KPMG

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Financial Statements
As of 30 June 2005
With Independent Auditors' Review Report Thereon

Akis Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

6 September 2005

This report includes 1 page of independent auditors' review report and 34 pages of financial statements together with their explanatory notes and 3 pages of supplementary information.

Doğuş Otomotiv Servis ve Ticaret AŞ
and Its Affiliates

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Independent Auditors' Review Report

To the Board of Directors of
Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi

We have reviewed the accompanying consolidated balance sheet of Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi and its affiliates ("the Group") as of 30 June 2005 and the related consolidated statements of income and cash flows for the six-month period then ended ("the interim financial information"). This consolidated interim financial information is the responsibility of the Group's management. Our responsibility is to issue a report on this interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. A review is limited primarily to inquiries of the Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as of 30 June 2005, and the results of its operations and its cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting".

As discussed in Significant Accounting Policies note to the consolidated interim financial information, the Group changed its accounting policies in accordance with the amendments in International Financial Reporting Standards ("IFRS") at the beginning of the year 2005. Consequently, the consolidated financial statements of the Group for the year 2004 have been restated in accordance with revised IFRS.

The consolidated statement of income and consolidated balance sheet in US Dollar are attached as Appendix I. Such information has not been subjected to the review procedures applied in the review of the basic financial statements and, accordingly, we do not express any opinion or any other form of assurance on such information, which is presented solely for the convenience of the reader as additional analysis and is not a required part of the basic financial statements.

6 September 2005
İstanbul, Turkey

KPMG Akis SMMM A.Ş.

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Statement of Income
For the Six-Month Period Ended 30 June 2005

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29)

	Note	30 June 2005	30 June 2004
Net sales	*1 and 5*	988.370	1.310.276
Cost of sales		(855.430)	(1.138.592)
Gross profit		**132.940**	**171.684**
General and administrative expenses		(38.819)	(29.691)
Selling and marketing expenses		(39.443)	(40.795)
Other operating income	2	5.282	1.660
Other operating expense	*3*	(8.973)	(10.724)
Profit from operations		**50.987**	**92.134**
Net financing income/(cost)	*4*	1.963	(8.143)
Share of profit of associates	*9*	7.186	336
Profit before monetary position		**60.136**	**84.327**
Gain/(loss) on monetary position, net		(112)	1.496
Profit before taxation		**60.024**	**85.823**
Taxation charge	*5*	(20.835)	(35.387)
Profit for the period		**39.189**	**50.436**
Attributable to:			
Equity holders of the parent		40.517	49.569
Minority interest		(1.328)	867
Profit for the period		**39.189**	**50.436**
Weighted average number of lot shares (1,000 shares) of YTL 1 each		110.000.000	110.000.000
Earnings per lot share (YTL Full)	*17*	0,3683	0,4506

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Statement of Recognised Income and Expense

For the Six-Month Period Ended 30 June 2005

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29)

	30 June 2005	**30 June 2004**
Change in fair value of equity securities available-for-sale	28.800	(1.299)
Net income/(loss) recognised directly in equity	**28.800**	**(1.299)**
Net profit for the period	39.189	50.436
Total recognised income for the period	**67.989**	**49.137**
Attributable to :		
Equity holders of the parent	69.317	48.270
Minority interest	(1.328)	867
Total recognised income for the period	**67.989**	**49.137**

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Balance Sheet as of 30 June 2005

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29)

	Note	30 June 2005	31 December 2004
Assets			
Tangible assets, net	*7*	101.370	103.654
Intangible assets, net	*8*	6.595	6.752
Investments in associates	*9*	22.796	12.300
Equity securities available-for-sale	*10*	140.711	111.910
Other non-current assets	*11*	3.430	3.430
Deferred tax assets	*21*	2.165	2.292
Total non-current assets		277.067	240.338
Due from related parties	*6*	4.605	2.943
Inventories	*12*	296.608	380.161
Trade receivables, net	*13*	75.421	80.175
Other current assets	*14*	32.948	25.353
Cash and cash equivalents	*15*	10.923	73.617
Total current assets		420.505	562.249
Total assets		697.572	802.587
Shareholders' equity and liabilities			
Issued capital	*16*	137.445	137.445
Treasury stocks	*16*	(283)	(283)
Reserves	*16*	71.549	37.448
Retained earnings	*16*	130.469	130.919
Total shareholders' equity attributable to equity holders of the parent company		339.180	305.529
Minority interest	*16*	7.413	8.741
Total shareholders' equity		346.593	314.270
Liabilities			
Bank borrowings, long-term	*18*	8.545	13.051
Reserve for severance payments	*20*	2.306	1.938
Deferred tax liabilities	*21*	4.803	4.096
Total non-current liabilities		15.654	19.085
Due to related parties	*6*	946	25.646
Bank borrowings, short-term	*18*	14.935	21.615
Trade payables	*19*	295.233	396.567
Other current liabilities	*22*	13.012	19.083
Taxes payable	*21*	11.199	6.321
Total current liabilities		335.325	469.232
Total shareholders' equity and liabilities		697.572	802.587
Commitments and contingencies	*24*		

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2005

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29)

	Note	30 June 2005	30 June 2004
Operating Activities			
Net profit for the period		39.189	50.436
Adjustments:			
Share of profit of associates	9	(7.186)	(336)
Gain on sales of tangible assets	2	(455)	(196)
Warranty provision, net		(115)	1.372
Taxation charge	5	20.835	35.387
Depreciation and amortisation	7 and 8	6.320	5.905
Accrued expenses		1.177	567
Provision for legal exposures	3	710	2.059
Severance pay provision	20	691	337
Impairment in goodwill	8	154	-
Loss on sales of investment	3	-	5.848
Effect of inflation on monetary items		(2.198)	(4.209)
Changes in operating assets and liabilities:			
Trade receivables		4.754	(6.193)
Due from/(to) related parties, net		(2.166)	2.340
Inventories		83.553	(285.196)
Trade payables		(101.334)	196.649
Other assets/liabilities, net		(17.054)	(15.519)
Taxes paid		(14.862)	(14.430)
Cash flows provided from/(used in) operating activities		12.012	(25.179)
Investing activities:			
Acquisition of tangible assets	7	(3.887)	(4.547)
Sales of tangible assets		529	286
Acquisition of intangible assets	8	(220)	(2.353)
Acquisition of investments		-	(246)
Sales of investments available-for-sale		-	3.297
Cash flows used in investing activities		(3.578)	(3.563)
Financing activities:			
Repayment of bank borrowings		(14.056)	(23.088)
Proceeds from bank borrowings		2.790	10.942
Repayment of financing purpose payables to related parties		(24.196)	-
Proceeds from sales of securities held for trading		-	43.631
Dividends paid		(35.666)	(58.375)
Cash flows used in financing activities		(71.128)	(26.890)
Net decrease in cash and cash equivalents		(62.694)	(55.632)
Cash and cash equivalents at 1 January		73.617	63.714
Cash and cash equivalents at 30 June		**10.923**	**8.082**

Organisation and Nature of Operations

Doğuş Otomotiv Servis ve Ticaret AŞ ("the Company") was established on 24 November 1999 as a distributor of Volkswagen AG, and is active in the importing, marketing and selling of automobiles and commercial vehicles of Volkswagen brand.

