



2009 Annual Report



ALARKO HOLDING A.Ş.

ALARKO CENTER

Muallim Naci Cad. No: 69
34347 Ortaköy, İstanbul/TÜRKİYE
Phone: (90 212) 310 33 00 - 227 52 00 Pbx
Fax: (90 212) 260 71 78 - 227 04 27
web: www.alarko.com.tr
e-mail: info@alarko.com.tr

ANKARA OFFICE

Sedat Simavi Sokak. No: 48
06550 Çankaya, Ankara/TÜRKİYE
Phone: (90 312) 440 79 10 Pbx
Fax: (90 312) 440 79 30

İZMİR OFFICE

Şehit Fethi Bey Cad. No: 55 Kat: 13
35210 Pasaport, İzmir/TÜRKİYE
Phone: (90 232) 483 25 60 Pbx
Fax: (90 232) 441 55 13

ADANA OFFICE

Ziyapaşa Bulvarı Çelik Apt. No: 19/5-6
Kat: 1 01130 Adana/TÜRKİYE
Phone: (90 322) 457 62 23 Pbx
Fax: (90 322) 453 05 84

ANTALYA OFFICE

Metin Kasapoğlu Cad.
Küçük Kaya Sitesi A Blok No: 7 Kat: 2
07160 Antalya/TÜRKİYE
Phone : (90 242) 322 00 29 - 322 66 64 Pbx
Fax: (90 242) 322 87 66



Dr. Üzeyir Garih
1929-2001

WE WILL ALWAYS
REMEMBER YOU WITH
LOVE AND RESPECT...



ALARKO HOLDING A.Ş.



ANNUAL REPORT 2009

May 18, 2010
General Assembly Meeting
2009 Fiscal Year

Registered Capital
TL 500.000.000

Issued Capital
TL 223.467.000

C O N T E N T S

	page	
<u>Message from the Chairman</u>	05	
	06	<u>The Board of Directors and Statutory Auditors of Alarko Holding A.Ş.</u>
<u>The Alarko Group of Companies</u>	08	
	10	<u>General Organization</u>
<u>Management Staff</u>	12	
	14	<u>Agenda of the Ordinary General Assembly</u>
<u>Board of Directors' Annual Report</u>	15	
	17	<u>Capital and Percentage of Shareholdings in Subsidiaries and Participations</u>
<u>Earnings from Subsidiaries and Equity Participations</u>	18	
	19	<u>Subsidiaries of Alarko Group</u>
<u>Contracting Group</u>	20	
	24	<u>Industry and Trade Group</u>
<u>Energy Group</u>	28	
	30	<u>Tourism Group</u>
<u>Land Development Group</u>	34	



	page	
	36	<u>Seafood Products Group</u>
<u>Business Volume and Perspectives for 2010</u>	38	
	39	<u>Taxes Paid and Personnel Expenses</u>
<u>Developments During the Last Five Years</u>	40	
	41	<u>Basic Ratios and Other Information</u>
<u>Social & Industrial Activities</u>	42	
	43	<u>Report on Compliance with Corporate Governance Principles</u>
<u>Üzeyir Garih's View</u>	49	
	50	<u>Independent Auditors' Report</u>
<u>Consolidated Financial Statements</u>	52	
	57	<u>Notes to the Consolidated Financial Statements</u>
<u>Profit Distribution Recommendation</u>	104	
	105	<u>Statutory Auditors' Report</u>
<u>Conclusion</u>	106	





MESSAGE FROM THE CHAIRMAN



Esteemed Shareholders,

In year 2009, the Turkish economy underwent a series of adversities. However, compared to other countries, some rather satisfactory results were also attained.

When the global crisis broke in September 2008, the Turkish economy was going through rapid development. Some sectors were seriously affected by the crisis. The most important negative impact was observed in rising unemployment. Today, the priority of the Turkish economy is to accelerate the momentum in creating new employment possibilities that will solve this important problem.

We, as the ALARKO Group of Companies, are contributing, as much as possible, to creating new job possibilities.

To give a few examples:

At the end of 2009, we took over the MERAM Energy Distribution Company covering Konya and the surrounding provinces, together with our partner, from the Privatization Administration, for a total of US\$ 440 million.

We have started to hire engineers as well as blue and white collar workers to make this wide distribution operation more efficient.

On the other hand, being aware of the opportunities

resulting from the energy shortage in Turkey, our ALTEK company continued its energy production investments in 2009.

Operation at the 80 MW extension of our existing gas power plant in Kırklareli will start in year 2010 making it a 170 MW capacity plant.

Numerous engineers as well as blue and white collar workers were hired during the construction stage.

In addition to our above mentioned investments, there were important developments in our contracting and construction activities, the leading sector of our company.

The state budgeted investments in Russia and Turkey suffered more from the economic crisis.

Therefore, ALSİM, our contracting company started searching for new markets to solve this problem.

Important projects for which we have made offers at the end of 2009 and have a good chance to succeed are now at the decision stage.

The offers are being evaluated by the units who announced the tenders. We expect to have positive results by the middle of this year.

The construction work will be executed partly by engineers and blue and white collar workers that we will send from Turkey.

ALSİM, our contracting company, will enhance its position in the First League of the World's Contracting Sector with the references from these projects.

The year 2009 will be remembered as an important breaking point in the growth of ALARKO HOLDING's assets and turnover.

The management of ALARKO HOLDING, with a 56-year long history, is confident about the future and would like to share the joy of having strong foundations with you, our esteemed shareholders.

Respectfully,

İshak Alaton
Chairman of the Board



BOARD OF DIRECTORS





- 1- İshak ALATON** - Chairman - (11.05.2009 - 18.05.2010)
2- İzzet GARİH - Vice Chairman - (11.05.2009 - 18.05.2010)
3- Vedat A. ALATON - Vice Chairman - (11.05.2009 - 18.05.2010)
4- Ayhan YAVRUCU - Director, Chief Executive Officer - (11.05.2009 - 18.05.2010)
5- Güner KOÇEL - Director - (11.05.2009 - 18.05.2010)
6- Dalia GARİH - Director- (11.05.2009 - 18.05.2010)
7- Leyla ALATON - Director - (11.05.2009 - 18.05.2010)
8- Ahmet Vural AKIŞIK - Director - (11.05.2009 - 18.05.2010)

BOARD OF AUDITORS

Prof. Dr. Ahmet Zeyyat HATİPOĞLU

Auditor

(11.05.2009 - 18.05.2010)

Aykut BAYCAN

Auditor

(11.05.2009 - 18.05.2010)

INDEPENDENT AUDITING COMPANY

Denet Bağımsız Denetim

Yeminli Mali

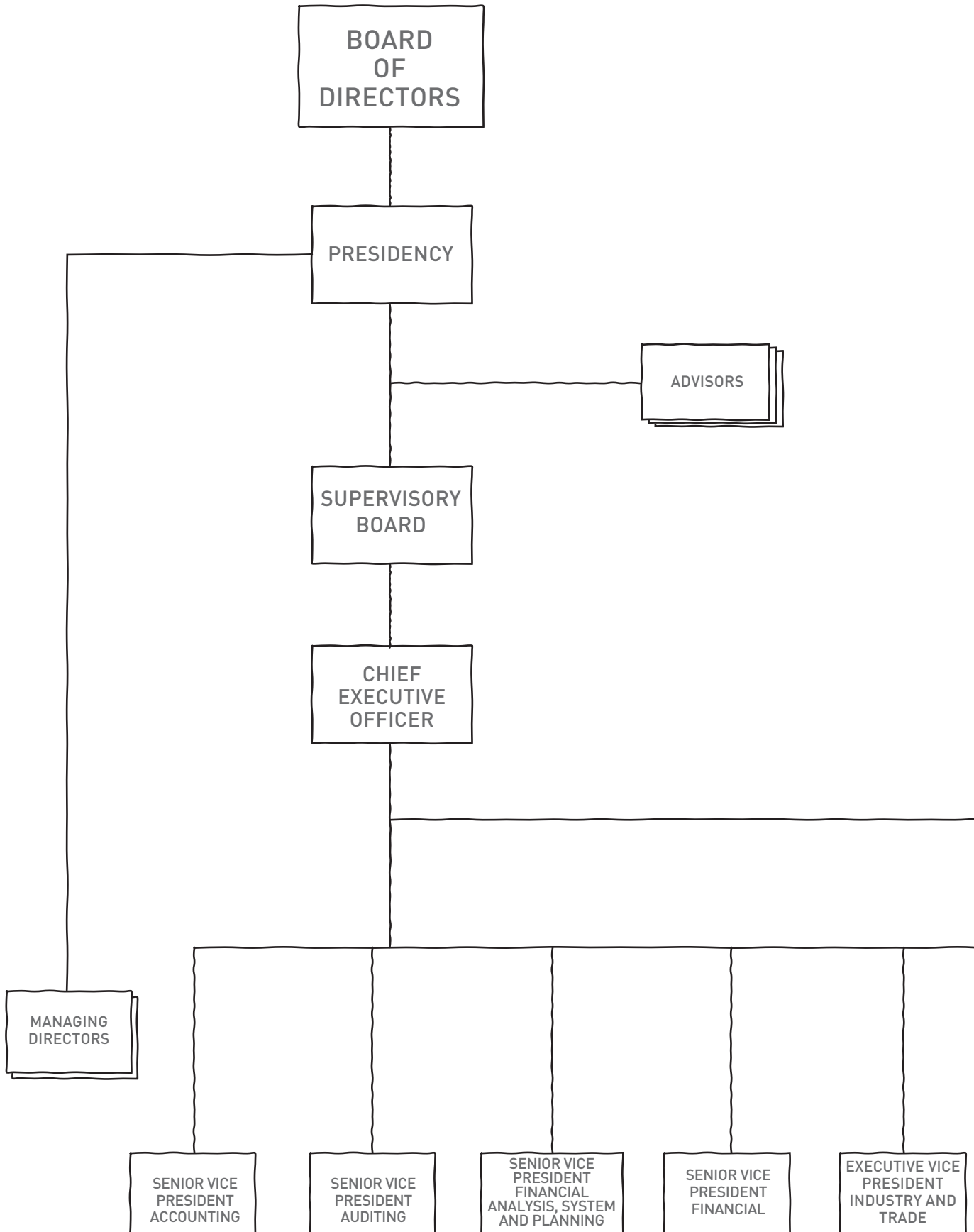
Müşavirlik A.Ş.

