942	3,873
Value added tax ("VAT") receivables	89	1,259
Other	2,009	2,591
Total	**21,505**	**24,264**

(*) Warranty claims comprise of the amounts to be paid by the suppliers in regards to the portion of warranty expenses of the vehicles imported by the Group, Original Equipment Manufacturers ("OEM")'s are responsible for.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 10 - INVENTORIES

As at 31 December, inventories comprise of the following:

	2010	2009
Goods in transit (*)	296,478	182,059
Merchandise stocks - vehicles	64,470	68,894
Merchandise stocks - spare parts	43,687	44,061
	404,635	**295,014**
Provision for diminution in the value of inventories (-)	(2,073)	(1,618)
Total	**402,562**	**293,396**

(*) Goods in transit comprise of vehicles and spare parts, custom transactions of which have not been completed yet, but risks and rewards of which have been transferred to the Group.

The cost of inventories recognized as expense and included in cost of sales amounted to TL 2,908,227 thousand for the year ended 31 December 2010 (2009: TL 1,796,620 thousand).

The Group has provided provision for damaged and slow-moving items in inventories. The current year stock provision is included in cost of sales. The movement of provision for diminution in the carrying value of inventories is provided below:

	2010	2009
Balance at 1 January	1,618	2,985
Additions during the year	455	-
Utilized provisions during the year (-)	-	(1,367)
Balance at 31 December	**2,073**	**1,618**

As at 31 December 2010, total carrying value of the damaged and slow moving inventories, consists of entirely spare parts, measured at net realizable value is TL 150 thousand (31 December 2009: TL 162 thousand).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 11 -INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

As at 31 December, investment in associates, joint ventures and the Group's share of ownership are as follows

	2010		2009	
	Ownership %	**Carrying Amount**	**Ownership %**	**Carrying Amount**
Associates				
VDTF	48	23,083	48	20,850
Doğuş Sigorta	42	23,319	42	20,003
Yüce Auto	50	7,088	50	3,627
VDF Servis Holding	38.22	3,225	38.22	2,446
LPD Holding	38.22	6,507	38.22	-
Total		**63,222**		**46,926**
Joint ventures				
Krone-Doğuş	48	29,530	48	29,690
TÜVTURK Kuzey	33.33	14,578	33.33	17,193
TÜVTURK Güney	33.33	12,333	33.33	16,185
TÜVTURK İstanbul	33.33	16,078	33.33	-
Meiller-Doğuş	49	-	49	596
Total		**72,519**		**63,664**
Grand total		**135,741**		**110,590**

Since total liabilities of the Group's some associates and joint ventures exceed their total assets, unrecognized amount under equity accounting method is TL 2,740 thousand as at 31 December 2010 (31 December 2009: TL 2,483 thousand).

The movements in investments in associates and jointly ventures during the years are as follows:

	2010	**2009**
Balance at 1 January	110,590	86,438
Contribution to the share capital increase of associates and joint ventures	-	11,882
Change in fair value of available-for-sale financial assets held by associates	3,302	9,063
Shares in profit of associates and joint ventures, net(*)	21,163	4,140
Change in hedge reserve of associates	1,115	-
Dividend income	(264)	(480)
Deferred tax effect in relation to change in fair value of available-for-sale financial assets held by associates	(165)	(453)
Balance at 31 December	**135,741**	**110,590**

(*) Unrealized gains amounting to TL 859 thousand from transactions with equity accounted investees to the extent of Group's interest in investee eliminated against the investment in preparing the consolidated financial statements.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 11 -INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (Continued)

As at 31 December, total assets, liabilities and results of the years of the Group's associates and joint ventures are presented below:

	2010								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses(-)	Profit /(loss)
Investment in associates	1,235,322	260,996	1,496,318	1,132,706	287,253	1,419,959	407,051	(368,727)	38,324
Joint ventures	224,912	1,414,593	1,639,505	112,003	1,248,026	1,360,029	815,083	(811,828)	3,255

	2009								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses(-)	Profit /(loss)
Investment in associates	1,177,984	217,123	1,395,107	1,110,723	226,837	1,337,560	353,912	(331,566)	22,346
Joint ventures	235,331	1,354,612	1,589,943	139,333	1,290,884	1,430,217	750,052	(746,215)	3,837

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 12 - PROPERTY AND EQUIPMENT

The movements in property and equipment and related accumulated depreciation for the year ended 31 December 2010 are as follows:

	1 January 2010	Additions	Disposals	Transfers	Foreign currency translation difference	31 December 2010
Cost:						
Land	93,304	-	-	(26,860)	1,174	67,618
Land improvements	10,243	219	(130)	-	-	10,332
Buildings	96,090	1,206	(2,094)	3,838	3,390	102,430
Machinery and equipments	21,701	1,813	(1,156)	-	378	22,736
Motor vehicles	21,296	17,284	(6,249)	24	-	32,355
Furniture and fixtures	25,635	1,036	(2,218)	210	-	24,663
Leasehold improvements	40,362	-	(3,533)	1,934	-	38,763
Constructions in progress	26,326	7,858	-	20,854	-	55,038
	334,957	**29,416**	**(15,380)**	**-**	**4,942**	**353,935**
Accumulated depreciation:						
Land improvements	(9,348)	(216)	130	-	-	(9,434)
Buildings	(20,849)	(3,014)	1,199	-	(118)	(22,782)
Machinery and equipments	(8,734)	(2,464)	706	-	(106)	(10,598)
Motor vehicles	(9,849)	(4,989)	3,476	-	(15)	(11,377)
Furniture and fixtures	(19,269)	(2,278)	1,936	-	-	(19,611)
Leasehold improvements	(23,052)	(3,972)	3,425	-	-	(23,599)
	(91,101)	**(16,933)**	**10,872**	**-**	**(239)**	**(97,401)**
Carrying amount	**243,856**					**256,534**

Total depreciation expense amounting to TL 16,933 thousand (31 December 2009: TL 16,333 thousand) has been allocated to general administrative expenses in the consolidated income statement for the year ended 31 December 2010.

Construction in progress comprise of expenditures incurred for the showroom in Bursa. The transferred amount from land to construction in progress, amounting to TL 26,860 thousand is related with the transfer of landownership in Ankara, in return of flat being constructed from contractor.

Net book value of machinery and equipments acquired through finance lease is TL 1,450 thousand as at 31 December 2010 (31 December 2009: TL 1,811 thousand).

As at 31 December 2010 there is a lien on tangible assets owned by the Group amounting to USD 21,500 thousand equivalent to TL 33,239 thousand (31 December 2009: USD 21,500 thousand equivalent to TL 32,373 thousand).