Until 19 March 2004, the Company was an affiliate of Doğuş Otomotiv Holding AŞ (DOHAŞ) together with other six companies under Doğuş Automotive Group, namely;

- Doğuş Motor Servis ve Ticaret AŞ (Doğuş Motor) (Imports and distributes Audi and Porsche brands),
- Doğuş Ağır Vasıta Servis Ticaret AŞ (Doğuş Ağır Vasıta) (Imports and distributes heavy vehicles, Scania brand),
- Genpar Otomotiv Ticaret AŞ (Genpar) (Imports and trades automotive spare parts),
- Katalonya Oto Servis ve Ticaret AŞ (Katalonya) (Imports and distributes Seat brand),
- Doğuş Oto Pazarlama ve Ticaret AŞ* (Doğuş Oto Pazarlama) (Automobile dealer for group brands),
- Doğuş Motor Sporları Organizasyon Pazarlama Servis ve Ticaret AŞ (Doğuş Motor Sporları) (Organizer of motor sports).

* The name of Genoto General Otomotiv Pazarlama ve Ticaret AŞ was changed in accordance with the resolution of general meeting of shareholders dated 8 April 2004 and this change was registered on 13 April 2004.

On 19 March 2004, the Company merged with its shareholder, DOHAŞ and with its other three affiliates, listed below.

- Doğuş Motor,
- Doğuş Ağır Vasıta,
- Genpar.

The Company, being a parent after merger, and its affiliates (together referred to as "the Group") operate in a single business segment. Sales and operations of the Group are made in Turkey and no geographical segment information is considered necessary. The Company and its affiliates, Doğuş Motor Sporları and Katalonya, are registered in Turkey at the following address:

Doğuş Grubu Binaları
Büyükdere Caddesi No: 65
34390 Maslak/İstanbul-Turkey

The Company's affiliate, Doğuş Oto Pazarlama, is registered in Turkey at the following address:
Ankara Asfaltı Üzeri
Hürriyet Mahallesi No: 49/1
81450 Kartal/İstanbul-Turkey

Organisation and nature of operations *(continued)*

The Company has also significant influence but not control on the operations of Yüce Auto Motorlu Araçlar Ticaret AŞ (Yüce Auto) (Distributor of Skoda) having 50% of its shares.

The accompanying consolidated interim financial information is authorized for issue by the directors on 6 September 2005.

Significant Accounting Policies

(a) Statement of compliance

The Company and its affiliates maintain their books of account and prepare their statutory financial statements in New Turkish Lira (YTL) in accordance with the Turkish Commercial Code, tax legislation, and the accounting principles promulgated by the Capital Markets Board of Turkey (CMB).

The accompanying consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" and are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of preparation

In accordance with the "Law on the Currency of the Turkish Republic" numbered 5083, enacted on 1 January 2005, the name of the new currency unit of the Turkish Republic has been defined as "New Turkish Lira (YTL)" and "New Kuruş (YKr)" has been defined as the sub unit. The CMB announced in its weekly bulletin dated 3 December 2004 that financial statements as of and for the year ended 31 December 2004, including prior year financial statements presented on comparative basis, which will be publicized within 2005, shall be presented in YTL terms.

Accordingly, the accompanying consolidated interim financial information is presented in YTL, rounded to the nearest thousand as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to International Accounting Standard (IAS) 29, *"Financial Reporting in Hyperinflationary Economies"*.

The accompanying consolidated interim financial information is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value if reliable measures are available: derivative financial instruments, financial assets and liabilities held for trading, and available-for-sale assets.

(c) Change in accounting policy

The Group adopted revised standards of IFRS effective from 1 January 2005. The changes have been retrospectively applied in the accompanying consolidated financial statements, the effects of which are disclosed in Note 25.

(d) Accounting in hyperinflationary economies

The financial statements of the entities were restated for the changes in the general purchasing power of the New Turkish Lira based on IAS 29, which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

Significant Accounting Policies *(continued)*

One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Three years inflation rate in Turkey has been 56% as of 30 June 2005, based on the Turkish nation-wide wholesale price indices announced by the Turkish State Institute of Statistics (SIS). However, hyperinflation is also indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power,
- The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency,
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short,
- Interest rates, wages and prices are linked to a price index.

Such indicators of hyperinflation are still valid in Turkey. Consequently, the consolidated financial statements are restated for the changes in the general purchasing power of the New Turkish Lira as of 30 June 2005 based on IAS 29.

At 30 June 2005, the indices and conversion factors used to restate the accompanying consolidated financial statements were as follows:

Date	Index	Conversion factor
30 June 2005	8.677,2	1.000
31 December 2004	8.403,8	1.036
30 June 2004	7.982,7	1.087

The main guidelines for the above-mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date, and components of shareholders’ equity are restated by applying the relevant conversion factors.
- All items in the statement of income are restated by applying the monthly conversion factors except for those deriving from non-monetary items, which are calculated based on the restated values of the related items.
- The effect of inflation on the net monetary position of the Group is included in the statement of income as “Gain/(loss) on monetary position, net”.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

Significant Accounting Policies *(continued)*

(e) Basis of consolidation

(i) Affiliates

Affiliates 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 so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the affiliates are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The table below sets out all the affiliates showing their ownership structures at 30 June 2005:

Name	Direct and indirect ownership by the Group (%)
Doğuş Oto Pazarlama	86.45
Katalonya	50.00
Doğuş Motor Sporları	99.95

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not 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 accounted 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 nil 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 associates and shows their shareholding structure at 30 June 2005:

Name	Direct and indirect ownership by the Group (%)
Yüce Auto (*)	50.00
Doğuş Sigorta Aracılık Hizmetleri AŞ (Doğuş Sigorta)	42.00
VDF Holding AŞ (VDF Holding)	37.73
Volkswagen Doğuş Tüketici Finansmanı AŞ (VDTF)	48.00

(*) Even though the Group has 50% shares in Yüce Auto, it is not jointly controlled, but the Group only exercises a significant influence on the operations of Yüce Auto.

(iii) Jointly controlled entities

Jointly controlled entities are those entities established to develop a project and the Group has joint control over their operations. Jointly controlled entities are accounted under equity method.