**(Member firm of BDO
International)**

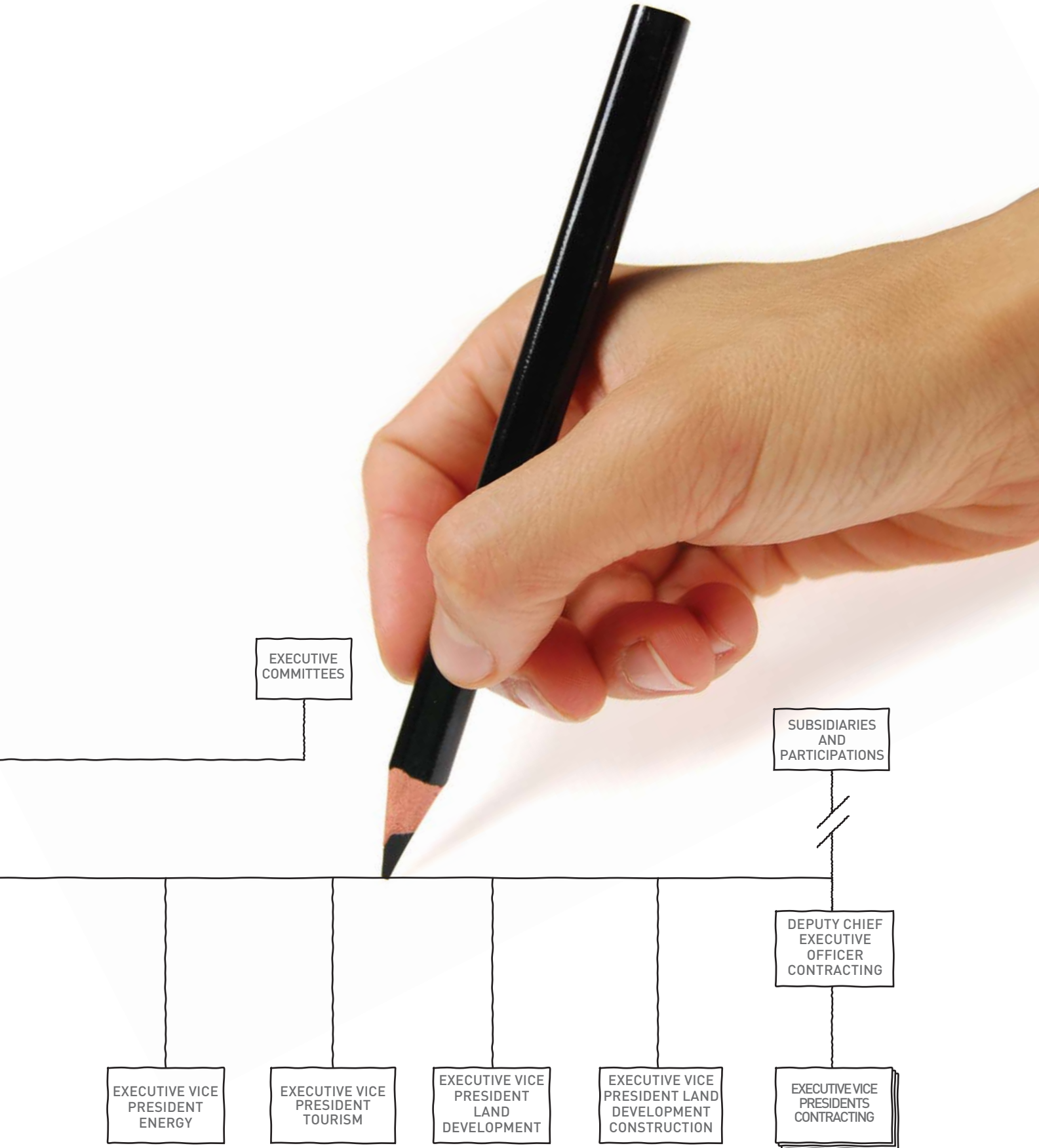


THE ALARKO GROUP OF COMPANIES



GENERAL ORGANIZATION

* Organizational level is limited to the "Coordinator" level in this chart.



MANAGEMENT STAFF**■ CORPORATE PRESIDENT**

İSHAK ALATON

■ MANAGING DIRECTORS

İZZET GARIH

VEDAT AKSEL ALATON

■ CHIEF EXECUTIVE OFFICER

AYHAN YAVRUCU

■ DEPUTY CHIEF EXECUTIVE OFFICER

M. ALPER KAPTANOĞLU

CONTRACTING

■ SENIOR VICE PRESIDENTS

MEHMET AHKEMOĞLU

AUDITING

MUSTAFA FİLİZ

ACCOUNTING

ÜMİT NURİ YILDIZ

FINANCIAL ANALYSIS, SYSTEM & PLANNING

■ EXECUTIVE VICE PRESIDENTS

H. ÖNDER ŞAHİN

INDUSTRY & TRADE

ADNAN YAĞMUR

ENERGY

EDİP İLKBAHAR

TOURISM

A. ÖNDER KAZAZOĞLU

CONSTRUCTION

HARUN H. MORENO

LAND DEVELOPMENT - BUSINESS DEVELOPMENT / REAL ESTATE INVESTMENT CO.
GENERAL MANAGER

AYKUT BAYCAN

CONTRACTING - ACCOUNTING

BEKİR BORA

CONTRACTING - PROJECT FINANCE & LOCAL BUSINESS DEVELOPMENT

ONAT BİTİK

CONTRACTING - CONSTRUCTION

■ DEPUTY SENIOR VICE PRESIDENTS

EROL UÇMAZBAŞ

ACCOUNTING

ÖMER ÇELİK

FINANCING

TURGUT ÇELİK

INFORMATION TECHNOLOGY

■ DEPUTY EXECUTIVE VICE PRESIDENTS

B. BÜLENT AKKAN

CONTRACTING - CONSTRUCTION

F. NEŞE UCAR

CONTRACTING - LOGISTICS

HALUK MARTAĞAN

CONTRACTING - PLANNING, ANALYSIS & TECHNICAL SUPPORT

KORHAN UĞUR ÖZBAYSAL

CONTRACTING - BUSINESS DEVELOPMENT - FOREIGN COUNTRIES

MEHMET HASİP AKŞİT

CONTRACTING - CONSTRUCTION

MUSTAFA V. GAFUROĞLU

CONTRACTING - CONSTRUCTION

NAİM TÜRKOĞLU

CONTRACTING - CONSTRUCTION

İSMET GENÇER

INDUSTRY & TRADE

HALUK FERİZOĞLU

INDUSTRY & TRADE - DEALER SALES

HIRANT KALATAŞ

INDUSTRY & TRADE - MARKETING AND SUPPORT

KEMAL BIÇAKÇI

INDUSTRY & TRADE - AFTER MARKETS

MURAT ÇOPUR

INDUSTRY & TRADE - FACTORIES

KADİR EKE

LAND DEVELOPMENT - MARKETING, SALES



PROJECT CONTRACT MANAGERS, GENERAL MANAGERS, REGION MANAGERS, ASSISTANT GENERAL MANAGERS, DEPUTY PROJECT MANAGERS, FACTORY MANAGERS

ABBAS ŞAHİN	CONTRACTING - PROJECT CONTRACT MANAGER - ASTANA WATER SUPPLY PROJECT
KADİR BAŞOĞUL	CONTRACTING - PROJECT CONTRACT MANAGER - KIRKLARELİ 2 PROJECT
LEVENT TUNA	CONTRACTING - PROJECT CONTRACT MANAGER - 4. LEVENT - AYAZAĞA METRO PROJECT
M. ALİ GİRGINCE	CONTRACTING - PROJECT CONTRACT MANAGER - TAKSİM - YENİKAPI METRO PROJECT
M. GÖKHAN GÜVEN	CONTRACTING - PROJECT CONTRACT MANAGER - LEVENT - HACIOSMAN METRO PROJECT
MEHMET HALİL TUNA	CONTRACTING - PROJECT CONTRACT MANAGER - CYPRUS WATER SUPPLY PROJECT
S. VELİ MESTA	CONTRACTING - PROJECT CONTRACT MANAGER - ANTALYA LRTS PROJECT
ŞAFAK KOLAY	CONTRACTING - PROJECT CONTRACT MANAGER - MELEN WATER SUPPLY PROJECT
TAMER ÖZER	CONTRACTING - PROJECT CONTRACT MANAGER - ASTANA WATER SUPPLY PROJECT
TARIK ULUNUR BÜYÜKBAY	CONTRACTING - PROJECT CONTRACT MANAGER
TURAN SÜHA AÇARBIÇER	CONTRACTING - PROJECT CONTRACT MANAGER - SAMSUN LRTS PROJECT
OKAN SÜRGİT	CONTRACTING - REGION MANAGER - KAZAKİSTAN & TÜRKMENİSTAN
İSMAİL EROĞLU	CONTRACTING - DEPUTY PROJECT MANAGER -TAKSİM - YENİKAPI METRO PROJECT
MURAT MAZİ	CONTRACTING - DEPUTY PROJECT MANAGER - ASTANA WATER SUPPLY PROJECT
SERDAR SAĞLAM	CONTRACTING - DEPUTY PROJECT MANAGER - TÜPRAŞ KIRIKKALE PROJECT
ÜMİT BORAN	CONTRACTING - DEPUTY PROJECT MANAGER - LEVENT - HACIOSMAN METRO PROJECT
ARİF NEZİH YILMAZ	ENERGY - KIRKLARELİ POWER PLANT MANAGER
BÜLENT TOKAN	ENERGY - ASSISTANT GENERAL MANAGER - FINANCING AND ADMINISTRATION
İSMAİL H. YILDIRIM	ENERGY - H.E.P.P. OPERATIONS MANAGER
LEVENT ÖZMARAL	ENERGY - PROJECT MANAGER
AHMET YÜKSEL VAROL	LAND DEVELOPMENT - ASSISTANT GENERAL MANAGER - FINANCING AND ADMINISTRATION
BÜLENT İŞİK	SEAFOOD - GENERAL MANAGER
RECEP ORDU	SEAFOOD - FACTORY MANAGER

ADVISOR

YUSUF TEZMAN	PRESIDENTIAL ADVISOR - FINANCE
--------------	--------------------------------



AGENDA OF THE ORDINARY GENERAL ASSEMBLY

- 1- Moment of silence.
- 2- Deliberations and decision on the election of the Presiding Committee.
- 3- Deliberations and decision to authorize the Presiding Committee to sign the minutes of the General Assembly.
- 4-
 - a) Reading of the Board of Directors' Annual Report of 2009 and the Statement of Financial Position and Statement of Comprehensive Income of 2009.
 - b) Reading of the Statutory Auditors' Report.
 - c) Reading of the Independent Auditors' Report.
 - d) Approval of the 2009 Statement of Financial Position and Statement of Comprehensive Income.
 - e) Deliberations and decision to acquit the Members of the Board of Directors and the Statutory Auditors' fiduciary responsibilities on account of the company's results in 2009.
- 5- Giving information about donations made by the Company.
- 6-
 - a) Deliberations and decision on the proposal of the Board of Directors concerning the distribution of the profits.
 - b) Deliberations and decision concerning the distribution of some of the profit of prior years transferred to extraordinary reserves to shareholders.
- 7- Determining the number of Board members for the next operational term, the election of these members in accordance with the provisions of the articles of corporation and deliberations and decision on the salaries to be paid to them.
- 8- Re-election of the Statutory Auditors whose terms in office have expired or election of new auditors and deliberations and decision concerning the salaries to be paid to them.
- 9- Deliberations and decision on granting Board members the authority set forth in Articles 334 and 335 of the Turkish Commercial Code.
- 10- Deliberations and decision concerning the signing of a contract for the auditing of the company's accounts by an independent auditing company selected by the Board of Directors in accordance with the Capital Market Regulations and approval of the draft of the contract.