As at 31 December 2010 and 2009, no borrowing cost is capitalized on property and equipment.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 12 - PROPERTY AND EQUIPMENT (Continued)

The movements in property and equipment and related accumulated depreciation for the year ended 31 December 2009 are as follows:

	1 January 2009	Additions	Disposals	Transfers	Foreign curreny translation differences	31 December 2009
Cost:						
Land	91,719	13,848	(13,028)	1,494	(729)	93,304
Land improvements	10,224	19	-	-	-	10,243
Buildings	65,742	3,169	(300)	27,479	-	96,090
Machinery and equipments	16,291	5,520	(110)	-	-	21,701
Motor vehicles	22,558	5,425	(6,687)	-	-	21,296
Furniture and fixtures	25,223	762	(350)	-	-	25,635
Leasehold improvements	45,908	5	(823)	(4,728)	-	40,362
Constructions in progress	25,301	24,778	-	(24,245)	492	26,326
	302,966	**53,526**	**(21,298)**	**-**	**(237)**	**334,957**
Accumulated depreciation:						
Land improvements	(9,138)	(210)	-	-	-	(9,348)
Buildings	(18,518)	(1,849)	11	(493)	-	(20,849)
Machinery and equipments	(6,556)	(2,239)	61	-	-	(8,734)
Motor vehicles	(9,622)	(3,951)	3,724	-	-	(9,849)
Furniture and fixtures	(16,686)	(2,897)	314	-	-	(19,269)
Leasehold improvements	(18,658)	(5,187)	300	493	-	(23,052)
	(79,178)	**(16,333)**	**4,410**	**-**	**-**	**(91,101)**
Carrying amount	**223,788**					**243,856**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 13 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortisation during the year ended 31 December 2010 are as follows:

	1 January 2010	Additions	Disposals	31 December 2010
Cost:				
Rights and other intangibles	16,394	2,353	(19)	18,728
	16,394	**2,353**	**(19)**	**18,728**
Accumulated amortisation:				
Rights and other intangibles	(10,653)	(3,682)	-	(14,335)
	(10,653)	**(3,682)**	**-**	**(14,335)**
Carrying amount	**5,741**			**4,393**

Total amortisation expense amounting to TL 3,682 thousand (2009: TL 2,183 thousand) for the year ended 31 December 2010 has been allocated to general administrative expenses in consolidated income statement.

The movements in intangible assets and related accumulated amortisation during the year ended 31 December 2009 are as follows:

	1 January 2009	Additions	Disposals	31 December 2009
Cost:				
Rights and other intangibles	13,898	2,496	-	16,394
	13,898	**2,496**	-	**16,394**
Accumulated amortisation:				
Rights and other intangibles	(8,470)	(2,183)	-	(10,653)
	(8,470)	**(2,183)**	-	**(10,653)**
Carrying amount	**5,428**			**5,741**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

14.1 Provisions

The breakdown of provisions as at 31 December is presented below:

	2010	2009
Legal provisions	12,589	10,741
Provision for Competition Authority investigation (*)	11,900	-
Warranty provisions	11,799	9,195
Special Consumption Tax ("SCT") provision (**)	377	-
Unused vacation liability provision	1,493	-
Total	**38,158**	**19,936**

(*)Pursuant to Competition Authority's decision no 09-41/998-M dated on 30 September 2009, an investigation has been launched against various enterprises operating in motor vehicles market, including the Company, in order to determine existence of the violation of Article 4 of Competition Protection Law according to article 41 of the law. While the process of the related investigation is ongoing, provision amounting to TL 11,900 thousand is provided in the accompanying consolidated financial statements as at 31 December 2010 representing the most likely exposure based on the management expectations.

(**)Amendment on SCT rates for 87.03 GTİP vehicles listed under SCT law (II) has passed with the cabinet decree on October 13, 2003. A lawsuit was filed by TÜKODER ("Tüketiciyi Koruma Derneği") for the nullification of the amendment of the cabinet, and the state council has thereon decided to stop the decree. On June 18, 2004, the ministry of finance has reported the SCT rates to tax authorities in relevance to the decision. With the law no 5528 issued on August 3, 2004, the SCT rates have been revised and adopted under the decision of the cabinet. The ministry of council has appealed to the decision of the state council but the lawsuit has still not come to a conclusion.

Meantime, Tax Office has levied a tax in order to prevent tax losses related to discounted SCT rates imposed on the vehicles which have been initially acquired between 18 June, 2004 and 3 August, 2004. The Group has entered into settlement for SCT assessment with tax administration to avoid paying tax higher than original tax amount. The management has decided to set provision amounting to TL 4,457 thousand representing the most likely exposure to be realized in its consolidated financial statements during the year in relation with the tax levy. TL 4,080 thousand of the provision was paid during the year.

The movements of provisions during the year are as follows:

	Balance at 1 January 2010	Provision set during the year	Paid during the year	Balance at 31 December 2010
Legal provisions	10,741	2,481	(633)	12,589
Competition Authority investigation provision	-	11,900	-	11,900
Warranty provisions	9,195	31,154	(28,550)	11,799
Unused vacation liability provision	-	1,493	-	1,493
SCT provision	-	4,457	(4,080)	377
Total	**19,936**	**51,485**	**(33,263)**	**38,158**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

14.1 Provisions (Continued)

	Balance at 1 January 2009	Provision set during the year	Paid during the year	Balance at 31 December 2009
Legal provisions	7,873	3,489	(621)	10,741
Warranty provisions	10,355	25,043	(26,203)	9,195
Total	**18,228**	**28,532**	**(26,824)**	**19,936**

14.2 Letter of Guarantees Given, Pledges and Mortgages

As at 31 December 2010, the Group's position related to letter of guarantees given, pledges and mortgages ("GPM") are as follows:

		2010			
		Original Balances			
	Total TL equivalent	**Full TL**	**Full USD**	**Full Euro**	**Full CHF**
A. Total amount of GPM given on behalf of own legal personality	487,697	20,227,813	21,500,000	211,911,787	-
B. Total amount of GPM given in favor of partnerships which is consolidated	82,244	400,000	12,500,000	17,675,000	16,000,000
C. Total amount of GPM given for assurance of third parties debts in order to conduct of usual business activities	205	-	-	100,000	-
D. Total Amount of other GPM					
i Total amount of GPM given in favor of parent company	-	-	-	-	-
ii. The amount of GPM given in favor of other group companies which B and C don't comprise	-	-	-	-	-
iii. The amount of GPM given in favor of 3rd parties which C doesn't comprise	-	-	-	-	-
Total GPM	**570,146**	**20,627,813**	**34,000,000**	**229,686,787**	**16,000,000**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

14.2 Letter of Guarantees Given, Pledges and Mortgages (Continued)

As at 31 December 2009, the Group's position related to letter of guarantees given, pledges and mortgages ("GPM") are as follows:

		2009			
		Original Balances			
	Total TL equivalent	Full TL	Full USD	Full Euro	Full CHF
A. Total amount of GPM given on behalf of own legal personality	600,692	13,313,212	21,500,000	256,911,787	-
B. Total amount of GPM given in favor of partnerships which is consolidated	95,238	400,000	27,500,000	14,000,000	16,000,000
C. Total amount of GPM given for assurance of third parties debts in order to conduct of usual business activities	270	-	-	125,000	-
D. Total Amount of other GPM					
i Total amount of GPM given in favor of parent company	-	-	-	-	-
ii. The amount of GPM given in favor of other group companies which B and C don't comprise	-	-	-	-	-
iii. The amount of GPM given in favor of 3rd parties which C doesn't comprise	-	-	-	-	-
Total GPM	**696,200**	**13,713,212**	**49,000,000**	**271,036,787**	**16,000,000**

14.3 Letter of Guarantees and Sureties Received

Letter of Guarantees Received

	31 December 2010	31 December 2009
Letter of guarantees received from dealers	162,960	151,631
Letters of guarantees received from fixed asset and service suppliers	9,677	3,833
Letters of guarantees received from fleet customers	3,756	1,356
Total	**176,393**	**156,820**

As at 31 December 2010, TL 32,454 thousand out of the total, TL 162,960 thousand (31 December 2009: TL 151,631 thousand), of the letters of guarantee received from dealers, were given by the Group's related party Türkiye Garanti Bankası A.Ş. ("Garanti Bankası") (31 December 2009: TL 47,785 thousand).