The table below sets out all jointly controlled entities and shows their shareholding structure at 30 June 2005:

Name	Direct and indirect ownership by the Group (%)
TÜV Taşıt Muayene İstasyonları Yapım ve İşletim AŞ (TÜV)	33.33
TÜVTURK Güney Taşıt Mayene İstasyonları Yapım ve İşletim AŞ (TÜVTURK)	33.33

Significant Accounting Policies *(continued)*

The partnership established by the Group, Akfen Holding AŞ and TÜV - SÜD Teknik Güvenlik ve Kalite Denetim Ticaret Limited Şirketi obtained the right to render the vehicle inspection services for 20 years by offering USD 613,500,000 for the bid of the "Privatization of Vehicle Inspection Stations" 1st and 2nd Regions led by the Privatization Administration of Turkey. Vehicle Inspection Station services will be performed by TÜV and TÜVTURK, which were established with a share capital of YTL 50 thousand on 21 March 2005 and YTL 50 thousand on 2 May 2005, respectively by the partnership.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Related parties

For the purpose of this report, the Company's ultimate parent company Doğuş Holding AŞ (Doğuş Holding) and all its subsidiaries, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of the business. These transactions were priced predominantly at market rates.

(g) Trade and other receivables

Trade and other receivables are stated at their cost, less impairment losses (see accounting policy (r)).

(h) Inventory

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

(i) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are those that are principally held for the purpose of short-term profit taking. These include investments and derivative contracts that are not designated and effective hedging instruments.

Loans and receivables are created by the Group by providing money directly to a bank. The loan is secured with government securities (Turkish government bonds and treasury bills) acquired under resale agreements with banks.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity.

Significant Accounting Policies *(continued)*

Available-for-sale assets are financial assets that are not held for trading purposes, loans and receivables, or held to maturity. Available-for-sale instruments include equity investments.

(ii) Recognition

Financial assets held for trading and available-for-sale assets are recognised on the date at which the purchase of the assets is committed. From this date any gains and losses arising from changes in fair value of the assets are recognised.

Held-to-maturity instruments and loans and receivables are recognised on the day they are transferred to the Group.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by the Group using available market information and appropriate valuation methodologies. 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 realised 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.

(v) Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair value of trading instruments are recognised in the consolidated statement of income.

Gains and losses arising from changes in the fair value of available-for-sale assets are recognised in the equity.

(vi) Specific instruments

Cash and cash equivalents: Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased.

(j) Derecognition

A financial asset is derecognised when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Significant Accounting Policies *(continued)*

Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Group commits to sell the assets. The specific identification method is used to determine the gain or loss on derecognition.

Held-to-maturity instruments and loans and receivables are derecognised on the day they are transferred by the Group.

(k) Foreign currency transactions

Income and expenses arising in foreign currencies are translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into New Turkish Lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items are included in the consolidated statement of income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into New Turkish Lira at foreign exchange rates ruling at the dates the values were determined and restated for the effects of inflation pursuant to IAS 29.

(l) Reserve for severance payments

Reserve for severance payments represent the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government.

(m) Tangible assets and related depreciation

(i) Owned assets

The costs of the tangible assets are restated for the effects of inflation in YTL units current at the balance sheet date pursuant to IAS 29. Accordingly, tangible assets are carried at restated costs, less accumulated depreciation and impairment losses (see accounting policy (r)).

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalised. Other subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in the consolidated statement of income as an expense as incurred.

(iii) Depreciation

Tangible assets are depreciated over the estimated useful lives of the related assets from the date of purchase or the date of installation, on a straight-line basis.

The estimated useful lives are as follows:

	Years
Buildings	50
Land improvements	10
Machinery and equipment	5-10
Office equipment	10
Motor vehicles	5

Significant Accounting Policies *(continued)*

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.

Expenditures for major renewals and betterment of tangible assets are capitalised and depreciated over the remaining useful lives of the related assets.

(n) Intangible assets

Intangible assets comprise information systems and software. Information systems and software are carried at restated cost for the effects of inflation in YTL current at the balance sheet date, less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition.

Goodwill represents the difference between the acquisition price and the fair value of the assets acquired.

Goodwill arising on a purchase transaction before 31 March 2004 was capitalized and amortized on a straight-line basis over its estimated useful life which was determined as 5 years until 31 December 2004. With the amendment in accounting standards effective from 1 January 2005, amortization of goodwill was terminated; net book value of goodwill is reviewed annually and is adjusted considering any indication of impairment in necessary circumstances.

(o) Warranties

The warranties on automobiles sold by the Group are issued by the producers (Volkswagen, Audi, Porsche, Seat, Scania) where the Group acts as an intermediary between the customers and the producer. The claims of customers from the Group are recognised as warranty expense. The Group recognises the claims from the producers as warranty income and net-off with warranty expense. In some circumstances, the producers do not accept some of these claims and in that case the Group undertakes their cost without reflecting to the customers. 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.

(p) Taxes on income

Taxes on income for the period comprise current tax and the change in the deferred taxes. Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted by the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided, using the liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences relating to goodwill not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. Deferred tax liabilities and assets are recognised when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Group. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Currently enacted or substantially enacted tax rates are used to determine deferred taxes on income.

Deferred tax assets and liabilities relating to an individual consolidated affiliate that reports to a specific tax office are offset against each other in the accompanying consolidated financial statements.

Significant Accounting Policies *(continued)*

(q) Offsetting

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

(r) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Recoverable amount is measured at the higher of net selling price and value in use. In determining an asset's value in use, the Group uses, among other things, a discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in the consolidated statement of income.

(s) Capital increases

Pro-rata capital increases to existing shareholders are accounted for at par value as approved.

(t) Dividends

Dividends receivable are recognised as income in the period when they are declared and dividends payable are recognised as an appropriation of profit in the period in which they are declared.

(u) Revenue recognition

Revenue is recognised on an accrual basis at the time deliveries or acceptances are made, and measured at the fair value of the consideration received or receivable. When the invoiced value effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. Sales represent the invoiced value of goods shipped less sales discounts and returns.