Board of Directors



BOARD OF DIRECTORS' ANNUAL REPORT

Esteemed Shareholders,

The world is going through the most serious crisis since the Great Depression of 1929. Depending on the soundness of its financial structure, each country and company, to a greater or lesser degree, shared or is still sharing the results of this crisis. The crisis that started in the finance sector had a serious impact on real economy. Many companies closed down resulting in many people losing their jobs. This is bound to have serious social repercussions.

The important thing here is to reduce the increasing difference between rich countries and poor countries by implementing solution packages proposed by the United Nations and other similar international institutions. This is a must for world peace.

The rapidly developing countries of the Far East (mainly China and India) continued to develop although their growth rate was affected. We have to aim at attaining a similar financial structure in Turkey in a short time. The fact that we have a young and dynamic population brings along the necessity for us to create large employment opportunities. Turning this serious potential power to a productive and creative process assigns us an important responsibility for the future. Unfortunately, the crisis has caused a reverse process and unemployment has soared to 13,9 %. This is the most important problem to be solved. The unemployment rate will drop as the rate of capacity usage increases and new investments are created.

Another major consideration now and for the future is discipline in Public Finance. The budget deficit showed an increase of 199 % over the previous year due to the support given to increase consumption and diminish the effects of the crises.

Though this can be regarded normal in the conditions of 2009, it is evident that it is not sustainable in the long run. The public finance balance has to be established by taking precautions to reduce expenses and increase efficiency.

Our foreign trade deficit has dropped to US\$ 38 billion in concert with the 4,7 % negative growth in our economy in 2009.

The low rate of savings is a serious handicap for our economy that has to grow rapidly. With rapid growth, the current accounts deficit will increase in 2010 and the following years. At this point, making structural reforms quickly will render growth continuous and sustainable and at the same time, establish the balances.

The way to alleviate the difficulties of 2010, or saying it in a more ambitious way, to overcome these difficulties, is to plan the micro reforms well and to apply them.

The fact that inflation figures that dropped to single digit figures (6,5%) after long years tended to go up in the first months of 2010 is another point that has to be paid attention to. Tightening of monetary policies and small increases in interest rates may come on the agenda at this point.

The goal of our Group, in the economic atmosphere observed in the world and in Turkey, is to reduce the negative effects as much as possible and sustain its steady growth. We were substantially successful in achieving this in 2009. We plan to maintain our planned and determined attitude in 2010.



BOARD OF DIRECTORS' ANNUAL REPORT

Our Annual Report has been prepared in accordance with the standards set by the Capital Market Regulations and information regarding our Holding company is given below:

- a) This Annual Report covers the period between 01.01.2009 and 31.12.2009.
- b) The terms in office of members of the Board and Statutory Auditors for the year 2009 are given on pages 6 and 7. The financial statements of the operational results obtained by Alarko Holding A.Ş. in 2009 were audited independently by Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş. (member firm of BDO International).
- c) Our partnership's registered capital ceiling in 2009 was TL 500.000.000.
- d) Our issued capital is TL 223.467.000,- and our consolidated profit before tax in 2009 was TL 82.655.349.
- e) Our Annual General Assembly held on 11.05.2009 was attended by 20 of our partners. Our partners with more than 10 % of our capital, owned 28,72 % of the shares İshak Alaton (Beneficial Owner), 18,18 % of the shares İzzet Garih, 18,18 % of the shares Dalia Garih. Vedat Aksel Alaton and Leyla Alaton own 3,82 % of the share. A dividend of 27,4 %, 39,8 % and 213,2 % over cash paid capital and of 0,76 %, 0,91 % and 4,89 % over total equity was paid during the periods of 2006, 2007 and 2008 respectively. The proposal for the distribution of the profits for 2009 submitted by our Board of Directors to the approval of the General Assembly is on page 104 of this report. The value of our shares being traded at the Istanbul Stock Exchange at the time this report was prepared was TL 4,50.
- f) The total amount of donations made by our partnership to various foundations and associations in 2009 was TL 1.400.
- g) The following table includes the subsidiaries of our company with their areas of operation, their capitals and the percentage of shares owned as of 31.12.2009.



SUBSIDIARIES AND PARTICIPATIONS

COMPANIES	SECTOR	AUTHORIZED CAPITAL (TL)	PERCENTAGE SHARE (%)
Alarko Carrier Sanayi ve Ticaret A.Ş.	Production of heating and cooling equipment, manufacturing, contracting, tourism	10.800.000	42,03
Alamsaş Alarko Ağır Makina Sanayii A.Ş.	Production of machines and equipment for industrial investments	500.000	90,42
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	Turnkey contracting construction and tourism	53.322.000	99,61
Alarko Fenni Malzeme Satış ve İmalat A.Ş.	Marketing of industrial and after sales service	230.000	88,61
Attaş Alarko Turistik Tesisler A.Ş.	Touristic facility management	6.500.000	0,46
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	Real estate investment	10.650.794	16,17
Almüt Alarko Sınai Gereçler İmalat ve Mümessillik A.Ş.	Manufacturing of technical equipment and representation	50.000	84,00
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	Electric energy production	36.000.000	48,25
Alfarm Alarko Leröy Su Ürünleri San. ve Tic. A.Ş.	Production and marketing of seafood	3.430.000	49,94
Aldem Alarko Konut İnşaat ve Ticaret A.Ş.	Housing, construction	50.000	0,13
Al-Riva Projesi Arazi Değerlendirme, Konut İnşaat ve Tic. A.Ş.	Housing, construction	6.839.064	11,55
Al-Riva Arazi Değerlendirme, Konut İnşaat ve Tic. A.Ş.	Housing, construction	3.308.556	2,49
Al-Riva Arazi Değerlendirme, Konut İnşaat, Turistik Tesis., Golf İşl. ve Tic. A.Ş.	Housing, construction and touristic facility management	10.489.765	2,16
Gönen Gıda Sanayi A.Ş.	Production of canned goods	2.000	0,84
Yaşar Dış Ticaret A.Ş.	Export and import	90.038.867	0,0005
Arı Teknokent Proje Geliştirme Planlama A.Ş.	Technologic Development	6.360.500	1,00
Mosalarko J.V.	Real estate project construction and use	Ruble 100.000.000	50,00
Tüm Tesisat ve İnşaat A.Ş.	Construction	141.000	48,16
Saret Sanayi Taahhütleri ve Ticaret A.Ş.	Construction	75.000	100
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	Real estate development, construction and marketing	77.419.087	0,0005
DAF Araştırma Geliştirme A.Ş.	Research and development projects related to games of chance, bets etc.	60.000	33,33
Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş.	Build, operate or transfer energy distribution plants	160.000.000	0,0006
Meram Elektrik Dağıtım A.Ş.	Electrical energy distribution	508.578.425	0,0000

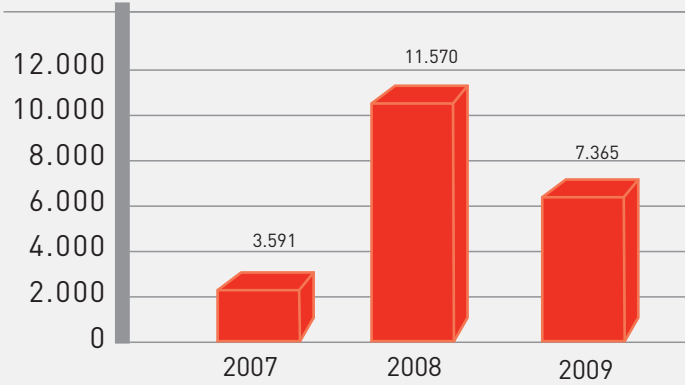


EARNINGS FROM SUBSIDIARIES AND EQUITY PARTICIPATIONS

- a) Our corporation's shares in dividends paid out over the last three years by the companies in which it has either minority or majority shareholdings:

Company Name	(TL)		
	2007	2008	2009
Alarko Carrier Sanayi ve Ticaret A.Ş.	2.262.501	2.042.608	3.813.726
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	-	5.971.559	-
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	153.535	124.293	834.539
Alfarm Alarko Leröy Su Ürünleri San. ve Tic. A.Ş.	1.086.019	1.286.761	1.110.526
Alamsaş Alarko Ağır Makina Sanayii A.Ş.	83.775	1.651.555	1.303.611
Saret Sanayi Taahhütleri ve Ticaret A.Ş.	-	258.156	82.723
Tüm Tesisat ve İnşaat A.Ş.	-	2.911	2.830
Attaş Alarko Turistik Tesisler A.Ş.	5.085	2.126	-
Mosalarko J.V.	-	229.940	140.292
Arı Teknokent Proje Geliştirme Planlama A.Ş.	-	-	76.892
TOTAL	3.590.915	11.569.909	7.365.139

TL THOUSAND EARNINGS FROM SUBSIDIARIES



- b) The 2008 profits of the companies within the Alarko Group from which we receive dividends, the distributable profits remaining after tax and legal reserves are set aside are given in the table below.