Sureties Received

	31 December 2010	31 December 2009
Doğuş Holding	110,147	116,124
Total	**110,147**	**116,124**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

14.3 Letter of Guarantees and Sureties Received (Continued)

As at 31 December 2010, TL 110,147 thousand (31 December 2009: TL 116,124 thousand) of the total sureties obtained from Doğuş Holding in relation to the total debt amounting to TL 87,913 has been paid by the Group (31 December 2009: TL 62,370 thousand).

14.4 Notes of Guarantees Received

	31 December 2010	31 December 2009
Çankaya İmar Belde	-	419
Total	**-**	**419**

14.5 Operating Leases

	31 December 2010	31 December 2009
2010	-	11,378
2011	12,761	6,328
2012 and on	36,636	20,368
Total	**49,397**	**38,074**

The operational lease liability amounting to TL 41,797 thousand is related to operational lease contracts signed with Group's related parties (31 December 2009: TL 24,269 thousand).

As at 31 December 2010 ve 2009, liens on property are given in Note 12.

NOTE 15 - COMMITMENTS

Loans obtained by TÜVTURK Kuzey, TÜVTURK Güney and TÜVTURK İstanbul and commitments regarding the concession agreement

Following the signing of concession agreement regarding the privatization of vehicle inspection services between TÜVTURK Kuzey, TÜVTURK Güney and Privatization Administration on 15 August 2007, TÜVTURK Kuzey and TÜVTURK Güney have commenced their operations. The companies have committed to the state authorities to elicit the start-up of 189 sedentary and 38 mobile EU-compliant service stations within 18 months following the date of sign-off. As at 14 April 2009, 189 sedentary and 38 mobile EU-compliant service stations have started operations as committed to state authority.

On 8 April 2005, an agreement was signed between TÜVTURK Kuzey, TÜVTURK Güney, TÜVTURK İstanbul, ABN Amro Bank NV and Bayerische Hypo-und Vereinsbank AG regarding the financing of a structured loan amounting to USD 552 million, for which the Company is the guarantor for 33.3% of the principal, interest and other financial obligations thereof. Following the clarification of the legal status of the concession agreement with Privatization Administration regarding the construction and operation of the service stations, the aforementioned financing agreement has been signed on 10 August 2007. With respect to this arrangement, out of the total loan obtained, an amount of USD 70,150 thousand has been utilised by TÜVTURK Kuzey, USD 281,850 thousand has been utilised by TÜVTURK Güney while the remaining USD 200,000 thousand has been utilised by TÜVTURK İstanbul. As at 31 December 2010, loan amounting to USD 352 million utilized by TÜVTURK Kuzey and TÜVTURK Güney and USD 13,520 thousand utilized by TÜVTURK İstanbul has been paid to related financial institutions.

Doğuş Otomotiv, as a guarantor, along with other shareholders in TÜVTURK Kuzey, TÜVTURK Güney, and TÜVTURK İstanbul, has pledged its equity holdings in TÜVTURK Kuzey, TÜVTURK Güney, and TÜVTURK İstanbul to the aforementioned financial institutions with regard to aforementioned loan agreement. However, guarantorship of the Group ended at 29 July 2010 and pledge on aforementioned share has expired.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 16 - EMPLOYEE BENEFITS

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. CMB Financial Reporting Standards require actuarial valuation methods to be developed to estimate enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2010	2009
Inflation rate (%)	% 5.1	% 5.80
Discount rate (%)	% 10	% 11
Turnover rate to estimate the probability of retirement (%)	% 10	% 8.52

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability cap amounting to TL 2,623 has been taken into consideration in calculating the provision (31 December 2009: TL 2,427).

The movements in the provision for employee termination benefits for the years ended 31 December are as follows:

	2010	2009
Balance at 1 January	1,711	2,119
Interest cost	243	125
Current service cost	249	144
Actuarial losses	1,692	126
Paid during the year (-)	(1,966)	(803)
Balance at 31 December	**1,929**	**1,711**

The movements in employee termination benefit are recognized under personnel expenses in consolidated income statement.

NOTE 17 - OTHER CURRENT ASSETS AND LIABILITIES

17.1 Other Current Assets

As at 31 December, other current assets comprise of the following:

	2010	2009
Income accruals	6,288	11,735
Prepaid expenses	5,759	7,721
Advances given	3,732	625
VAT receivable	2,177	1,545
Prepaid tax (Note 25)	-	52
Total	**17,956**	**21,678**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 17 - OTHER CURRENT ASSETS AND LIABILITIES (Continued)

17.1 Other Current Assets (Continued)

Prepaid expenses comprise of prepaid advertising, marketing, and other expenses.

Income accruals comprise of the income accruals related to warranty receivables of the Group from OEMs.

17.2 Other Non-Current Assets

As at 31 December, other current assets comprise of the following:

	2010	2009
Advances given for property and equipment purchases	3,910	-
Prepaid expenses	2,111	100
Deposit and guarantees given	262	124
Total	**6,283**	**224**

Prepaid expenses comprise of long term portion of prepaid advertising, marketing, and other expenses.

17.3 Other Current Liabilities

As at 31 December, other current liabilities comprise of the following:

	2010	2009
VAT payable	20,460	8,485
Advances taken	8,034	225
Taxes and withholdings payable	3,856	3,439
Expense accruals	3,225	1,849
Other	3,584	1,920
Total	**39,159**	**15,918**

NOTE 18 - CAPITAL AND RESERVES

The paid-in share capital of the Company comprises of 220,000,000 units of registered shares with a nominal value of TL 1 each as at 31 December 2010. There is no different type of share and no privilege given to specific shareholders.

The paid-in capital of the Company reached to TL 220,000 thousand at 29 November 2010 with an increase of TL 110,000 thousand which was provided fully through retained earnings (extraordinary reserves) As at 31 December 2010, the share of the Company is TL 220,000 thousand. (31 December 2009: TL 110,000 thousand).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 18 - CAPITAL AND RESERVES (Continued)

As at 31 December 2010 and 2009, the composition of the Company's shareholding structure is as follows:

	31 December 2010		31 December 2009	
	TL	**Shareholding (%)**	**TL**	**Shareholding (%)**
Shareholders				
Doğuş Holding	77,462	35.21	38,731	35.21
Publicly traded	75,900	34.50	37,950	34.50
Doğuş Araştırma Geliştirme ve Müşavirlik A.Ş.	66,638	30.29	33,319	30.29
Paid-in capital	**220,000**	**100.00**	**110,000**	**100.00**
Inflation adjustment difference	23,115		23,115	
Total	**243,115**		**133,115**	

Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-in share capital. In case of a profit distribution in accordance with CMB regulations, second level legal reserves are set aside by rate of 1/10 for all cash distribution exceeding 5% of the share capital. In case of a profit distribution in accordance with statutory records, second level legal reserves are set aside by rate of 1/11 for all cash distribution exceeding 5% of the share capital. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can solely be used for offsetting the losses in case of running out of arbitrary reserves. As at 31 December 2010, the legal reserves of the Company amounted to TL 32,013 thousand (31 December 2009: TL 32,013 thousand).