Index for the notes to the consolidated financial statements:

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

1 Net sales

For the six-month periods ended 30 June, net sales comprised the following:

	30 June 2005	**30 June 2004**
Domestic sales	1,060,002	1,328,826
Export sales	3,179	5,392
Sales return (-)	(3,924)	(3,343)
Sales discounts (-)	(33,571)	(15,124)
Other sales reductions (-)	(37,316)	(5,475)
Net sales	**988,370**	**1,310,276**

2 Other operating income

For the six-month periods ended 30 June, other operating income comprised the following:

	30 June 2005	**30 June 2004**
Net commission income	800	378
Gain on sales of tangible assets	455	196
Other income	4,027	1,086
Total	**5,282**	**1,660**

3 Other operating expense

For the six-month periods ended 30 June, other operating expense comprised the following:

	30 June 2005	**30 June 2004**
Warranty expense	7,265	2,256
Provision for legal exposures	710	2,059
Loss on sale of investments	-	5,848
Other expense	998	561
Total	**8,973**	**10,724**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

4 Net financing income/(cost)

For the six-month periods ended 30 June, net financing income and costs comprised the following:

	30 June 2005	**30 June 2004**
Foreign exchange gain/(loss), net	6,869	(1,969)
Interest income on debt securities and bank deposits	1,105	1,769
Letters of guarantee expense	(4,820)	(4,750)
Interest on borrowings	(541)	(1,591)
Interest charge on credit purchases	(282)	(1,676)
Other financing income/(costs), net	(368)	74
Total	**1,963**	**(8,143)**

5 Taxes on income

In accordance with the Law No. 5035, announced on 2 January 2004 which made changes in certain laws, the corporation tax rate that was applied on the income of the year 2004 is determined as 33%. All taxable income earned after 31 December 2004 is again be taxed at a rate of 30%.

However, there is an additional tax computed only on the amounts of dividend distribution to individuals and is accrued only at the time of such payments. For publicly traded companies, the rate of this withholding tax is determined as 10%. According to the amendments in tax legislations, which are effective from 24 April 2003, no income tax withholding is calculated over the dividends that are distributed to the shareholders from the profits of the prior years between 1999 and 2002 if these profits are exempted from corporation tax bases of the corporate.

In Turkey, the tax legislation does not permit a parent company and its affiliates to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for 5 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.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

5 Taxes on income *(continued)*

The total taxation charge is different than the amount computed by applying the statutory tax rate to profit before taxation as shown in the following reconciliation for the six-month periods ended 30 June:

	30 June 2005	%	30 June 2004	%
Reported profit before taxation	60,024		85,823	
Taxes on income per statutory tax rate	18,007	*30.0*	28,321	*33.0*
Effect of permanent differences on consolidation adjustments	100	*0.2*	807	*0.9*
Non-taxable income	(1,431)	*(2.4)*	(961)	*(1.1)*
Disallowable expenses	4,159	*6.9*	7,779	*9.1*
Effect of change in tax rate	-	-	(559)	*(0.7)*
Total taxation charge	**20,835**	***34.7***	**35,387**	***41.2***

For the six-month periods ended 30 June, taxation charges comprised the following:

	30 June 2005	30 June 2004
Current tax charge	19,946	25,441
Deferred tax charge	889	9,946
Total	**20,835**	**35,387**

6 Related party disclosures

As of 30 June 2005 and 31 December 2004, amounts due from related parties were as follows:

	30 June 2005	31 December 2004
Due from related parties		
Yüce Auto	2,942	-
Doğuş Yapı Sanayi AŞ	720	6
VDF Otomotiv Servis ve Ticaret AŞ (VDF Otomotiv)	463	2,293
Türkiye Garanti Bankası AŞ (Garanti Bank)	179	-
VDTF	140	12
Diğer	161	632
Total	**4,605**	**2,943**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

6 Related party disclosures *(continued)*

As of 30 June 2005 and 31 December 2004, amounts due to related parties were as follows:

	30 June 2005	31 December 2004
Due to related parties		
Doğuş Holding	382	2,196
Antur Turizm AŞ	152	3
Doğuş Grubu İletişim Yayıncılık ve Ticaret AŞ	136	50
NTV Haber Ajansı Reklam ve Ticaret AŞ	93	89
Tansaş Perakende Mağazacılık Ticaret AŞ	40	129
Doğuş İnşaat Sanayi ve Ticaret AŞ (Doğuş İnşaat) (*)	38	12,460
Garanti Faktoring Hizmetleri AŞ (**)	33	10,327
Other	72	392
Total	**946**	**25,646**

(*) As of 31 December 2004, payables to Doğuş İnşaat amounting to YTL 12,460 thousand (equivalent of USD 9,000,000) represent borrowings obtained from Doğuş İnşaat on 31 December 2004, with a maturity date of 7 January 2005 and an annual interest rate of 1.5%.

(**) As of 31 December 2004, payables to Garanti Faktoring Hizmetleri AŞ amounting to YTL 10,327 thousand are related with the factoring transactions made.

During the six-months periods ended 30 June, the total amount of transactions entered into with related companies were as follows:

	30 June 2005	30 June 2004
Product sales	2,820	-
Service sales	199	1,528
Financial income	5	1,400
Other sales	947	297
Total	**3,971**	**3,225**
Services rendered	(5,779)	(8,071)
Financial expenses	(568)	(1,195)
Other purchases	-	(947)
Total	**(6,347)**	**(10,213)**

As of 30 June 2005 and 31 December 2004, the Group's balances at Garanti Bank are as follows:

	30 June 2005	31 December 2004
Deposits	4,028	51,757
Credit card receivables	2,690	2,644
Total	**6,718**	**54,401**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

7 Tangible assets, net

The movement of tangible assets and related accumulated depreciation during the six-month period ended 30 June 2005 was as follows:

Cost	1 January 2005	Additions	Disposals	30 June 2005
Land and land improvements	46,921	-	-	46,921
Buildings	41,846	-	-	41,846
Machinery and equipment	5,716	718	-	6,434
Motor vehicles	11,599	2,108	(1,261)	12,446
Furniture and fixtures	25,282	350	-	25,632
Leasehold improvements	20,635	481	-	21,116
Construction in progress	776	230	-	1,006
	152,775	**3,887**	**(1,261)**	**155,401**
Accumulated depreciation				
Land and land improvements	(6,939)	(1,096)	-	(8,035)
Buildings	(11,643)	(1,679)	-	(13,322)
Machinery and equipment	(3,522)	(242)	-	(3,764)
Motor vehicles	(7,005)	(791)	1,187	(6,609)
Furniture and fixtures	(13,814)	(1,253)	-	(15,067)
Leasehold improvements	(6,198)	(1,036)	-	(7,234)
	(49,121)	**(6,097)**	**1,187**	**(54,031)**
Net book value	**103,654**			**101,370**

8 Intangible assets, net

The movement of intangible assets and related accumulated amortisation during the six-month period ended 30 June 2005 was as follows:

Cost	1 January 2005	Additions	Impairment	Transfers	30 June 2005
Software costs	5,889	-	-	(5,889)	-
Goodwill	154	-	(154)	-	-
Other intangibles	2,063	220	-	5,889	8,172
	8,106	**220**	**(154)**	**-**	**8,172**
Accumulated amortisation					
Other intangibles	(1,354)	(223)	-	-	(1,577)
	(1,354)	**(223)**	**-**	**-**	**(1,577)**
Net book value	**6,752**				**6,595**

Software costs comprised the expenditures for the development of the new software to be used in the accounting and operations. Related expenditures were transferred to “other intangibles” account during the period since the development has been completed.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