ALARKO GROUP MANAGED COMPANIES	(TL)			
	Profit For The Period 2008	Distributable Profit (A)	Distributed Profit (B)	(B/A) %
Alarko Carrier Sanayi ve Ticaret A.Ş.	27.776.594	22.836.450	4.644.000	20
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	25.809.371	25.455.199	5.160.694	20
Alfarm Alarko Leröy Su Ürünleri San. ve Tic. A.Ş.	2.110.740	1.566.543	1.503.495	96
Alamsaş Alarko Ağır Makina Sanayii A.Ş.	1.903.911	1.583.333	1.441.650	91
Saret Sanayi Taahhütleri ve Ticaret A.Ş.	110.547	90.620	82.723	91
Tüm Tesisat ve İnşaat A.Ş.	7.730	5.878	5.878	100



SUBSIDIARIES OF ALARKO GROUP

The Alarko Group of Companies consists of numerous companies and entities operating within the framework of Alarko Holding A.Ş. Although the companies within the group are autonomous, in accordance with the central coordination and control principle, they are managed and supervised centrally in terms of financing, financial coordination, auditing, legal affairs, management information systems, human resources, promotion, training and organization.

The companies of the Alarko Group operate in 6 major fields of activity listed below:

CONTRACTING GROUP

INDUSTRY AND TRADE GROUP

ENERGY GROUP

TOURISM GROUP

LAND DEVELOPMENT GROUP

SEAFOOD PRODUCTS GROUP





EHIR

11 YIL
KARAYOLU İÇİN



THE CONTRACTING GROUP

The Contracting Group
 The Industry and Trade Group
 The Energy Group
 The Tourism Group
 The Land Development Group
 The Seafood Products Group



With its 55 years of experience and know-how, our Contracting Group operates as a general contractor both in Turkey and abroad and carries out airport and rail system projects, large scale infrastructure works, construction of industrial plants, business centers, hotels, hospitals and other such projects on a turn key basis.

Opening up to new markets and increasing customer variety has become a must since the contracting sector has been one of the most affected by the global economic crisis. In 2009, in addition to areas in which our contracting group is active, we have participated in tenders of comprehensive projects and attained successful results in Oman, Yemen, Algeria, Tunisia and Libya. Our group expects a serious business potential in these countries in 2010.

The project management philosophy of the Contracting Group is based on autonomous management and central supervision. Each project is considered an individual profit centre and our organization and management systems are reviewed continuously to develop strategic thinking, effective decision making policies, shorten work completion time, reduce our costs to the minimum and increase quality.

The "Goal Based Management" principle is fundamental at the Alarko Contracting Group. In addition to goals, the general and managerial competence of all our employees is measured continuously using our performance measurement system. Thus, each employee is ensured development in the areas of result oriented operation, effective use of resources, representation, compliance to company policies and regulations, responsibility understanding, visionary leadership, delegation and personnel training, strategic thinking, management, and motivation.

In 2009, continuous and periodical work-site supervision was maintained in our sites both with internal supervision and internationally approved supervision companies and effectiveness of supervision was improved. Thanks to the Occupational Health and Safety Management Systems applied, there has been a serious drop in occupational accidents and our accident rate is now at developed countries' standards.

Moreover, our Environment Management System applied has enabled us to lower the possible environmental damage of our operations to acceptable levels. Our company has the ISO 9001:2000, ISO 14001, and OHSAS 18001 certifications and is maintaining its efforts to improve its management systems.

The operation areas of the Contracting Group operates can be summarized under the following headings:

- **Refinery, Chemical and Petrochemical Plants**
 - Refineries
 - Petrochemical Plants
 - Chemical Processing Plants
 - Tank Farms
- **Industrial Plants**
 - Factory Construction and Equipment Assembly
 - Ore Processing and Dressing Plants
 - Metallurgy and Electrometallurgy Plants
 - Iron and Steel Plants
 - Cement and Lime Plants
- **Energy Plants**
 - Hydroelectric Power Plants
 - Thermal Power Plants
 - Combined Cycle Power Plants
 - Heat Recovery Systems
- **Pipe Lines**
 - Oil Pipelines
 - Natural Gas Pipelines
 - Water Pipelines
 - Urban Natural Gas Distribution Networks
 - Compressor Stations
 - Pump Stations
- **Water and Waste Water Transportation Pipelines and Treatment Plants**
 - Waste Water Treatment Plants
 - Potable and Usage Water Treatment Plants
 - Industrial Water Treatment Plants
 - Waste Water Sea Discharge Lines
 - Water Supply and Irrigation Systems
- **Transportation Projects**
 - Airports
 - Railroads
 - Underground Systems
 - Light Rail Systems
 - Signalization Systems
 - Highways, Motorways
 - Tunnels, Bridges
- **Housing Projects and Service Buildings**
 - Satellite Towns
 - Mass Housing
 - Luxury Dwellings
 - Business Centers
 - Commercial Centers
 - Hospitals
 - Hotels
 - Military Facilities



THE CONTRACTING GROUP

The status of projects in progress in 2009, those completed within the year, those whose maintenance and operation are still under our responsibility and those recently undertaken are summarized below:

Astana Water Supply Project

The Astana Water Supply Project comprises the rehabilitation and the construction of the annexes and the 127 km long distribution lines network to increase the existing capacity of the drinking and wastewater installations of Astana. About 89 km of the distribution lines are being laid using the horizontal pipe jacking method. This method of construction is being used in Kazakhstan for the first time by Alarko. The project also includes the rehabilitation of the water intake building located nearly 250 m from Lake Vyacheslavka 50 km from Astana and the 17 elevation pump stations at various locations. In addition to new construction works, it also comprises the installation of 125.000 cold and hot water meters to be connected to homes and offices, and the installation of 2.500 remote control meters.

In 2009, the rough construction of the plant and pump stations, 101 km long pipe line was completed and 62.500 meters were connected. The mechanical and electrical assembly works at the Treatment Plant and Water Intake station were started. The remaining mechanical and electrical assembly works will be completed in 2010. The project is planned to be completed in 2010 and tests and commissioning will be conducted at the end of the year.



İstanbul Metropolitan Municipality Levent - Haciosman Metro Project

The project includes the extension of the operating Taksim - 4th Levent metro line to Haciosman and the deploying of the maintenance and repair area of the metro vehicles at the Seyrantepe Triage Yard. The Seyrantepe, 4th Levent Sanayi, İTU Ayazağa and Atatürk Oto Sanayi stations have been completed and were put in operation. Commercial runs in this section have started. The Darüşşafaka and Haciosman stations are planned to be completed and included in to the route in 2010 at the latest.

Samsun Light Rail Transport System Project

The construction, finishing works, vehicle procurement, electromechanical systems procurement, assembly and commissioning works of a 15.146 m long double track line between Körfez and Cumhuriyet with 20 stations, transformer buildings, stockyard and stockyard connection lines of the Samsun Light Rail Transportation System is continuing rapidly.

The Project includes;

- Building the 15.146 m line including track laying between Körfez and Cumhuriyet,
- Construction of 20 stations, and the finishing and electromechanical works,
- Construction of transformer buildings,
- Stockyard and stockyard connection lines and construction of entrance and exit buildings,
- Track works,
- Power procurement and distribution system,
- Signalization system,
- Elevators,
- Procurement and commissioning of cars.

A physical progress of 70 % was attained in this project as of the end of 2009 and the project is planned to be completed in the first quarter of 2010.

İstanbul Municipality Taksim - Yenikapı Metro Project

This project covers the electromechanical and finishing works of the metro line between Taksim and Yenikapı. The Şişhane - Taksim section of the project was put into commercial operation and transportation without changeover was secured from Şişhane to Atatürk Oto Sanayi at the end of 2009. The project includes the fabrication of the 5.200 m long double track tunnel that will work in total harmony with the Taksim - 4th Levent metro line and the Şişhane, Unkapanı, Şehzadebaşı and Yenikapı stations. In addition to the finishing works in the stations, the project includes the execution of systems such as power supply and distribution, signalization, control and communications system, illumination, wireless and telephone system, tunnel and special area air conditioning, as well as the execution of such works as sanitary installations, escalators, elevators and track works. Moreover, the connection of the operating Aksaray - Airport light metro line with Yenikapı will be executed, thus completing the integration of Atatürk Airport, Esenler Otogar metro and Bosphorus tube crossing. This system that will be integrated with the İDO sea bus system at Yenikapı is planned to go into operation in 2012.

Kırklareli Natural Gas Combined Cycle Power Plant Project

The Project whose contract was signed in 2008 comprises the 81,99 MWe capacity increase within the grounds of the existing power plant of Altek Alarko Elektrik Santralleri Tesis, İşletme ve Ticaret A.Ş. situated on the Kofçaz road in Kırklareli.

The main buildings within the scope of the project are; the



administration, steam turbine, water treatment, natural gas decompression and measuring buildings and covers a total of 2.650 m². The combined cycle power plant that constitutes the 2nd phase of the project is planned to be ready for operation in the first half of 2010.

Kiev Boryspil Airport Project

This project comprises the construction of an additional terminal building, parking ramp and viaduct on the grounds of the existing airport located 29 km southeast of Kiev in the Ukraine. The project consists of 83.500 m² terminal building, 185.000 m² parking ramp, 22.500 m² taxiway connections, 1,3 km viaduct and 11 passenger bridges.

The delivery period of the project undertaken by Doğuş - Alarko - YDA İş Ortaklığı is 29 months and planned to be commissioned at the end of September 2011.

Ankara Metro Project

The scope project includes:

- Renovation of the electromechanical works of the existing Kızılay - Batıkent line,
- Electromechanical works of Batıkent - OSB metro line,
- Signalization of the Kızılay - Çayyolu 2 line,
- Signalization system of the Tandoğan - Keçiören line,
- Renovation and modification of the depot, workshop and control center at Macunköy according to the requirements of the system,
- Renovation of the signalization, announcement, wireless, etc. systems of the existing 108 vehicles,
- Procurement, assembly and commissioning of the on vehicle equipment for the 324 vehicles to be purchased later.

Adana Metro Project

The 14 km long Adana Light Rail Transit System Project with 13 stations is to connect the north section of Adana with the south section. The project will reduce the urban traffic volume in the most congested areas of the city, will diminish noise and air pollution, and provide the inhabitants of Adana comfortable, safe and environment friendly transportation. Test operation of the project is ongoing and it will go into



commercial operation in all stations in the first quarter of 2010.