Fair value reserves

Available for sale financial assets are recognized in consolidated financial statements at their fair values. The valuation differences realized at the reporting date in carrying amount of the available for sale financial assets is recognized in "Fair value reserves" under equity in the consolidated financial statements. As at 31 December 2010, the fair value reserves of the Group amounted to TL 300,094 thousand (31 December 2009: TL 247,390 thousand).

Hedge reserves

Hedge reserve of the Group associates comprise the effective portion of the cumulative net change in the fair value of derivative transactions that are defined as risk hedging of cash flows. As at 31 December 2010, the hedge reserves of the Group amounted to TL 1,115 thousand (31 December 2009: None).

Foreign currency translation differences

Foreign currency translation differences comprise the foreign currency exchange rate differences arising from the translation of the financial statements on foreign currencies from functional currency to the presentation currency of the Group. As at 31 December 2010, the foreign currency translation differences of the Group amounted to TL (1,530) thousand (31 December 2009: TL (2,548) thousand).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 18 - CAPITAL AND RESERVES (Continued)

Retained earnings

Accumulated profits other than net current year profit and extraordinary reserves are classified under the retained earnings. As at 31 December 2010, retained earnings and extraordinary reserves are TL (64,383) thousand and TL 76,103 thousand respectively (31 December 2009: TL (94,918) thousand and TL 186,103 thousand).

	2010		
	Extraordinary reserves	**Profits brought forward**	**Retained earnings**
Balance at 1 January	186,103	(94,918)	91,185
Transfer of 2009 profit	-	30,535	30,535
Capital increase	(110,000)	-	(110,000)
Balance at 31 December	**76,103**	**(64,383)**	**11,720**

	2009		
	Extraordinary reserves	**Profits brought forward**	**Retained earnings**
Balance at 1 January	186,103	(94,918)	91,185
Balance at 31 December	**186,103**	**(94,918)**	**91,185**

Dividend

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

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

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

In this regard, when profit to be distributed calculated over net distributable profit obtained in accordance with CMB regulations can completely met by the sources in their statutory records, entire net distributable profit will be distributed otherwise net distributable profit based on statutory records will be distributed.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 18 - CAPITAL AND RESERVES (Continued)

Dividend (Continued)

The total amount of profit after the deduction of accumulated losses at statutory records and inflation adjustment difference that can be subject to the dividend distribution of 2010 is TL 203,118 thousand (31 December 2009: TL 163,363 thousand).

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the “Non-controlling interests” in the consolidated financial statements. As at 31 December 2010 and 2009, the related amounts in the “Non-controlling interest” in the consolidated financial statements are respectively TL 1,632 thousand and TL 1,376 thousand. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the “Non-controlling interests” in the consolidated financial statement.

NOTE 19 -SALES AND COST OF SALES

For the years ended 31 December, gross profit comprise of the following:

	2010	2009
Vehicle sales	3,025,087	1,765,266
Spare part sales	508,391	417,723
Service sales	54,548	44,792
Sales return (-)	(20,312)	(11,818)
Sales discounts (-)	(139,414)	(86,478)
Net sales	**3,428,300**	**2,129,485**
Cost of sales	(2,943,411)	(1,827,658)
Gross profit	**484,889**	**301,827**

NOTE 20 - SELLING, MARKETING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES AND WARANTY EXPENSES

The breakdown of operating expenses for the years ended 31 December is presented below:

	2010	2009
General administration expenses	126,754	121,156
Selling, marketing and distribution expenses	121,197	84,456
Warranty expenses, net (Note 14.1)	31,154	25,043
Total	**279,105**	**230,655**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 20 - SELLING, MARKETING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES (Continued)

20.1 Selling, marketing and distribution expenses

The breakdown of selling, marketing and distribution expenses for the years ended 31 December is as follows:

	2010	2009
Advertising expenses	53,281	33,297
Distribution expenses	26,980	20,690
Personnel expenses	25,683	19,501
Rent expenses	6,586	5,296
Other	8,667	5,672
Total	**121,197**	**84,456**

20.2 General administration expenses

The breakdown of general administration expenses for the years ended 31 December is as follows:

	2010	2009
Personnel expenses	59,102	55,013
Depreciation and amortization expenses (Note 12 and 13)	20,615	18,516
Building expenses	8,928	6,916
Vehicle expenses	7,126	7,404
Consultancy expense	5,558	5,453
Maintenance expenses	3,906	3,199
Traveling expenses	3,275	2,627
Communication expenses	2,514	2,724
Litigation expenses (Note 14.1)	2,481	3,489
Rent expense	2,349	7,682
Taxes and duties	1,828	1,657
Insurance expenses	1,814	1,675
Donation expenses	815	771
Other	6,443	4,030
Total	**126,754**	**121,156**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 21 - EXPENSES BY NATURE

The breakdown of the expenses by nature for the years ended 31 December is as follows:

	2010	2009
Cost of trade goods (Note 19)	2,908,227	1,796,620
Personnel expenses	119,969	105,552
Advertisement and promotion expenses	53,281	33,297
Warranty expenses	31,154	25,043
Distribution costs	26,980	20,690
Depreciation and amortisation expenses (Note 12 and 13)	20,615	18,516
Rent expenses	8,935	12,978
Utility expenses	8,928	6,916
Vehicle expenses	7,126	7,404
Consultancy expenses	5,558	5,453
Customer relationship expenses	4,942	3,640
Travel expenses	3,275	2,627
Other	23,526	19,577
Total	**3,222,516**	**2,058,313**

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

22.1 Other operating income

For the years ended 31 December, other operating income comprise of the following:

	2010	2009
Commission income	11,055	8,663
Service income	4,819	2,893
Income from contributions	4,659	2,948
After sales services	1,687	3,174
Customer relations income	1,487	1,510
Gain on sale of property and equipment	1,238	1,296
Other	1,708	1,734
Total	**26,653**	**22,218**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES (Continued)

22.1 Other Operating Expense

For the years ended 31 December, other operating expense comprise of the following:

	2010	2009
Provision expense for Competition Authority investigation	11,900	-
After sales services expense	6,357	5,637
Tax penalty expense	5,372	-
Service expenses	3,392	1,174
Destruction expenses	1,041	1,999
Insurance damage expense	434	460
Expenses regarding to disposal group classified as asset held for sale	-	5,195
Other	2,161	1,354
Total	**30,657**	**15,819**

NOTE 23 - FINANCE INCOME

For the years ended 31 December, finance income comprise of the following:

	2010	2009
Foreign exchange gain on borrowings, net	5,774	-
Dividend income	1,522	1,158
Interest charge on credit sales	602	1,079
Interest income on debt securities and bank deposits	192	1,015
Total	**8,090**	**3,252**

NOTE 24 - FINANCE COSTS

For the years ended 31 December, finance costs comprise of the following:

	2010	2009
Interest expense on borrowings	24,394	17,148
Commission expenses on letters of guarantee	9,344	13,906
Interest charge on credit purchases	2,436	10,834
Other foreign exchange losses, net	1,342	758
Foreign exchange losses on borrowings, net	-	379
Other financial expenses, net	1,696	584
Total	**39,212**	**43,609**

NOTE 25 -TAX ASSET AND LIABILITIES

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements prepared by the parent company, which include its subsidiaries and affiliates. Accordingly tax considerations reflected in these consolidated financial statements have been calculated separately for each of the companies in the scope of the consolidation.