9 Investments in associates

As of 30 June 2005 and 31 December 2004, investments in associates and joint ventures and the Group's ownership interest were as follows:

	30 June 2005		31 December 2004	
	Carrying Value	**Ownership %**	**Carrying Value**	**Ownership %**
Investment in associates				
Yüce Auto	4,674	*50*	4,294	*50*
VDTF	5,370	*48*	3,441	*48*
VDF Holding	8,278	*38*	3,331	*38*
Doğuş Sigorta	1,164	*42*	1,234	*42*
	19,486		**12,300**	
Joint ventures				
TÜV	17	*33*	-	-
TÜVTURK	17	*33*	-	-
Investment commitment to TÜVTURK	(17)		-	
Capital advances given	3,293		-	
	3,310		**-**	
Total	**22,796**		**12,300**	

The movements of investments in associates during the six-month period ended 30 June 2005 and the year ended 31 December 2005 was as follows:

	30 June 2005	**31 December 2004**
Balance at the beginning of the period/year	12,300	11,000
Acquisition of shares	17	295
Capital advances given	3,293	-
Income from associates	7,186	1,005
Balance at the end of the period/year	**22,796**	**12,300**

10 Other investments

Equity securities available-for-sale

As of 30 June 2005 and 31 December 2004, equity securities available-for-sale comprised the following:

	30 June 2005		31 December 2004	
	Carrying Value	**Ownership %**	**Carrying Value**	**Ownership %**
Doğuş Holding	140,711	*3,98*	111,910	*3,98*
Total	**140,711**		**111,910**	

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

10 Other investments *(continued)*

Available-for-sale investments do not have quoted market prices in an active market. The fair value of Doğuş Holding shares is estimated by the Group using available market information and appropriate valuation methodology.

11 Other non-current assets

As of 30 June 2005 and 31 December 2004, other non-current assets comprised the following:

	30 June 2005	31 December 2004
Advances given	3,404	3,404
Other	26	26
Total	**3,430**	**3,430**

The Group has made an advance payment to Doğuş Holding amounting to YTL 3,404 thousand (31 December 2004: YTL 3,404 thousand) for the purchase of land owned by Doğuş Holding in Gebze. Since the ownership of the land has not yet been transferred to the Group due to unresolved law suits between Doğuş Holding and the lessee, the asset was not recognized in tangible assets and classified in other non-current assets as advances given in the accompanying consolidated financial statements.

12 Inventories

As of 30 June 2005 and 31 December 2004, inventories comprised the following:

	30 June 2005	31 December 2004
Goods in transit (*)	207,995	298,363
Merchandise stocks – automobiles	53,565	55,739
Merchandise stocks – spare parts	34,755	20,561
Advances given	-	5,448
Other	293	50
Total	**296,608**	**380,161**

(*) Goods in transit comprise automobiles and spare parts, risk and rewards of which are transferred to the Group.

13 Trade receivables, net

As of 30 June 2005 and 31 December 2004, trade receivables comprised the following:

	30 June 2005	31 December 2004
Trade receivables	73,281	76,055
Notes receivable	2,148	4,128
Total trade receivables	75,429	80,183
Less: Allowance for doubtful receivables	(8)	(8)
Trade receivables, net	**75,421**	**80,175**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

14 Other current assets

As of 30 June 2005 and 31 December 2004, other current assets comprised the following:

	30 June 2005	31 December 2004
Warranty claims	24,714	13,109
Prepaid expenses	2,145	4,384
Insurance receivables	3,199	2,117
Value added tax (VAT) receivable	1,338	1,049
Prepaid tax	-	1,763
Other	1,552	2,931
Total	**32,948**	**25,353**

15 Cash and cash equivalents

As of 30 June 2005 and 31 December 2004, cash and cash equivalents comprised the following:

	30 June 2005	31 December 2004
Cash on hand	50	17
Cash at banks:		
- demand deposits	4,867	18,240
- credit card receivables	4,393	4,126
- time deposits / reverse repo	1,613	51,234
Total	**10,923**	**73,617**

As of 30 June 2005, YTL 139 thousand (2004: YTL 190 thousand) of cash at banks amount is blocked against letter of guarantee obtained from a related bank.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

16 Capital and reserves

16.1 Movement in capital, reserves and minority interest

			Reserves						
	Issued capital	**Treasury stock**	**Fair value reserves**	**Legal reserves**	**Total reserves**	**Retained earnings**	**Total**	**Minority interest**	**Total shareholders' equity**
Balances at 1 January 2004	137,445	(283)	3,988	13,510	17,498	134,565	289,225	9,290	298,515
Transfer to legal reserves	-	-	-	5,524	5,524	(5,524)	-	-	-
Dividends paid	-	-	-	-	-	(58,373)	(58,373)	-	(58,373)
Change in fair value of									-
securities available-for-sale	-	-	(1,299)	-	(1,299)	-	(1,299)	-	(1,299)
Change in minority interest	-	-	-	-	-	-	-	867	867
Net profit for the period	-	-	-	-	-	49,569	49,569	-	49,569
Balances at 30 June 2004	**137,445**	**(283)**	**2,689**	**19,034**	**21,723**	**120,237**	**279,122**	**10,157**	**289,279**
Change in fair value of securities available-for-sale	-	-	15,725	-	15,725	-	15,725	-	15,725
Change in minority interest	-	-	-	-	-	-	-	(1,416)	(1,416)
Net profit for the period	-	-	-	-	-	10,682	10,682	-	10,682
Balances at 31 December 2004	**137,445**	**(283)**	**18,414**	**19,034**	**37,448**	**130,919**	**305,529**	**8,741**	**314,270**
Transfer to legal reserves				5,301	5,301	(5,301)	-	-	-
Dividends paid	-	-	-	-	-	(35,666)	(35,666)	-	(35,666)
Change in fair value of securities available-for-sale	-	-	28,800	-	28,800	-	28,800	-	28,800
Change in minority interest	-	-	-	-	-	-	-	(1,328)	(1,328)
Net profit for the period	-	-	-	-	-	40,517	40,517	-	40,517
Balances at 30 June 2005	**137,445**	**(283)**	**47,214**	**24,335**	**71,549**	**130,469**	**339,180**	**7,413**	**346,593**

16.2 Paid-in capital

The paid-in share capital of the Company comprises 110.000.000.000 units of registered shares with a nominal value of YKr 0,1 each. There is no different type of share and no privilege given to specific shareholders.