Antalya Light Rail System 1st Stage Construction Works Project

The provisional acceptance of the 11 km long line with 16 stops that will connect the north section of the city to the center was obtained in December 2009 and put in operation at the end of December. The contract also includes 12 months of operation maintenance obligation following provisional acceptance followed by a 12-month guarantee obligation period.

DSİ Cyprus Water Supply Project

The project consists of taking water from the Alaköprü Dam to be built on the Dragon Stream in Anamur, Turkey and following its stabilization in a reservoir close to the shore, transporting it to the Turkish Republic of Northern Cyprus through a 80 km long HDPE (High Density Polyethylene) pipeline with a diameter of 1600 mm designed as a floating system running 250 meters below the level of the Mediterranean and collecting this water at the Geçitköy Dam to be built in TRNC. The Turkish Patent Institute and the Austrian Patent Institute have cooperated for this system which is a first in the world and have taken the work of our company under protection with an examined patent. All the engineering research related to the sea crossing (geophysical, geotechnical, oceanographic, biofouling sea research, seismic research, model tests of pipeline and its components, dynamic and hydraulic analyses) has been completed and the Final Project Reports have been delivered to DSİ and the revision and change requests of the employer have been carried through.

The application projects of the supply lines and art buildings within the scope of the project phase of the land facilities consisting of the dams, stabilization tank, pump station, valve chamber and supply were finalized in 2009. The revision and changes requested by the employer were put in the project plans at the end of 2009 thus completing our contract obligations.

Tüpraş Kırıkkale Refinery DHRP (Diesel - Kerosene) Project

The project consists of the construction of the annex buildings to increase the Kırıkkale TÜPRAŞ Refinery's unleaded gasoline production capacity and to enable attaining the upper limits of sulphur in diesel oil that conform to EU norms. The guarantee period of the units put in operation in 2008 ended as of the end of 2009.

TCDD Ankara - İstanbul High Speed Train Project

Our test operation obligation in this project whose commercial operation is ongoing will end in the first quarter of 2010. This will be followed by the 18-month guarantee period. The 2 hours 30 minutes long trip between Ankara and Eskişehir has been reduced to one hour 20 minutes with the operation of the High Speed Train.





ALARKO CARRIER İstanbul

- Araştırma / Research
- Üretim / Production



THE INDUSTRY AND TRADE GROUP

Our Industry and Trade Group has determined heating, ventilating, air conditioning products and pumps as its main area of activity and markets and gives after-sales services for these products.

In 2009, we continued improving and developing the Air Handling Units and Roof-top Units manufactured using the technology and brand name of our partner Carrier, one of the leading companies in the world in this sector, and selling these products in the domestic and international markets. Domestic production of Fan Coils was ended in 2009 and sales is continuing with imported units. This product imported with the Alarko brand name has reached a considerable market share thanks to its wide product variety range.

In the first quarter of 2010, we are planning to introduce a cheaper series of air handling units in demand in the market. We have also included the Roof-top heat recovery unit to our product range as it has become a serious requirement due to increased energy costs. The test laboratory set up to develop this product was completed in 2008 and commissioned in 2009. We are planning to reach a serious market share in foreign markets with this product developed for exports in 2010. We expect to attain an important export volume by opening up to new foreign markets. The product will be developed to be more competitive in the domestic market thanks to experience accumulation derived in foreign markets.

Production of the Seradens, a 108% efficiency premix condensing combi boiler with a capacity of 20-27-36 kW started in November and was offered to the market in December. The Seradens condensing boiler will replace the Atag A and E series.

Demand for wall hung condensing cascade boilers with a capacity of 100 kW has increased due to the new energy regulations. In recent years, the Atag Company has been unable to answer our demand in this line. Therefore, we are continuing our negotiations with foreign companies for procurement of 100 kW wall hung and ground type condensing boilers of greater capacity. Development work for flat and vertical type radiators for export has been completed and exports have begun.

The development process of the modulation type two-stage ALG 210 and 120 type gas burners will be completed in the last quarter of 2010 and of ALG 94, 77 and 60 in the first quarter of 2011. Import of equivalent burners from Lamborghini will end when development work is completed.

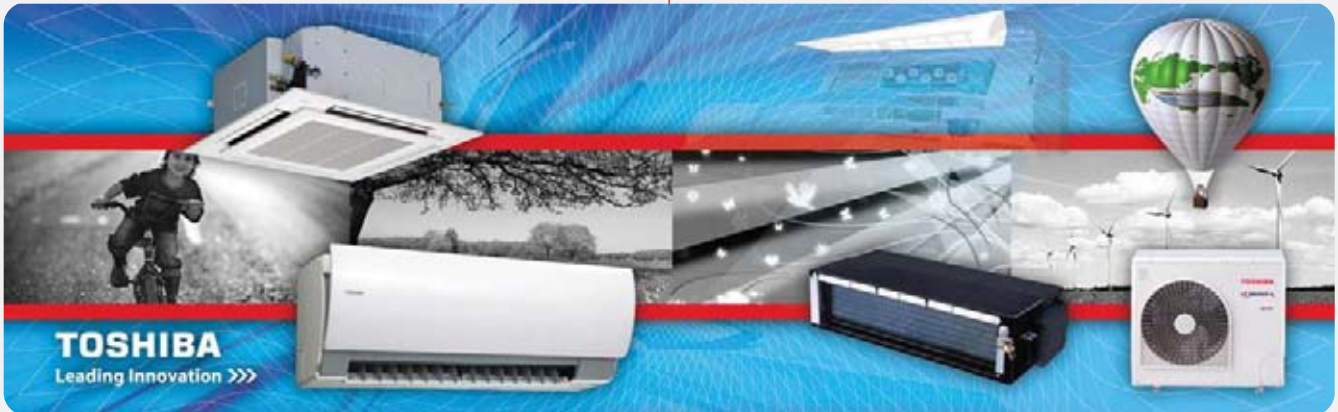
The development process of modulation type two-stage 3-casing liquid fuel burners (ALM 125, 174 and ALF 130, 180) according to the BEP (Energy Management in Buildings) regulations will start in early 2010 and will be completed at the end of the year. Optimization of the other gas and liquid fuel burners in accordance with the BEP regulations will start in early 2010 when these are finalized.

Alarko is continuing sales of boilers, radiator valves, expansion tanks and towel radiators with the Alarko brand procured from domestic producers and of Techem brand heat meters and heat cost allocation equipment. Alarko is also giving service in the area of reading heat cost allocation equipment. Central system in heating is estimated to gain importance in coming years and system automation is a prerequisite to attain maximum efficiency. Ready to use documentation packages have been published to make automation applicable and easily serviceable. Use of this package will be expanded with applied workshops to be held weekly periodically with groups of 3-4 dealers.

Major steps were taken in water pressurizing systems in 2009. Priority was given to projects involving energy efficiency and models (6036, 8072, 8108, 10144) with bronze fans were designed by efficiency improvements conducted on submersible pumps with a flow capacity of 10, 20, 30 and 40 lt/sec. Work on the prototype of automatic speed changing models conducted within the scope of the YESS (High Energy Category Circulators) project in circulation pumps has been completed and mass production is planned for the first quarter of 2010. In the 4" series, 10 HP models have been included in the product range. Demand for intermediate series in submersible pumps has increased as a result of the decrease in drilling diameter, therefore, a project for the production of 7" submersible pumps was started in accordance with the demand and the prototype work has been completed. The new product



THE INDUSTRY AND TRADE GROUP



is planned to go into mass production and offered to the market in the first quarter of 2010. Moreover, a 60 Hz model in the 8131 series and its special panel has been designed and submersible pumps are now being exported to Saudi Arabia.

A dealership contract was signed with the Central Union of Turkish Agricultural Credit Cooperatives for the sales of submersible pumps and related equipment at the beginning of 2009 and as a result 1840 cooperatives affiliated to 16 regional unions were incorporated into our distribution channel network. The same agreement was signed with Ziraat Bankası (the Agricultural Bank) giving our dealers the possibility to use agricultural loans. All alternative sales opportunities were presented to consumers through posters, media advertisements and commercials. A total of 800 man/hr of in situ training and promotion activities directed to official and semi-official organizations was also given in 2009.

A selection program (CD) having an automatic proposal preparation characteristic containing engineering modules and updating through the web was prepared so as to include all water pressurising products and distributed in March 2009. Moreover, a follow-up system enabling recording and following local tenders over our Web Server was installed. Hence, we are able to follow and improve our performance related to local tenders and put together statistical data. In 2009, no drilling and irrigation was possible until the end of May due to excessive rainfall as a result of global warming. This had an adverse effect on the submersible pump market and our sales in this area.

We continue to be the "technology leader" in the individual and light commercial air conditioning market with environment friendly, high-energy efficiency and best price/quality ratio products. We will continue to give our users maximum advantage and to offer the market products with the highest efficiency rates in the inverter segment that we have paid particular importance to in the last two years. As of next year, all our Carrier and Toshiba air conditioners will make use of the inverter technology. We will consolidate and maintain our position as a company with the largest product range with more than 60 types of products in 15 different series in the inverter segment

market where we have a market share of 25 %.

We have a choice of 3 different systems in the Toshiba variable refrigerant flow (VRF) systems. Our existing Toshiba VRF systems, that have the highest efficiency rates in the market in part load, will continue to satisfy all the project requirements of our business partners and all technology, energy saving and initial investment cost conscious users with new and more efficient models. Thus, we will maintain our technology leadership in VRF systems.

We will enter the heat pump (air to water) market which is not fully created yet with Toshiba Estia products in the first quarter of 2010. Keeping in mind product diversification the Carrier-Nexa heat pump will also be added to the product range. Our aim with these products having the world's highest efficiency ratios is to contribute to users as well as our country's economy.

The level attained in the ISO 9000, ISO 14001, OHSAS 18000 and SA 8000 (Social Accountability) certificates obtained in previous years has become a company culture and its sustainability has been proven by numerous inspections carried out since.