The Corporate Tax Law was amended by Law No.5520 dated 13 June 2006. Most of the articles of the new Corporate Tax Law in question, No.5520, have come into force effective from 1 January 2006. Corporation tax is payable at a rate of 20% (31 December 2009: 20%) on the total income of the Company and its Subsidiaries registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19.8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

As at 31 December 2010, enacted corporation tax rate is 22.8% for the subsidiary registered in Switzerland according to local tax law (31 December 2009: 22.8%).

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.

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 during the year is offset against the annual corporation tax payable, which is calculated over the corporate tax return declared in the following year. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government. Dividend income of a resident arising from the investments in another resident is not subject to Corporate Tax.

Accordingly, income items complying with the abovementioned rules and included in accounting profit or loss are taken into account in Corporate Tax computation.

In determining the tax base, in addition to abovementioned exceptions, exceptions indicated in article 8 of Corporate Tax Law and Article 40 of Income Tax Law are also taken into account.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

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.

Losses can be carried forward for offsetting against future taxable income for up to 5 years.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 25 - TAX ASSET AND LIABILITIES (Continued)

75% 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 and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realized.

For the years ended 31 December taxation charge comprise of the following:

	2010	2009
Deferred tax expense	(7,914)	(10,825)
Current tax expense	(35,217)	-
Total	**(43,131)**	**(10,825)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

		2010		2009
Profit before tax		192,680		41,354
Income tax using the Company's domestic tax rate	20%	(38,503)	20%	(8,271)
Disallowable expenses	2%	(3,442)	2%	(631)
Tax exempt income	(2%)	4,697	(2%)	828
Change in the assumption of tax rate used in tax calculation	2%	(4,020)	-	-
Carry forward tax losses not recognized	-	-	5%	(2,142)
Other	1%	(1,863)	1%	(609)
Total tax expense	**%22**	**(43,131)**	**%26**	**(10,825)**

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Tax rate is 20% for deferred tax assets and liabilities on temporary differences (31 December 2010: 20%).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 25 - TAX ASSET AND LIABILITIES (Continued)

As at 31 December 2010 and 2009, deferred tax assets and liabilities are attributable to the items detailed in the table below:

	Deferred Tax Asset		Deferred Tax Liabilities		Net Deferred Tax Asset/(Liabilities)	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Fair value change of available for sale financial assets	-	-	(12,581)	(9,972)	(12,581)	(9,972)
Land	-	-	(607)	(2,367)	(607)	(2,367)
Carry forward tax losses	2,010	8,008	-	-	2,010	8,008
Other tangible and intangible assets	1,298	6,398	(717)	-	581	6,398
Warranty provision, net	2,360	1,839	-	-	2,360	1,839
Legal provision	1,716	1,094	-	-	1,716	1,094
Provision for diminution in value of inventories	332	324	-	-	332	324
Employee termination benefit	386	341	-	-	386	341
Unused vacation liability	299	-	-		299	-
Other	453	-	-	(193)	453	(193)
Total deferred tax asset/(liabilities)	8,854	18,004	(13,905)	(12,532)	(5,051)	5,472
Net off of tax	(6,677)	(12,532)	6,677	12,532	-	-
Total deferred tax assets	**2,177**	**5,472**	**(7,228)**	**-**	**(5,051)**	**5,472**

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is considered highly probable by the Group management.

The movements of temporary differences for the year ended 31 December 2010 are as follows:

	1 January 2010	Recognized in the profit or loss	Recognized in other comprehensive income	31 December 2010
Fair value change of available for sale financial asset	(9,972)	-	(2,609)	(12,581)
Land	(2,367)	1,760	-	(607)
Carry forward tax losses	8,008	(5,998)	-	2,010
Other tangible and intangible assets	6,398	(5,817)	-	581
Warranty provision, net	1,839	521	-	2,360
Legal provision	1,094	622	-	1,716
Provision for diminution in value of inventories	324	8	-	332
Employee termination benefit	341	45	-	386
Unused vacation liability	-	299	-	299
Other	(193)	646	-	453
	5,472	**(7,914)**	**(2,609)**	**(5,051)**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 25 - TAX ASSET AND LIABILITIES (Continued)

Deferred taxes (Continued)

The movements of temporary differences for the year ended 31 December 2009 are as follows:

	1 January 2009	Recognized in the profit or loss	Recognized in other comprehensive income	31 December 2009
Fair value change of available for sale financial asset	(2,411)	-	(7,561)	(9,972)
Land	(2,367)	-	-	(2,367)
Carry forward tax losses	18,837	(10,829)	-	8,008
Other tangible and intangible assets	6,001	397	-	6,398
Warranty provision, net	2,071	(232)	-	1,839
Legal provision	767	327	-	1,094
Provision for diminution in value of inventories	597	(273)	-	324
Employee termination benefit	424	(83)	-	341
Other	(61)	(132)	-	(193)
	23,858	**(10,825)**	**(7,561)**	**5,472**

As at 31 December 2010, income tax payable amounting to TL 9,090 thousand is calculated by netting off the taxes paid in advance amounting to TL 26,127 thousand with the total current period tax provision.

As at 31 December 2010, deferred tax effects of the change in the fair value of the available for sale financial assets held by associates, which is recognized in equity, is TL 167 thousand (31 December 2009:452).

NOTE 26 - EARNINGS PER SHARE

Earnings per share, is calculated by dividing net income attributable to equity holders of the Company for the year by the weighted average number of shares of the Company available during the year.

For the years ended 31 December, earnings per share are calculated as follows:

	2010	2009
Profit attributable to the equity holders of the Company	149,293	30,535
Number of basic shares	220,000,000	220,000,000
Basic/diluted earnings per share (Full TL)	**0.6786**	**0.2776**

NOTE 27 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

27.1 Cash and cash equivalents:

Group's cash balances at related party banks are as follows:

	31 December 2010	31 December 2009
Garanti Bankası - credit card receivables	14,072	12,620
Garanti Bankası - bank deposits	5,507	7,321
Total	**19,579**	**19,941**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 27 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

27.1 Cash and cash equivalents (Continued)

As at 31 December 2010, effective interest rates on USD and EURO denominated time deposits at Garanti Bankası is 0.50% and 0.50% respectively (31 December 2009: USD denominated time deposits: 0.50%, Euro denominated time deposits: 0.50%).

27.2 Due From Related Parties

As at 31 December, receivables and payables to related parties comprise the following:

27.2.1 Due from associates

	2010	2009
LDP Holding	1,974	3,162
VDTF	332	204
Yüce Auto	274	-
Total	**2,580**	**3,366**

27.2.2 Due from other related parties

	2010	2009
VDF Faktoring Hizmetleri A.Ş.	97,007	-
Garanti Filo Yönetimi Hizmetleri A.Ş.	1,295	3,538
Eureko Sigorta A.Ş.	1,011	-
VDF Sigorta	367	-
Doğuş Yayın Grubu A.Ş.	-	451
Other	261	178
Total	**99,941**	**4,167**
Grand Total	**102,521**	**7,533**

As at 31 December 2010, the Group charges monthly 4% overdue interest to due from related parties (31 December 2009: 4% per month). Due from related parties does not contain any past due receivables. No guarantee obtained from related parties for outstanding due from related party balance.