At 30 June 2005 and 31 December 2004, the composition of the Company's shareholding structure was as follows:

	30 June 2005		31 December 2004	
	Shareholding (%)	Number of shares (Million)	Shareholding (%)	Number of shares (Million)
Doğuş İnşaat	35.4	38.892	35.4	38.892
Publicly traded	34.5	37.950	34.5	37.950
Somtaş Tarım ve Ticaret AŞ	19.9	21.955	19.9	21.955
Doğuş Yapı Sanayi AŞ (Doğuş Yapı)	10.0	10.977	10.0	10.977
Katalonya	0.2	225	0.2	225
Other	0.0	1	0.0	1
Total paid-in capital	**100.0**	**110.000**	**100.0**	**110.000**

16.3 Legal reserves

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

17 Earnings per lot share and dividend pay-out

17.1 Earnings per lot share

Earnings per lot share, which represents one-thousand shares, is calculated by dividing net income for the period by the weighted average number of lot shares of the Company during the period. For the six-month periods ended 30 June, earnings per lot share computation is as follows:

	30 June 2005	30 June 2004
Net profit	40,517	49,569
Weighted average number of lot shares	110,000,000	110,000,000
Earnings per lot share (YTL Full)	**0.3683**	**0.4506**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

17 Earnings per lot share and dividend pay-out *(Continued)*

17.2 Dividend payout

In accordance with the declaration of CMB dated 25 February 2005 and numbered 7/242, the companies which are subject to CMB regulations should distribute their profit stated in their financial statements prepared in accordance with CMB regulations at the minimum level set by the CMB if such minimum distributable profit is covered by the profit in the statutory financial statements. If the minimum distributable profit is not covered by the profit in the statutory financial statements, all profit in the statutory financial statements should be distributed. If the net result for the period in either of the financial statements prepared in accordance with CMB regulations or the statutory financial statements is loss, no profit distribution should be made.

According to the same legislation, the profits of the affiliates, the financial statements of which are consolidated in accordance with communique Serial:XI No:25, should be considered during profit distribution of the parent company if dividend distribution is approved in the general assembly of such affiliates. The maximum amount of profits of affiliates that may be subject to profit distribution is the profit amount included in the consolidated financial statements of the parent company.

CMB determined minimum profit distribution rate as 30% for periods ending on or after 31 December 2004. In accordance with the resolutions of the general assemblies of the companies, this profit distribution can be made as cash or non-cash (stock dividend). The profit distribution can also be made as certain percentage being cash and the remaining percentage being in the form of stock dividends.

According to the article 24 of the Articles of Association of the Company, the Company should distribute minimum amount of 50% profit for 5 years starting from 2004, the date when the Company’s shares were initially traded in the İstanbul Stock Exchange.

According to the Resolution of the General Assembly held on 21 April 2005, the Company distributed dividends amounting to YTL 34,967 thousand to shareholders and YTL 699 thousand to members of the Board of Directors out of the net profit for the year 2004, in accordance with the Article 24 of the Articles of Association.

18 Bank borrowings

As of 30 June 2005 and 31 December 2004, bank borrowings comprised the following:

	30 June 2005		31 December 2004	
Short-term borrowings:	**Effective interest rate (%)**	**Amount**	**Effective interest rate (%)**	**Amount**
YTL borrowings	-	3,962	-	4,416
Short-term portion of long-term borrowings:				
Foreign currency borrowings (EUR)	2.8%-3.1%	10,973	2.8%-3.0%	17,199
Total short-term borrowings		**14,935**		**21,615**
Long-term borrowings:				
Foreign currency borrowings (EUR)	2.8%-3.1%	8,545	2.8%-3.0%	13,051
Total long-term borrowings		**8,545**		**13,051**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

19 Trade payables

As of 30 June 2005 and 31 December 2004, trade payables comprised the following:

	30 June 2005	**31 December 2004**
Volkswagen Group	207,677	307,952
Audi AG	36,121	39,458
Seat SA	20,608	19,315
Scania CV AB	13,630	11,020
Krone GmbH	1,498	-
Other	15,699	18,822
Total trade payables	**295,233**	**396,567**

20 Reserve for severance payments

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for other reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of YTL 1.65 thousand per year of employment at the rate of pay applicable at the date of retirement or termination.

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

The reserve has been calculated by estimating the present value of future probable obligation of the Company and its affiliates arising from the retirement of the employees.

International Accounting Standard No. 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation.

Assumptions used in the calculation of provision are as follows:

	30 June 2005	**31 December 2004**
Discount rate	5,45%	5,45%
Ratio of the retirement probability	94,87%	92,21%

The movements of the provision for employment termination benefits were as follows:

	30 June 2005	**31 December 2004**
Balance at the beginning of the period/year	1,938	3,405
Inflation effect on opening balance	(61)	(415)
Effect of change in discount rate	-	(924)
Provision for the period/year	691	362
Paid during the period/year	(262)	(490)
Balance at the end of the period / year	**2,306**	**1,938**

At 30 June 2005, the number of personnel was 1,250 (31 December 2004: 1,037).

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

21 Taxes payable and deferred taxes

As of 30 June 2005 and 31 December 2004, taxes payable on income comprised the following:

	30 June 2005	31 December 2004
Provision for current taxes	19,946	32,791
Less: Prepaid taxes	(8,747)	(26,470)
Taxes payable on income	**11,199**	**6,321**

Deferred income tax is provided, using the liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for permanent differences not deductible for tax purposes and initial recognition of assets and liabilities which effect neither accounting nor taxable profit.

Deferred tax assets and liabilities are attributable to the items detailed in the table below:

	30 June 2005		31 December 2004	
	Deferred tax		Deferred tax	
	Assets	Liabilities	Assets	Liabilities
Tax losses	1,839	-	601	-
Warranty provision, net	870	-	934	-
Severance pay liability	694	-	583	-
Effect of depreciation differences	-	(6,761)	-	(4,340)
Others	753	(33)	517	(99)
Total deferred tax assets/(liabilities)	4,156	(6,794)	2,635	(4,439)
Amount netted off	(1,991)	1,991	(343)	343
Total deferred tax assets/(liabilities)	**2,165**	**(4,803)**	**2,292**	**(4,096)**

22 Other current liabilities

As of 30 June 2005 and 31 December 2004, other current liabilities comprised the following:

	30 June 2005	31 December 2004
VAT and withholding taxes payable	6,286	8,126
Warranty provision	2,902	3,115
Provision for legal exposure	2,511	1,860
Accrued expenses	1,158	2,411
Advances from customers	88	3,156
Other	67	415
Total	**13,012**	**19,083**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

23 Fair value information

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

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

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

- The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to carrying value.
- The fair values of cash, amounts due from banks and other monetary assets are considered to approximate their respective carrying values due to their short-term nature.
- The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.
- The fair values of funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- Trading liabilities have been estimated at their fair values.
- Long-term borrowings, which are denominated in foreign currencies at variable rates, are translated at period-end exchange rates and accordingly their fair values approximate their carrying values.