PRODUCTION ACTIVITIES

Main Production Plant

Our main production plant situated in the Gebze Industrial Zone is a modern complex extending over an area of 60.000 m² consisting of a covered area of 20.000 m² for production, 2.000 m² for offices, 2.000 m² for the testing and Research and Development building, and social and training facilities. The following products are manufactured at this plant:

Central Air Handling:

- Air Handling Units
- Roof-top Units
- Cooling / Heating Coils

Heating:

- Natural Gas and LPG Fired Combi Boilers
- Light and Heavy Oil and Gas Burners
- Heat Exchangers



Water Pressurizing:

- Submersible Pumps and Motors
- Circulation Pumps
- Water Boosters

The ACE (Achieving Competitive Excellence) project, which is used in all the regions of UTC to which Carrier is associated, is being implemented at our Gebze complex. Our Testing and Research and Development Departments cooperate regularly with universities and TUBITAK (Turkish Institute for Scientific and Technical Research) to develop and improve products. Important improvements have also been attained in our production with technology transfer from Carrier.

Radiator Production Plant

The production capacity of this plant located in the İstanbul Dudullu Organized Industrial Zone was doubled as a result of expansion and modernization work completed in 2006. The plant extending over a closed area of 12.000 square meters manufactures Alarko brand radiators for the domestic market and Carrier brand as well as various OEM brand radiators for exports.

TRADING AND MARKETING ACTIVITIES

Our company has an extensive and effective distribution and service network in Turkey and sales offices in İstanbul, Ankara, İzmir, Adana and Antalya, and a total of 283 dealers and 401 after-sales service units over the country. Our dealers and service network have earned a special place in the sector with their showrooms and well-trained personnel. Keeping in mind the trends of the market, in addition to products manufactured at our plants we have included imported products to our product range. Due to our customer focused service approach, we offer our dealers a large variety of products and complete solutions to our customers.

In addition to products manufactured at our plants, our product range includes supplementary products such as automatic control equipment, duct equipment, filters, axial fans, cold rooms, air-conditioners for operating theaters, aspirators, radiator valves and thermostatic valves and Heat Cost Allocation



Equipment procured from companies with whom we cooperate.

Building automation systems converting complicated buildings such as large business centres, hotels, hospitals into "intelligent buildings" for smooth operation create a serious difference as complete solutions. Operating theatre air conditioners for hospitals and special solutions for telecommunications are also within our expertise area. In addition to central system boiler and burner solutions in heating, we offer combi radiator packages in individual heating thus offering a variety of choice for every customer profile. In the area of individual air conditioners, in addition to Carrier and Alarko brands we are also offering Flair and Toshiba brand equipment for the highest segment where we have attained an important sales volume.

Our Totaline spare parts markets offer spare parts and technical service equipment for heating, air-conditioning and pressurizing products since 2002. With headquarters in İstanbul, Totaline has markets in İstanbul, Ankara and İzmir and sales points in İstanbul and Bursa. In addition, service being given within the scope of the "Service Agreements" for the heating and cooling equipments and systems in large facilities emerges as a rapidly developing area. A new field that we have started working on is energy efficiency applications. Our company is one of the first in our sector that has obtained the authorization to supervise and give training in this area.

The training of our own personnel and dealers and service staff is being conducted in our modern training centres and on the internet with the cooperation of Alarko-Carrier Academy. Training includes technical subjects as well as subjects related to personal development.

As in previous years, in 2009 too, our company has executed numerous highly prestigious projects in the areas of heating, air-conditioning, hygienic air-conditioning and building automation.





THE ENERGY GROUP



Bearing in mind that demand for energy will increase in the medium and long term, our Energy Group is maintaining its efforts towards increasing the capacity of its existing power plants and at the same time, conducting efforts towards projects for new power plants. The 2009 activities of the Group and work related to new power plant projects are summarized below.

Our Power Plants in Operation

Energy production is continuing at the **Düzce-Hasanlar, Tarsus-Berdan and Malatya-Tohma Hydroelectric Power Plants** established according to the Build-Operate-Transfer model by Altek A.Ş., a member of our holding company active in the area of energy.

Due to increase in rainfall in 2009, 70 % more energy than planned was produced at our hydroelectric power plants. Production reached 36 million kwh, 30 % more than targeted at the Hasanlar Power Plant, 49 million kwh, 170 % more at the Berdan Power Plant and 36 million kwh, 33 % more at the Tohma Power Plant.

Our **Kirklareli Natural Gas Combined Cycle Power Plant** with a capacity of 82 MWe that is in operation since October 2005 exceeded its targeted production in 2009 producing a total of 530 million kwh.

A total of 651 million kwh production was realized in our four plants in 2009 and a production of 1 billion kwh is expected in 2010.

A new natural gas combined cycle power plant with an installed capacity of 82 MWe and 600 GWh/yr production capacity has been established on our land next to our existing plant Kirklareli Power Plant. This plant with an additional 60 MWe capacity in simple-cycle was ready for commercial operation in December 2009. It will continue its operation as a combined cycle power plant in 2010. A net total production of 900 million kwh is estimated at our Kirklareli Power Plant with the capacity increase provided in 2010.

Our New Power Plant Projects

Our Energy Group is proceeding its endeavors related to numerous hydroelectric and thermal power plant projects. Efforts related to these projects are summarized below.

Karakuz Hydroelectric Power Plant:

This power plant whose production license was obtained in 2005 will be built on the Körkün River within the boundaries of the Adana province. Our production license was planned

for 87 MW. Following the approval of our feasibility report updated in July 2009 by DSİ (State Waterworks) and EİE (Electrical Power Resources Survey and Development Administration) a demand was made to the EPDK (Energy Market Board) to modify our license as an installed capacity of 76 MW and a production capacity of 305 GWh/year. Procedures to obtain the ÇED (Environmental Effects Evaluation) report were started in September and expropriation work will begin following the preparation and approval of the final project. Construction is planned to start in the last quarter of 2010 following the completion of financing work.

Beşkonak Hydroelectric Power Plant:

We are waiting for DSİ to elect a company by a contribution margin tender for the Beşkonak Hydroelectric Power Plant project with an installed capacity of 72 MWe and a production capacity of 380 GWh/year for which application was made to the EPDK (Energy Market Board) in compliance to the Electricity Market Law.

Çanakkale - Karabiga Thermal Power Plant:

Our efforts for an imported coal fired thermal power plant with an installed capacity of 1.210 MWe and a production capacity of 7.312 GWh/yr on our land of 670 acres situated by the coast in Karabiga, Çanakkale are continuing. Plans are made to obtain the license by the end of 2010 following the completion of the procedures and start the project and construction work in 2011.

Çanakkale - Karabiga Natural Gas Power Plant:

Procedures at the Electricity Market Board and TEİAŞ (Turkish Electricity Transmission Company) for the combined cycle natural gas power plant with an installed capacity of 500 MWe and a production capacity of 3.276 GWh/yr to be constructed on our land at Karabiga are ongoing. We are planning to start this project in 2010.

Medaş Electricity Distribution Area Privatization Bids Won

The tender announced by the Privatization Administration in September 2008 for the Meram Elektrik Dağıtım A.Ş., the electricity distribution area of TEDAŞ was won by Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. one of the companies of our Group. The taking over was realized in October 2009 by Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. founded on an equal shares basis with Cengiz Holding A.Ş. The privatization done by share transfer includes a period of 27 years. Approximately 6 billion kwh of electrical energy is consumed by 1,5 million subscribers in the Meram area that includes 6 provinces including Konya.





THE TOURISM GROUP



The Alarko Tourism Group, one of the first companies that represents Turkey in the "Leisure" sector, a fast growing sector in the world defined as "spending leisure time in the most productive and quality manner, is continuing its development in the corporate framework. Our Tourism Group helps people feel good and spend their leisure time in the most enjoyable way with the various concepts it develops. Our Group also successfully markets the concepts it develops and is a leader in the sector with the added value it creates, its excellent service quality, and new products and activities. The group is maintaining its success in the area of wellness with HILLSIDE BEACH CLUB Holiday Village, HILLSIDE SU HOTEL, HILLSIDE CITY CLUB - Etiler, HILLSIDE CITY CLUB - Trio and HILLSIDE CITY CLUB - İstinye sports - recreation centers, the CINECITY CINEMAS and the SANDA SPA chain and is always aiming at being "beyond competition".

HILLSIDE BEACH CLUB - Fethiye

Located along its own bay, Hillside Beach Club, a 1st class holiday village that hosted more than 20.000 Turkish and foreign guests in 2009, offering its guests the holiday of their dreams with its friendly personnel, unique natural setting and service quality exceeding expectations, earns many national and international awards every year. The Club is maintaining its well earned leader position in Turkish tourism with its high occupancy rate and service quality. The club adheres to the principle of continuous renovation with surprise innovations put into effect every year and thus, the percentage of guests returning to the club year after year increases annually.

In the 2009 season, Hillside Beach Club, that bases its price policy on the principle of having its guests "get their money's worth" rather than on high demand, reached an exceptional occupancy rate and as a result of evaluations made on quality was awarded the "Best Holiday Village and Resort Award" by Skat International, an organization combining all the different branches of travel and tourism with 510 clubs and 25.000 members in 92 countries.

HILLSIDE SU - Antalya

One of the important examples of the Alarko Tourism Group's

policy of making use of its know-how in the service sector in selected projects through operating agreements is Hillside Su, a deluxe hotel in Konyaalti, Antalya. Hillside Su, that stands out as the first concept hotel that the world famous Design Hotels Group selected to cooperate with in our country, has introduced a new hotel concept to Turkey and the world with its original design, the dynamic holiday style it offers its guests, and its simple, unprecedented and surprising innovations. Hillside Su is open all year long as a holiday hotel and at the same time often hosts meetings of various international companies in its fully equipped meeting halls. Since its opening,



THE TOURISM GROUP

Hillside Su has been quoted in approximately 100 international publications and been the cover of many of them. Hillside Su continues to assume an important role in the promotion of Turkey thanks to the interest of the world press, the distinguished groups and celebrities it has hosted.

HILLSIDE CITY CLUB - Etiler

With 19 years of know-how and its "sports awareness" motto Hillside City Club - Etiler, the precursor of the fitness concept as a sector in Turkey, is a real life-center where the club feeling dominates. The club, particularly preferred by the professional business world, is considered a first in the area of customer preferred recreation centers. In addition to offering the new sports trends in the world to Turkey, the Club has created a considerably large "community" by organizing tours, cultural tours, tournaments, parties that help enrich the social life of its members. As in the past, in 2009, the Club continued to cooperate with numerous national and international companies that want to be associated with Hillside City Club - Etiler. Having successfully maintained its record number of members despite the economic crisis, the Club continued to form a strong synergy with Wings Cinecity Cinemas, Mezzaluna Restaurant, Starbucks Coffee, D&R, SANDA SPA, Mos Hair Saloon, Sun Vital Solarium, The House Café that it houses.