27.3 Due to Related Parties

27.3.1 Due to associates

	2010	2009
LDP Holding	257	-
Yüce Auto	19	85
Other	2	-
Total	**278**	**85**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 27 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

27.3 Due to Related Parties (Continued)

27.3.2 Due to joint ventures

	31 December 2010	31 December 2009
Meiller-Doğuş	2,498	51
Total	**2,498**	**51**

27.3.3 Due to other related parties

	2010	2009
Eureko Sigorta A.Ş.	1,306	1,654
Doğuş Holding	582	268
Garanti Bilişim Teknolojisi ve Tic. Türk A.Ş.	437	277
VDF Sigorta	161	-
Doğuş Grubu İletişim Yay. ve Tic. A.Ş.	161	155
Diğer	377	192
Total	**3,024**	**2,546**
Grand Total	**5,800**	**2,682**

27.4 Related Party Transactions

Related party transactions for the year ended 31 December are as follows:

27.4.1 Associates

	2010	2009
Sales and other income generating transactions		
Sale of products and returns, net	51,643	33,565
Sale of services, net	3,746	2,444
Dividend income	264	480
Finance income	93	-
Other income	4,943	3,627
Total	**60,689**	**40,116**
Purchases and expense creating transactions		
Incentives for consumer loans	9,230	3,096
Inventory purchases	8,317	2,063
Services rendered	4,401	5,222
Other purchases	1,130	1,156
Fixed asset purchases	341	-
Total	**23,419**	**11,537**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 27 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

27.4 Related Party Transactions (Continued)

27.4.2 Joint ventures

	2010	2009
Sales and other income generating transactions:		
Sale of products and returns, net	155	1
Finance income	16	12
Other income	6	22
Total	**177**	**35**
Purchases and expense creating transactions:		
Purchase of services	121	19
Total	**121**	19

27.4.3 Other related parties

a) Income generated from other related parties

	2010						
	Sale of products	Sale of services	Finance income	Dividend income	Sale of fixed assets	Other income	Total
Garanti Filo Yönetim Hizmetleri A.Ş	16,252	1,735	9	-	-	-	17,996
Doğuş Holding A.Ş.	20	10	1	1,522	-	28	1,581
Eureko Sigorta Anonim Şirketi	782	1	-	-	-	635	1,418
VDF Sigorta Aracılık Hizmetleri A.Ş.	2	1	-	-	-	1,291	1,294
Garanti Bankası A.Ş.	526	299	8	-	-	1	834
Garanti Finansal Kiralama A.Ş.	646	61	-	-	-	-	707
Other	503	99	1	-	-	35	638
Total	**18,731**	**2,206**	**19**	**1,522**	-	**1,990**	**24,468**

	2009						
	Sale of products	Sale of services	Financial income	Dividend income	Sale of fixed assets	Other income	Total
Doğuş GE Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	13,500	-	13,500
Garanti Filo Yönetim Hizmetleri A.Ş	12,268	1,178	-	-	-	-	13,446
Eureko Sigorta Anonim Şirketi	1,533	-	-	-	-	672	2,205
Garanti Finansal Kiralama A.Ş.	1,801	18	-	-	-	-	1,819
Doğuş Holding A.Ş.				1,518	-	-	1,518
Garanti Bankası A.Ş.	541	278	149	-	-	15	983
Garanti Yatırım Menkul Kıymetler A.Ş.	278	15	-	-	-	-	293
Diğer	474	88	-	-	-	34	596
Total	**16,895**	**1,577**	**149**	**1,518**	**13,500**	**721**	**34,360**

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 27 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

27.4.3 Other related parties (Continued)

b) Expenses arising from transaction with other related parties

	2010					
	Services rendered	**Purchase of fixed assets**	**Purchase of inventories**	**Finance costs**	**Other purchases**	**Total**
Antur Turizm A.Ş.	7,731	-	-	-	-	7,731
Eureko Sigorta Anonim Şirketi	1,896	-	4,123	-	5	6,024
Doğuş Holding A.Ş.	5,915	15	-	-	-	5,930
Doğuş Yayın Grubu A.Ş.	4,504	-	-	-	-	4,504
Garanti Bilişim Teknolojisi Ve Tic. A.Ş.	1,134	1,788	-	-	-	2,922
Garanti Bankası A.Ş	115	-	-	2,238	1	2,354
Doğuş GE Gayrimenkul Yatırım Ortaklığı A.Ş.	988	-	-	-	-	988
Other	1,220	600	-	50	-	1,870
Total	**23,503**	**2,403**	**4,123**	**2,288**	**6**	**32,323**

	2009					
	Services rendered	**Purchase of fixed assets**	**Purchase of inventories**	**Finance costs**	**Other purchases**	**Total**
Doğuş Gayrimenkul Yatırım Ve İşletme A.Ş.	1,195	17,000	-	-	-	18,195
Doğuş Holding A.Ş.	6,207	-	-	-	-	6,207
Doğuş Yayın Grubu A.Ş.	4,626	-	-	-	-	4,626
Eureko Sigorta Anonim Şirketi	916	-	2,953	-	-	3,869
Garanti Bilişim Teknoloji Ve Tic. A.Ş.	882	2,388	-	-	-	3,270
Antur Turizm A.Ş.	3,176	-	-	-	-	3,176
Garanti Bankası A.Ş	71	-	-	2,141	-	2,212
Other	1,058	699	-	71	-	1,828
Total	**18,131**	**20,087**	**2,953**	**2,212**	**-**	**43,383**

27.5 Key management personnel compensation

	2010	**2009**
Salaries and other short term employee benefits	13,710	12,617
Employee termination benefits	53	14
Total	**13,763**	**12,631**

The Group classifies the brand general managers, members of the Board of Directors and Executive Committee as key management personnel, since they are responsible for the planning, management and control of the Group's operations.

Remuneration of Board of Directors and Executive Management for the year ended 31 December 2010 and 2009 includes salaries, incentive premiums, health insurance and employer shares of Social Security Institution.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS

Capital risk management

The Group's objectives 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. The Group's capital structure includes payables including loans, and respectively cash and cash equivalents, paid-in capital, reserves and retained earnings.

The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.
Group monitors its share capital by using financial liability to equity ratio. The ratio is calculated by dividing financial liabilities to equity. Total of financial liabilities comprise entire current and non-current financial liabilities whereas total equity comprise each equity item.

The following table sets out the Group's financial liability to equity ratio as at 31 December:

	2010	2009
Total financial liabilities	348,546	431,225
Total equity	737,452	533,066
Financial liabilities/equity ratio	**0.47**	**0.81**

Financial instruments and risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The risk management program is applied by the Company and its Subsidiaries, Joint-ventures and Associates in line with the policies set by the Board of Directors.