24 Commitments and contingencies

24.1 Letters of guarantee and sureties given

As of 30 June 2005 and 31 December 2004, letters of guarantee and sureties given comprised the following:

	30 June 2005	**31 December 2004**
Letters of guarantees given		
Volkswagen AG and Audi AG	379,925	245,210
Seat SA	24,752	28,293
Scania CV AB	4,042	4,716
Custom Offices	2,402	2,315
Other	7,927	1,917
Total	**419,048**	**282,451**

Letters of guarantee are given for imports of spare parts and automobiles. As of 30 June 2005 and 31 December 2004, none of the letters of guarantee was given to related parties.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

24 Commitments and contingencies (*continued*)

	30 June 2005	31 December 2004
Sureties given		
• *Syndication - club loan (*)*		
Doğuş Holding	100,598	103,932
• *Bridge loan (**)*		
Doğuş Holding	20,120	39,494
Doğuş İnşaat	-	6,513
• *Other*		
Yüce Auto	51,897	52,415
Doğuş Holding	10,060	27,715
Doğuş İnşaat	6,707	27,715
Doğuş Yapı	-	1,386
Total	**189,382**	**259,170**

(*) Sureties given to Doğuş Holding-club loan represent the guarantee given on behalf of Doğuş Holding for a club loan amounting to USD 75 million.

(**) Sureties given to Doğuş Holding and Doğuş İnşaat represent bridge loans in cash utilised by the Group from various banks and given to Doğuş Holding and Doğuş İnşaat with the same terms for currency types, maturities and interest rates.

As of 30 June 2005 and 31 December 2004, all of the sureties were given to related parties.

TÜV has signed an agreement with ABN Amro Bank NV and Bayerische Hypo-und Vereinsbank AG for arranging financial source amounting to USD 552 million and for authorizing these banks to structure and arrange such financing. The Company has been a party to this agreement as a guarantor for 33.3% of the total liability. However, the loan has not been used as of 30 June 2005, and accordingly guarantee has not begun yet.

24.2 Letters of guarantee and sureties taken

	30 June 2005	31 December 2004
Letters of guarantee taken		
Independent dealers	104,463	122,692
Total	**104,463**	**122,692**

As of 30 June 2005, YTL 39,610 thousand (31 December 2004: YTL 37,353 thousand) of the total amount of the letters of guarantee taken from independent dealers were given by a related partiy (Garanti Bankası).

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

24 Commitments and contingencies (*continued*)

	30 June 2005	31 December 2004
Sureties taken		
Doğuş Holding	410,005	323,118
Yüce Auto	80	83
Total	**410,085**	**323,201**

As of 30 June 2005 and 31 December 2004, all of the sureties were taken from related parties.

24.3 Information on Litigation about the Jointly Controlled Entities

The ultimate status of the bid of "Privatization of Vehicle Inspection Stations" led by the Privatization Administration of Turkey which is directly related to TÜV and TÜVTURK depends on the contract that will be signed between jointly controlled entities of the Group and the Privatization Administration. This contract can be built up pursuit to sentence of the Council of State of Turkish Republic at the lawsuit about "Privatization of Vehicle Inspection Stations" and the mutual agreement between the parties afterwards.

25 Change in accounting policies

As of 1 January 2005, the Group adopted revised standards of IFRS. These changes have been accounted by adjusting the previous years' results.

The changes accounted for are as follows:

- goodwill is no longer amortized, but instead reviewed annually for impairment,
- the minority interest is reclassified to shareholders' equity,
- the changes in fair value of available-for-sale portfolio over its amortised cost are reclassified as a separate component of shareholders' equity.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

25 Change in accounting policies *(continued)*

The accompanying consolidated financial statements have been retrospectively restated to reflect the effects of the accounting policy changes. The effects of the amendments on the related accounts of the accompanying consolidated financial statements are as follows:

	Fair value reserve	Legal reserves	Retained earnings	Net income
Reported balances as of 1 January 2004	**-**	**13,510**	**138,553**	**-**
Reclassification of net market gains on available-for-sale securities	3,988	-	(3,988)	-
Adjusted balances as of 1 January 2004	**3,988**	**13,510**	**134,565**	**-**
Reported net income for the six-month period ended 30 June 2004	-	-	-	48,270
Net change in fair value reserve	(1,299)	-	-	1,299
Transfer to legal reserves	-	5,524	(5,524)	-
Dividend payment	-	-	(58,373)	-
Adjusted balances as of 30 June 2004	**2,689**	**19,034**	**70,668**	**49,569**
Reported net income for the six-month period ended 31 December 2004	-	-	-	26,407
Net change in fair value reserve	15,725	-	-	(15,725)
Adjusted balances as of 31 December 2004	**18,414**	**19,034**	**70,668**	**60,251**

The Group had recognized the gains and losses arising from the change in the fair value of available-for-sale assets and the related tax effect in the statement of income before the amendment, whereas related gains and losses and its tax effect have been reflected within "Fair Value Reserve" under equity after the amendment.

26 Risk management disclosures

26.1 Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

26.2 Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counterparty.

26.3 Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes at the translation of foreign currency denominated assets and liabilities to New Turkish Lira. These risks are monitored and limited by the analysis of foreign currency position.

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

26 Risk management disclosures *(Continued)*

As at 30 June 2005 and 31 December 2004, monetary assets and liabilities denominated in foreign currencies held by the Group were as follows:

	30 June 2005		**31 December 2004**	
Monetary foreign currency assets:	**Original Amount**	**YTL Equivalent**	**Original Amount**	**YTL Equivalent**
Cash and cash equivalents				
EURO	2,697,320	4,361	10,645,429	20,080
USD	388,757	521	10,708,244	14,838
SEK	-	-	10,110	3
GBP	-	-	1,010	2
		4,882		**34,923**
Goods in transit				
EURO	127,861,224	**206,713**	157,036,353	**296,205**
Trade receivables and other current assets				
EURO	15,286,695	24,714	9,393,471	17,717
USD	92,653	124	600,997	832
		24,838		**18,549**
Total monetary foreign currency assets		**236,433**		**349,677**
Monetary foreign currency liabilities:				
Bank borrowings				
EURO	12,073,224	19,518	16,037,248	30,250
		19,518		**30,250**
Trade payables and other liabilities				
EURO	174,832,907	282,652	201,220,753	379,547
USD	-	-	10,518,864	14,576
SEK	-	-	142,513	30
		282,652		**394,153**
Total monetary foreign currency liabilities		**302,170**		**424,403**
Net foreign currency open position		**(65,737)**		**(74,726)**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

26 Risk management disclosures *(continued)*

26.4 Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from lenders.