HILLSIDE CITY CLUB - TRIO

Operated by the Alarko Tourism Group since 2003, Hillside City Club - Trio, shortly succeeded in becoming an alternative



to Bağdat Avenue on the Asian side of the city. With sports halls, indoor-outdoor swimming pools, indoor basketball court, squash, racquetball and tennis courts, as well as the Wings Cinecity Cinemas with 7 cinema theaters, Mezzaluna Restaurant, Taps Bar, Sosa Café, Tost Stop, Starbucks Coffee, Puja Café, D&R, Mos Hair Saloon, Sun Vital Solarium, Bal Peteği Children's Club and SANDA SPA extending over an area of 23.500 m², Hillside City Club - Trio makes serious contributions to group synergy. With approximately 5.500 members, Hillside City Club - Trio is a giant "recreation center", one of the largest of its kind in Europe, that from investors' point of view has added value to the Kozyatağı area.





HILLSIDE CITY CLUB - İstinye

Hillside City Club - İstinye, the most recent operation of the **Tourism Group** offers a colorful life center extending over a total area of 6.000 m² in the İstinyePark Shopping Center. In addition to sports facilities including indoor and outdoor swimming pools, the gym which offers the possibility of exercising accompanied by a DJ and the cardio areas, Express Gym, Butts&Gutts, Pilates and Group Exercise Studios, the Club offers not only its members but also its guests other operations where they can enjoy quality leisure time. Bahçecik hairdresser, Şükrü Dudu barber shop, Sun Vital Solarium, Big Plate, Before'n After Café and SANDA SPA are among the operations that complement Hillside's leisure world concept and were selected by the Club as "the best".

CINECITY CINEMAS

Thanks to the unique service given, the **Cinecity Cinemas** operated by our Group since 1993 hosts approximately 1.000.000 people every year. Today, with 3 cinema theaters at Hillside - Etiler, 6 at Zeytinburnu Olivium Outlet Center, 7 at



Hillside - Trio and 9 at İzmir Kipa Shopping Center, the **Cinecity Cinemas** create a pleasant synergy with the famous restaurants and cafés in its operation and is referred to as "quality" in the sector with the original services it offers and develops, its continuous innovations, the concepts it creates and its boutique cinema approach. With its loyalty program that has reached 52.000 registered users, the **Cinecity Cinemas** increases guest satisfaction and marks unique campaigns. The aim of the **Tourism Group** for the **Cinecity Cinemas** that started showing 3D films in 2009 is to continue in the area of cinema operation increasing its number of cinemas in boutique locations and large cities.

SANDA SPA

The **Alarko Tourism Group** introduced the natural SPA culture met with great interest in the world to the Turkish people 8 years ago at **Hillside Beach Club - Fethiye** and has transformed the **SANDA SPAs** designed according to a synthesis of Far Eastern, Mediterranean and local influences into Turkey's first and largest SPA chain. The last link of the Group's **SANDA SPAs** offering services with Turkish and Far Eastern therapists in a total of 6 branches at the Hillside Hotels and Hillside Sports Centers is operating at **Hillside City Club - İstinye** with 11 rooms. The Group is proceeding in its objective of developing the **SANDA SPA** label particularly in large cities.

HILLSIDER MAGAZINE

Hillsider Magazine, an **Alarko Tourism Group** publication, celebrated its 14th anniversary in 2009 and profitably continues its "exemplary" role in the world of publication with its rich content and advertisements of national and international companies.





Aslanlı
Bulvarı

THE LAND DEVELOPMENT GROUP

With more than 45 years of experience and know-how our Land Development Group that undertakes the construction of high quality housing projects has earned itself a justified reputation with corporate identity. Our group creates a great difference in every project undertaken and offers new life styles, designs and constructs satellite towns that have full infrastructure and recreation areas, are respectful of environmental principles and are operated according to modern management organizations.

The 2009 activities and future projects of our Group that has undertaken a developer role are summarized below.

Alkent İstanbul 2000

Alkent İstanbul 2000 Recreation Town is one of the most prestigious settlements of İstanbul with its modern and unique concept. A total of 800 families are now enjoying a privileged life style in this town surrounded by greenery and overlooking the lake in Büyükdere.

The large type "Lake Mansions" with large gardens that constitutes the third phase of this project and is the most prestigious section of Alkent 2000 İstanbul was completed in 2008. A large number of the Lake Mansions that constitute the most prestigious phase of the Alkent İstanbul 2000 project were sold as of the end of 2009 and residence in the development has started.

Other Projects

In accordance with the demand in İstanbul, our efforts towards designing a composite project consisting of a hotel, residences and shopping mall in a favorable location within the city in İstanbul are ongoing. In addition, our company is continuing to design satellite towns with the objective of satisfying the housing requirements for earthquake resistant and quality residences in leading locations situated in the most preferred areas of İstanbul.

On the other hand, we are maintaining a successful partnership with the Deyaar Development PJSC, a company established in Dubai and a leader in land development with whom we have established a 50 % - 50 % partnership. Negotiations and feasibility studies regarding projects to be realized within the



structure of this partnership are ongoing and we are aiming at starting two new projects when the conjuncture is convenient.

ALARKO REAL ESTATE INVESTMENT PARTNERSHIP COMPANY

2009 has been a year in which the global financial crisis has affected the real sector turning into an economic crisis. The instability and economic shrinkage in global economy also affected the construction sector.

The real estate stock in Turkey attained a considerable level with the construction projects realized in 2007 and 2008. In 2009, the real estate sector underwent an inactive year due to a recession of approximately 4,7 %. A perceivable recovery in the economy and decrease in real estate and stocks must be observed before any new real estate projects can be started. Our company follows the leading indicators of the economy both in Turkey and abroad closely and will initiate new projects when conjuncture is most favorable.

Residence has begun in the Lake Mansions which constitute the 3rd phase of our Alkent 2000 project started in 2007. The recognition and quality of the project will become increasingly more apparent with the families that will start residing here once the decoration of their homes is completed. Sales efforts for the few remaining mansions of the project will be maintained in 2010. We are also continuing to search for suitable plots for new projects.

Our company has attained a stable rent income by adding numerous prestigious projects to its portfolio in previous years. Our rent income for the year 2009 from Fethiye Hillside Beach Club Holiday Village, Alkent Etiler Çarşısı in one of the most prestigious residential projects of İstanbul, the Alarko Business Center in Necatibey Caddesi, Karaköy, Alarko-Dim Business Center in Tepebaşı, and Alarko Business Center in Çankaya, Ankara in our portfolio has continued to increase despite the economic crisis.





THE SEAFOOD PRODUCTS GROUP



Alfarm A.Ş. established within our group of companies in 1991 to breed and process salmon, sea trout and other kinds of fish in its own plant, offers these products to the domestic and foreign markets. Production conducted at the plant in Dudullu, İstanbul since 1993 was moved to the modern plant in Suadiye, İzmit in 2001. Our company opened its first salmon processing plant in Dudullu, İstanbul, in 1993 and in 2001 moved to its modern salmon production plant in Suadiye, İzmit. This new plant enabled product variety, our capacity increased ten folds and our market share increased greatly.

2009 Activities, New Products and New Projects

Sales of imported Norwegian salmon in supermarket chains was maintained and serious sales increases were attained despite the economic crisis. Taking into account the crisis we changed some of our suppliers and buyers. Dealership was given only to companies that were able to comply with our sales policy and dealership conditions.

Tasting and promotion efforts continued in 2009 taking into consideration the positive results obtained from the tasting activities conducted in the market chains of corporate companies.



All our production processes were reviewed in accordance with the ISO 9001 "Quality Management" and ISO 22000 "Food Safety" systems put in effect in 2009, labor force productivity was increased, and efficiency was ensured in the areas of stock and raw goods control.

We have started to sell Salmon Fillet portions 250 gr and Cod Fillet portions 250 gr both fresh and frozen in chain super markets such as CarrefourSA and Migros. Moreover, we have started to sell our frozen shelled shrimps in the food departments of the Swedish Ikea Stores. We have prepared brochures and recipe books for other kinds of fresh fish in cooperation with NSEC (Norwegian Seafood Export Council) and have made the necessary organization for the books to reach consumers and started to distribute them.

We have taken steps towards exports to the Middle East countries thanks to the efforts made with our partner Hallvard Lerøy. As in previous years, in 2009, too, we continued our endeavors towards increasing our brand and products recognition by participating in various fairs and organizations and participated in the ANFAŞ Fair in February 2009 and the ESE Fair in Brussels in April 2009 with our partner Lerøy.



New Objectives and Investments

We have started to work on Internet marketing and are planning to complete it and put it in operation by the end of 2010.

Health and safety of consumers and environmental protection will have first priority in our new investments. Our efforts towards developing new products and increase quality are continuing. Our R&D has developed new products with longer shelf lives and lower cost that will be offered to the market in 2010. Our cooperation with international market chains such as Migros, Carrefour, Metro, Real, Macro, Tesco, Kipa, Ikea will be developed and our product variety sold in these markets will be increased. Our efforts towards Private-Label in processed products will be carried out in 2010.

We are planning to increase our exports to Cyprus in 2010. Moreover, our efforts to increase exports and notably to the Middle East countries will be maintained in 2010.



BUSINESS VOLUME

We present to the view of our shareholders the following table which shows the consolidated results of the last five years in figures and the volume we have reached as a result of the activities which we described in earlier section of the report.

Companies and Businesses According to Activities	Consolidated Results (Thousand TL)				Consolidated (Thousand TL)	Total
	2005	2006	2007	2008	2009	
Contracting & Land Development	432.447	465.541	527.099	575.134	541.875	563.959
Industry & Trade	227.066*	248.237*	287.613*	300.268*	264.809*	269.526*
Energy	7.957*	50.594*	92.898*	141.131*	351.348*	351.687*
Tourism	37.637	43.995	45.114	54.381	58.267	58.292
TOTAL	705.107	808.367	952.724	1.070.914	1.216.299	1.243.464

* The total of the turnovers is taken in order to be in accordance with the previous years.