(a) Credit risk

Significant portion of the trade receivables comprise of the receivables from dealers. The Group's management established an effective control system over the dealers and monitors the credit risk of the dealers arising from the transactions. The Group requests letters of guarantee for vehicle and spare parts sales from authorized dealers (Note 8).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2010	**Related Parties**	**Other Parties**	**Related Parties**	**Other Parties**	**Bank Deposits**	**Derivative Instruments**	**Other**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E) (*)	102,521	140,244	55,543	21,505	27,662	-	6,288
- Guaranteed portion of the maximum exposure	-	64,055	-	-	-	-	-
A. Net carrying amount of financial assets which are neither impaired nor overdue (**)	102,521	138,386	-	21,505	27,662	-	6,288
B. Net carrying amount of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (**)	-	-	-	-	-	-	-
- Guaranteed portion (A+B)	-	62,679	-	-	-	-	-
C. Net carrying amount of financial assets which are overdue but not impaired (***)	-	1,944	-	-	-	-	-
- Guaranteed portion	-	1,376	-	-	-	-	-
D. Net carrying amount of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	1,182	-	-	-	-	-
- Impairment (-)	-	1,182	-	-	-	-	-
- Not Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks (****)	-	-	55,543	-	-	-	-

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(a) Credit risk (Continued)

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2009	Related Party	Other parties	Related Parties	Other Parties	Bank deposits	Derivative Instruments	Other
Exposure to maximum credit risk as at reporting date (A+B+C+D+E) (*)	7,533	146,443	71,651	24,264	30,235	-	11,633
- Guaranteed portion of the maximum exposure	-	100,602	-	-	-	-	-
A. Net carrying amount of financial assets which are neither impaired nor overdue (**)	7,533	142,654	-	24,264	30,235	-	11,633
B. Net carrying amount of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (**)	-	2,013	-	-	-	-	-
- Guaranteed portion (A+B)		98,943					
C. Net carrying amount of financial assets which are overdue but not impaired (***)	-	1,776	-	-	-	-	-
- Guaranteed portion	-	1,659	-	-	-	-	-
D. Net carrying amount of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	935	-	-	-	-	-
- Impairment (-)	-	(935)	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks (****)	-	-	71,651	-	-	-	-

(*) This area indicates the total of the figures placed in A, B, C, D and E lines. In determination of aforementioned figures, items increasing credit reliability such as guarantees received are not considered.
(**)As at 31 December 2010 and 2009, information regarding to credit quality of trade receivables, which are not past due or not impaired and restructured are indicated in Note 8.
(***)As at 31 December 2010 and 2009, information regarding to aging of receivables, which are past due but not impaired are indicated in the table of aging analysis of receivables, which are past due but not impaired.
(****)As at 31 December 2010 and 2009, maximum level of credit risk born in relation to Letter of guarantees given in favor of related parties are indicated.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

Aging of past due receivables that are not impaired

As at 31 December 2010 and 2009, the aging of past due receivables that are not impaired are as follows:

	Receivables				
2010	Trade Receivables	Other Receivables	Deposits on Banks	Derivative Instruments	Other
Past due 1-30 days	1,828	-	-	-	-
Past due 1-3 months	21	-	-	-	-
Past due 3-12 months	9	-	-	-	-
Past due 1-5 years	86	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc.	1,376				

	Receivables				
2009	Trade Receivables	Other Receivables	Deposits on Banks	Derivative Instruments	Other
Past due 1-30 days	561	-	-	-	-
Past due 1-3 months	498	-	-	-	-
Past due 3-12 months	717	-	-	-	-
Past due 1-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc.	1,659				

(b) Liquidity risk

Liquidity risk management refers to capacity of holding adequate amount of cash and marketable securities, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit (including factoring capacity). In this regard, as at 31 December 2010, the Group have lines of credit amounting to TL 536,772 thousand, Euro 548,605 thousand, and USD, 246,333 thousand, (31 December 2009: TL 290,272 thousand, Euro 439,805 thousand and USD 246,333 thousand) as well as a factoring capacity of TL 100,000 thousand (31 December 2009: TL 100,000 thousand). The utilized portions of the aforementioned total credit lines are disclosed in Note 7.

In addition, the Group has a non-cash credit line obtained from underwriting banks amounting to Euro 211,000 thousand, and CHF 5,000 thousand equivalent to TL 432,360 thousand (31 December 2009: Euro 256,000 thousand and CHF 5,000 thousand equivalent to TL 560,173 thousand) that enables the Group to perform credit purchases from Original Equipment Manufacturers with an option to pay in 12 months; of which Euro 97,076 thousand and CHF 4,984 thousand equivalent to TL 207,110 thousand is not utilized as at 31 December 2010 (31 December 2009: Euro 171,938 thousand and CHF 4,344 thousand equivalent to TL 377,739 thousand).

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(b) Liquidity risk (Continued)

The below tables show the financial liabilities of the Group according to their remaining maturities at 31 December 2010 and 31 December 2009:

	2010					
Contractual maturities	**Carrying amount**	**Total contractual cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 Years**
Non-derivative financial liabilities						
Loans and borrowings	346,902	348,349	102,840	159,980	74,365	11,164
Finance lease liabilities	1,644	1,829	91	273	1,465	-
Due to related parties	5,800	5,800	5,800	-	-	-
Other trade payables	312,007	312,007	79,671	232,336	-	-
Other short term liabilities (*)	6,613	6,613	6,613	-	-	-
Total non-derivative financial liabilities	**672,966**	**674,598**	**195,015**	**392,589**	**75,830**	**11,164**

	2009					
Contractual maturities	**Carrying amount**	**Total contractual cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 Years**
Non-derivative financial liabilities						
Loans and borrowings	429,875	440,237	247,758	48,700	133,289	10,490
Finance lease liabilities	1,350	1,350	-	-	1,350	-
Due to related parties	2,682	2,682	2,682	-	-	-
Other trade payables	214,470	214,470	55,480	158,990	-	-
Other short term liabilities (*)	3,769	3,769	3,769	-	-	-
Total non-derivative financial liabilities	**652,146**	**662,508**	**309,689**	**207,690**	**134,639**	**10,490**

* Non-financial items such as VAT payable, taxes, withholdings payable and advances taken are excluded from other short-term liabilities.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(c) Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated payables to Original Equipment Manufacturers and borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well using derivative instruments where necessary.

To minimize the risk arising from foreign currency denominated balance sheet items, the Group utilizes derivative instruments as well as keeping part of its idle cash in foreign currencies. In addition, translation of cost of goods-in-transit until completion of the customs transactions, in accordance with the customs law provides a natural hedge.