As at 30 June 2005 and 31 December 2004, the maturity profiles of monetary assets and liabilities are summarized as follows:

	30 June 2005					
	0 to 1 month	**1 to 3 months**	**3 to 6 months**	**6 to12 months**	**Over 1 year**	**Total**
Monetary assets						
Other non- current assets	-	-	-	-	3,430	3,430
Deferred tax asset	-	-	-	-	2,165	2,165
Due from related parties	-	4,605	-	-	-	4,605
Trade receivables	73,576	321	409	1,115	-	75,421
Other current assets	6,123	26,825	-	-	-	32,948
Cash and cash equivalents	10,923	-	-	-	-	10,923
Total monetary assets	**90,622**	**31,751**	**409**	**1,115**	**5,595**	**129,492**
Monetary liabilities						
Long term bank borrowings	-	-	-	-	8,545	8,545
Reserve for severance pay	-	-	-	-	2,306	2,306
Deferred tax liability	-	-	-	-	4,803	4,803
Due to related parties	946	-	-	-	-	946
Short term bank borrowings	5,691	3,819	1,013	4,412	-	14,935
Trade payables	38,930	123,224	115,214	17,865	-	295,233
Other current liabilities	6,391	6,621	-	-	-	13,012
Taxes payable	-	11,199	-	-	-	11,199
Total monetary liabilities	**51,958**	**144,863**	**116,227**	**22,277**	**15,654**	**350,978**

(Currency: Thousands of New Turkish Lira (YTL) as adjusted for the effects of inflation in YTL units current at 30 June 2005 pursuant to IAS 29, unless otherwise stated)

26 Risk management disclosures *(continued)*

	31 December 2004					
	0 to 1 month	1 to 3 months	3 to 6 months	6 to12 months	Over 1 year	Total
Monetary assets						
Other non- current assets	-	-	-	-	3,430	3,430
Deferred tax asset	-	-	-	-	2,292	2,292
Due from related parties	-	2,943	-	-	-	2,943
Trade receivables	65,981	14,194	-	-	-	80,175
Other current assets	7,860	17,493	-	-	-	25,353
Cash and cash equivalents	73,617	-	-	-	-	73,617
Total monetary assets	**147,458**	**34,630**	**-**	**-**	**5,722**	**187,810**
Monetary liabilities						
Long-term bank borrowings	-	-	-	-	13,051	13,051
Reserve for severance pay	-	-	-	-	1,938	1,938
Deferred tax liability	-	-	-	-	4,096	4,096
Due to related parties	25,646	-	-	-	-	25,646
Short-term bank borrowings	4,416	9,462	2,858	4,879	-	21,615
Trade payables	20,175	246,745	26,905	102,742	-	396,567
Other current liabilities	7,805	11,278	-	-	-	19,083
Taxes payable	-	6,321	-	-	-	6,321
Total monetary liabilities	**58,042**	**273,806**	**29,763**	**107,621**	**19,085**	**488,317**

26.5 Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

Considering the foreign currency short position and the foreign currency denominated goods in transit, it is estimated that a general decrease of one percentage point in the value of the New Turkish Lira against other foreign currencies would decrease the Group's profit before tax by approximately YTL 657 thousand for the six-month period ended 30 June 2005.

Appendix I

Doğuş Otomotiv Servis ve Ticaret A.Ş. and Its Affiliates
Supplementary Information
Convenience Translation to US Dollar
30 June 2005

US Dollar ("USD") amounts shown in the consolidated statement of income and consolidated balance sheet on the following pages have been included solely for the convenience of the reader. For the current period's financial statements, US Dollar amounts are translated from YTL financial statements as adjusted for the effects of inflation in YTL units current at 30 June 2005 using the official YTL exchange rate of 1.3413 YTL/USD prevailing on 30 June 2005. For the prior period's financial statements, US Dollar amounts are translated from YTL balance sheet as adjusted for the effects of inflation in YTL units current at 31 December 2004 and YTL statement of income as adjusted for the effects of inflation in YTL units current at 30 June 2004 using the official YTL exchange rates of 1.3421 YTL/USD prevailing on 31 December 2004 and 1.485911 YTL/USD prevailing on 30 June 2004, respectively.

Such translation should not be construed as a representation that the YTL amounts have been converted into USD pursuant to the requirements of IFRS or Generally Accepted Accounting Principles in the United States of America or in any other country.

Appendix I.1

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Statement of Income
For the six months period ended 30 June 2005

(Currency: Thousand of US Dollars as translated from New Turkish Lira)

	30 June 2005	30 June 2004
Net sales	736.875	811.228
Cost of sales	(637.762)	(704.933)
Gross profit	**99.113**	**106.295**
General and administrative expenses	(28.941)	(18.383)
Selling and marketing expenses	(29.407)	(25.257)
Other operating income	3.938	1.028
Other operating expense	(6.690)	(6.639)
Profit from operations	**38.013**	**57.044**
Net financing income/(cost)	1.464	(5.041)
Share of profit of associates	5.357	208
Profit before monetary position	**44.834**	**52.211**
Gain/(loss) on monetary position, net	(84)	926
Profit before taxation	**44.750**	**53.137**
Taxation charge	(15.533)	(21.909)
Profit for the period	**29.217**	**31.228**
Attributable to:		
Equity holders of the parent	30.207	30.691
Minority interest	(990)	537
Profit for the period	**29.217**	**31.228**

Doğuş Otomotiv Servis ve Ticaret AŞ and Its Affiliates

Consolidated Balance Sheet as of 30 June 2005

(Currency: Thousand of US Dollars as translated from New Turkish Lira)

	30 June 2005	31 December 2004
Assets		
Tangible assets, net	75.576	74.800
Intangible assets, net	4.917	4.872
Investments in associates	16.995	8.876
Equity securities available for sale	104.906	80.758
Other non-current assets	2.557	2.475
Deferred tax assets	1.615	1.654
Total non-current assets	**206.566**	**173.435**
Due from related parties	3.433	2.124
Inventories	221.135	274.335
Trade receivables, net	56.230	57.856
Other current assets	24.564	18.295
Cash and cash equivalents	8.144	53.124
Total current assets	**313.506**	**405.734**
Total assets	**520.072**	**579.169**
Shareholders' equity and liabilities		
Issued capital	102.471	99.184
Treasury stocks	(211)	(204)
Reserves	53.343	27.022
Retained earnings	97.271	94.474
Total shareholders' equity attributable to equity holders of the parent company	**252.874**	**220.476**
Minority interest	**5.528**	**6.310**
Total shareholders' equity	**258.402**	**226.786**
Liabilities		
Bank borrowings, long-term	6.371	9.418
Reserve for severance payments	1.719	1.398
Deferred tax liabilities	3.581	2.956
Total non-current liabilities	**11.671**	**13.772**
Due to related parties	705	18.507
Bank borrowings, short-term	11.135	15.598
Trade payables	220.110	286.174
Other current liabilities	9.700	13.771
Taxes payable	8.349	4.561
Total current liabilities	**249.999**	**338.611**
Total shareholders' equity and liabilities	**520.072**	**579.169**