Currency Sensitivity Analysis

2010

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	(5,305)	5,305
2- USD risk averse portion (-)	-	-
3- Net USD Effect(1+2)	(5,305)	5,305
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	(2,460)	2,460
5- Euro risk averse portion(-)	-	-
6- Net Euro Effect (4+5)	(2,460)	2,460
TOTAL(3+6)	**(7,765)**	**7,765**

Currency Sensitivity Analysis

2009

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	(7,353)	7,353
2- USD risk averse portion (-)	-	-
3- Net USD Effect(1+2)	(7,353)	7,353
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	(26,165)	26,165
5- Euro risk averse portion(-)	-	-
6- Net Euro Effect (4+5)	(26,165)	26,165
TOTAL (3+6)	**(33,518)**	**33,518**

Foreign exchange rate for USD and Euro as at 31 December are as follows

	2010	**2009**
USD	1.5460	1.5057
Euro	2.0491	2.1603

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(c) Currency risk (Continued)

As at 31 December 2010, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	2010				
	Total TL Equivalent	Original Amounts			
		Full USD	Full Euro	Full CHF	Other
Assets:					
Trade receivables	5,830	-	2,819,508	32,230	-
Monetary financial assets	3,377	682,058	1,100,133	40,235	2,415
Other monetary assets	310,704	-	151,629,072	-	-
Total assets	**319,911**	**682,058**	**155,548,713**	**72,465**	**2,415**
Trade payables	272,231	183,554	132,715,301	-	-
Financial liabilities	56,160	12,913,690	17,664,196	-	-
Other monetary liabilities	-	-	-	-	-
Current liabilities	**328,391**	**13,097,244**	**150,379,497**	**-**	**-**
Financial liabilities	69,090	21,924,107	17,176,174	-	-
Non-current liabilities	**69,090**	**21,924,107**	**17,176,174**	**-**	**-**
Total liabilities	**397,481**	**35,021,351**	**167,555,671**	**-**	**-**
Net foreign currency (liability)/ asset position	**(77,570)**	**(34,339,293)**	**(12,006,958)**	**72,465**	**2,415**
Monetary items net foreign currency (liability)/ asset position					
Sureties and letters of guarantee taken	125,504	800,000	60,494,670	-	-
Sureties and letters of guarantee given	531,434	34,000,000	229,686,787	5,000,000	-
Import	2,153,319	-	1,392,832,668	-	-

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(c) Currency risk (Continued)

As at 31 December 2009, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	2009				
	Total TL	Original Amounts			
	Equivalent	Full USD	Full Euro	Full CHF	Other
Assets:					
Trade receivables	3,335	255	1,543,438	-	-
Monetary financial assets	11,046	2,447,093	3,282,441	157,755	78,622
Other monetary assets	28,547	-	13,214,457	-	-
Total assets	**42,928**	**2,447,348**	**18,040,336**	**157,755**	**78,622**
Trade payables	184,735	236	85,513,535	-	-
Financial liabilities	70,198	17,091,955	20,581,556	-	-
Other monetary liabilities	279	-	129,350	-	-
Current liabilities	**255,212**	**17,092,191**	**106,224,441**	**-**	**-**
Financial liabilities	122,625	34,188,884	32,933,773	-	-
Non-current liabilities	**122,625**	**34,188,884**	**32,933,773**	**-**	**-**
Total liabilities	**377,837**	**51,281,075**	**139,158,214**	**-**	**-**
Net foreign currency (liability)/ asset position	**(334,909)**	**(48,833,727)**	**(121,117,878)**	**157,755**	**78,622**
Monetary items net foreign currency (liability)/ asset position					
Sureties and letters of guarantee taken	128,358	2,215,825	57,872,361	-	-
Sureties and letters of guarantee given	626,657	27,500,000	270,911,787	-	-
Import	1,498,099	-	693,468,751	-	-

As at 31 December 2010, goods in transit of the Group amount to Euro 144,064 thousand equivalents to TL 295,202 thousand (31 December 2009: Euro 84,275 thousand equivalents to TL 182,059 thousand).

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(d) Market risk

The Group is exposed to market risk through holding shares of Doğuş Holding and Garanti Yatırım.

Even though the shares of Doğuş Holding are not quoted in the capital market, fair value of the Doğuş Holding's shares is determined by using market information of publicly held Doğuş Holding Group companies and other valuation methodologies are used for remaining Doğuş Holding Group companies. Therefore, value of Doğuş Holding recognized in the financial statements is affected by price fluctuations in the shares of publicly held Doğuş Holding Group companies.

Since Garanti Yatırım is a publicly held company, share price fluctuations are directly recognized in the financial statements.

Under the assumption of 10% increase/decrease in share prices as at 31 December 2010, all other variables held constant, the Group's equity would have been increased/decreased by TL 33,621 thousand (31 December 2009: TL 25,023 thousand).

(e) Interest rate risk

At 31 December 2010, if market interest rates on EURO denominated borrowings at variable rates were higher/lower by 100 basis point where all other variables held constant, higher/lower interest expense on borrowings at variable rates would cause net income for the year to be lower/higher by TL148 thousand (31 December 2009: loss to be higher/lower by TL 298 thousand). At 31 December 2010, if market interest rates on USD denominated borrowings at variable rates were higher/lower by 100 basis point where all other variables held constant, higher/lower interest expense on borrowings at variable rates would cause net income for the year to be lower/higher by TL146 thousand (31 December 2009: loss to be higher/lower by TL245 thousand).

(f) Fair value

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deductions for transaction costs. If a quoted market price is not available, the Group using available market information and appropriate valuation methodologies estimates the fair value of the instrument. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates made are not necessarily indicative of the amounts that could be realized in current market exchange.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counter parties.

The principles used in determining the fair values of financial assets and liabilities are as follows:

Financial Assets

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted of related doubtful portion of the receivable and are assumed to reflect their fair value.

(Amounts expressed in thousands of TL unless otherwise indicated except share amounts)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

Financial instruments and risk management (Continued)

(d) Fair value (Continued)

Financial Assets (Continued)

Fair value of Doğuş Holding shares, which do not have a quoted market price, is estimated by the Group using available market information and appropriate valuation methodologies. Since Garanti Yatırım is quoted in the stock exchange, fair value of the company is calculated by considering the closing price at the balance sheet date.

Financial Liabilities

Short-term TL denominated bank borrowings are assumed to converge to its fair value, as the payment dates get closer to the balance sheet date. Floating rate borrowings denominated in foreign currency are assumed to reflect their fair value as it consists of current market conditions in calculation.

Since trade payables are short term and foreign currency denominated, they are assumed to reflect their fair values.

Fair Value Hierarchy

IFRS 7 - “Financial Instruments: Disclosure” requires the Companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial assets. The basis for the hierarchy is dependent on the conformity of the data used in fair value calculation. The independency of the source of the data, the assumptions used in calculation of the fair value effects the level of hierarchy.

The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market.

The table below analyses financial instruments carried at fair value by valuation method:

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Available for sale financial assets (Note 6)	8	381,718	-	381,726
Total financial assets	**8**	**381,718**	**-**	**381,726**

	2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Available for sale financial assets (Note 6)	*7*	329,541	-	329,548
Total financial assets	7	**329,541**	-	**329,548**

NOTE 29 - SUBSEQUENT EVENTS

The paid in capital of the Company's subsidiary amounting to TL 40,050 thousand, Doğuş Oto Pazarlama Ve Ticaret Anonim Şirketi, has been increased by TL 4,950 thousand to TL 45,000 thousand; the Company paid its portion 96.20 % amounting to TL 4,761 thousand.

The Company signed Memorandum Of Understanding with Suzuki Motor Corporation-Japonya and Suzuki Otomobil Pazarlama ve Ticaret Anonim Şirketi on 11 March 2011 to perform a feasibility analysis about whether the Company can be appointed as Turkey distributor of Suzuki automobiles, motorcycles, ATVs (All Terrain Vehicles) and marine engines.