Perspectives for 2010

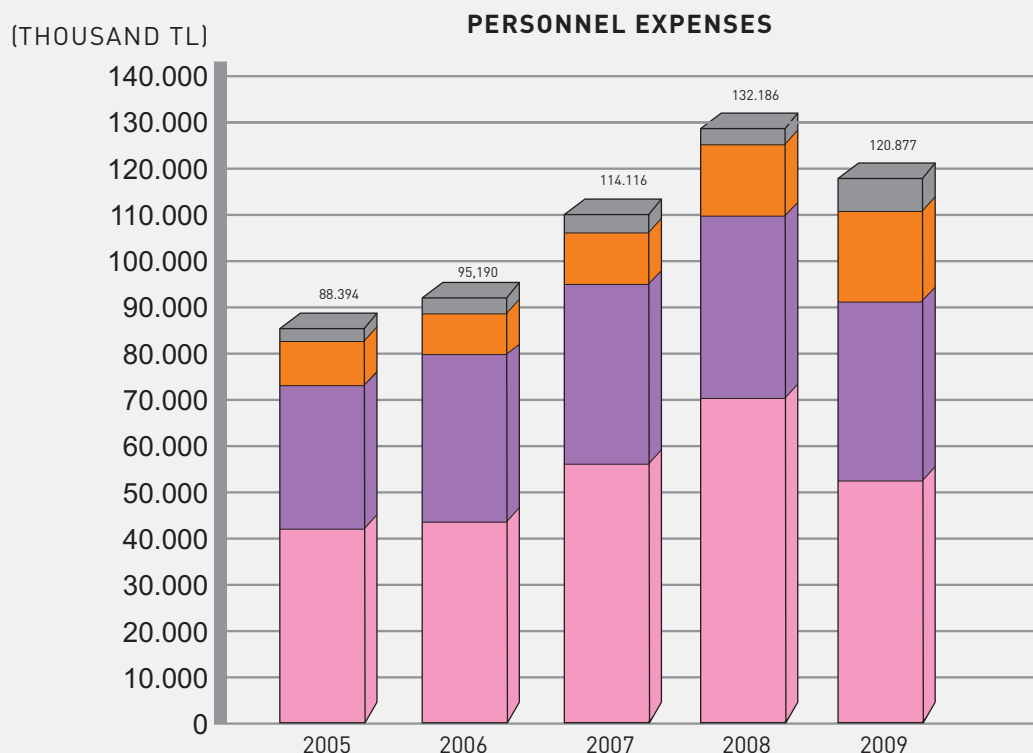
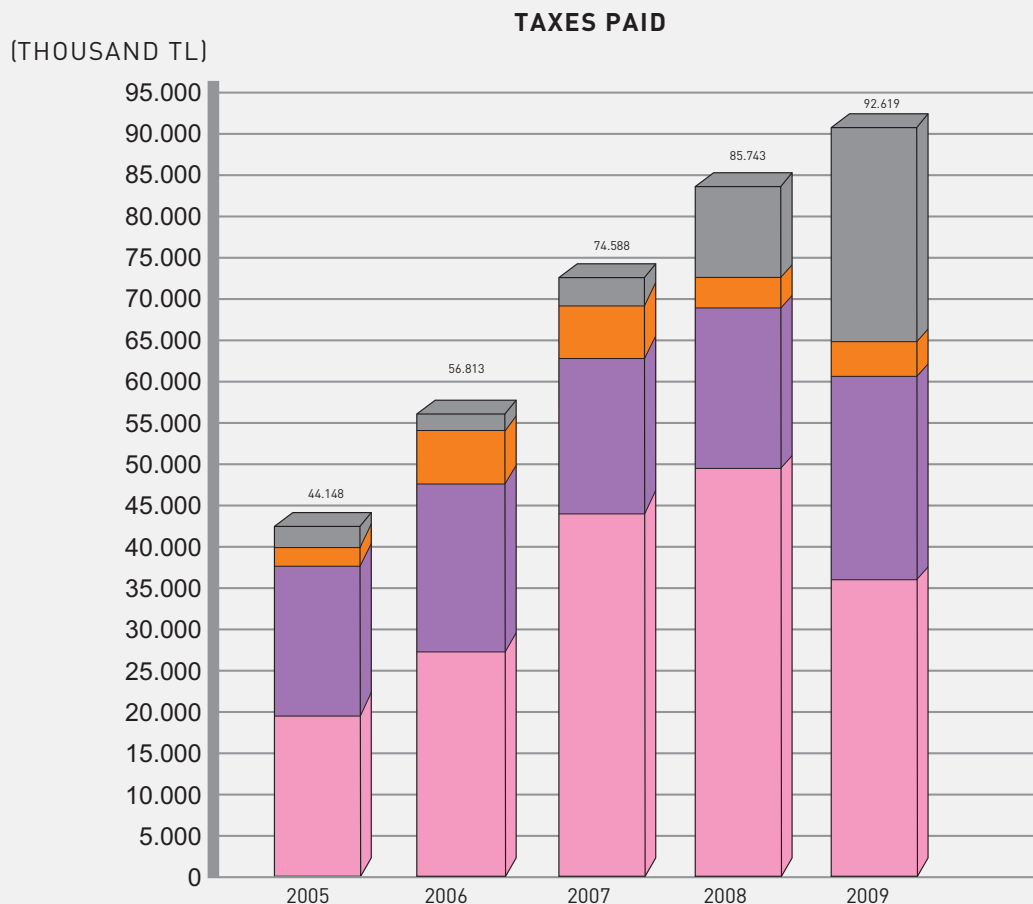
Our company has adopted the principle of working according to a plan and it has made it a tradition to reflect this in its annual reports. Our aim is to contribute to the comparison of the results of 2009 with the volumes which we foresee for 2010 and to their evaluation.

Starting from this point, the turnovers planned for 2010 are as follows according to groups of activities:

Companies and Businesses According to Activities	2010	
	Consolidated (Thousand TL)	Total (Thousand TL)
Contracting & Land Development	558.777	580.873
Industry & Trade	283.383	287.851
Energy	1.415.909	1.421.549
Tourism	65.103	65.103
TOTAL	2.323.172	2.355.376



TAXES PAID AND PERSONNEL EXPENSES



DEVELOPMENTS IN THE LAST FIVE YEARS

The development trend of our holding company's balance sheet items, profits, equity participations and dividends in the last five years are shown below.

	2005	2006	2007	2008	2009
Profit / Loss before Tax (TL)	67.867.271*	52.388.820*	53.553.505*	78.972.708*	82.655.349*
Equity Participation (TL)	15.644.952	14.515.798	12.313.344	11.939.500	11.776.191
Capital (TL)					
• Issued					
- As free shares	11.127.284	171.927.284	210.923.514	210.923.514	218.514.284
- Against cash	4.952.716	4.952.716	4.952.716	4.952.716	4.952.716
Total	16.080.000	176.880.000	215.876.230	215.876.230	223.467.000
• Registered	25.000.000	500.000.000	500.000.000	500.000.000	500.000.000
Dividends					
• Net dividends (Per share with a par value of TL 1)					
- According to paid-in capital	0,20	0,274	0,398	2,132	0,659
- According to total capitalization (including distributed bonus shares)	0,06	0,0076	0,0091	0,0489	0,0146
• Net dividend rates					
- According to paid-in capital	20,4%	27,4%	39,8%	213,2%	65,96%
- According to total capitalization (including distributed bonus shares)	6,3%	0,76%	0,91%	4,89%	1,46%

* Consolidated amounts



BASIC RATIOS AND OTHER INFORMATION

BASIC RATIOS

The net profit margin of our Company's activities in 2009 is 5,75 %. As of 31 December 2009, our company's current ratio was 2,17, liquidity ratio was 1,87, cash ratio was 0,63 and its financial leverage ratio was 0,51.

INTERNAL AUDITING AND RISK MANAGEMENT SYSTEMS RELATED TO THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of individual financial statements that form the basis of consolidation as well as the internal auditing activities related to avert risks that could be encountered during the consolidation process are being carried out on time and in accordance with the procedures. These activities include controls realized with the help of preventive, determinative, manual or computer assisted programs. The whole process is kept under constant supervision and observation by management and the internal auditing unit. In turn, the consolidation process and the consolidated financial statements are supervised by the independent auditing company.

THE SHARE OF THE SUBSIDIARIES SUBJECT TO CONSOLIDATION IN THE CAPITAL OF THE PARENT COMPANY

The Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. that is one of the subsidiaries subject to consolidation owns 608.222 shares of the Parent Company. The proportion of these shares in the nominal capital of the Parent Company is 0,27 %.

AUTHORIZATION AND LIMITS OF MEMBERS OF THE BOARD AND THE STATUTORY AUDITORS

The Chairman and Members of the Board of Directors represent and manage the Company according to the powers indicated in article 33 of the Company's Articles of Incorporation and the relevant articles of the Turkish Commercial Code. The duties, authorizations and responsibilities of the Members of the Statutory Auditors are indicated in articles 45 and 46 of the Company's Articles of Incorporation.



SOCIAL AND INDUSTRIAL ACTIVITIES

EMPLOYMENT

A total of 3344 people consisting of 1512 white collar employees, mainly engineers and architects, 1832 technicians and workers were employed by the companies and enterprises within the body of Alarko Holding A.Ş. in 2009.

In addition, an average of 4766 people were employed by the sub-contractors and external workshops. The severance pay load of Alarko Holding A.Ş. as of 31 December 2009 was TL 572.485,26 (excluding participations).

TRAINING

In 2009, the personnel received a total of 85.361 man/hour of training given within the group and a grand total of 101.718 man/hour of training including training given by outside groups. Technical, financial, administrative and computer training seminars were organized within the group and our personnel were given the opportunity to attend seminars in their related areas organized by well-known training institutions.

In addition, on the job training sessions on welding, assembly and other production techniques, construction, ISO 9000 and Occupational Security were organized. Training given to Alarko Carrier Sanayi ve Ticaret A.Ş. dealers and service units continued.

EMPLOYEE-EMPLOYER RELATIONS AND RIGHTS GRANTED

Keeping in mind the economic situation in Turkey, efforts were made to establish a realistic equilibrium between employees and employer and find solutions that would not disadvantage employees under present economic conditions. A collective labor agreement covering the period 01.09.2008 - 31.08.2010 was signed and put in effect between the companies in our group and MESS - Türk Metal.

ALARKO EDUCATION - CULTURE FOUNDATION

In the 2009 - 2010 school year, the Alarko Education - Culture Foundation, established in 1986, gave scholarships to 35 students in their last year of university or in graduate programs in the engineering, civil engineering, finance, business administration departments of various universities, 30 students studying in technical or vocational high-schools and 25 successful children of our employees in need of financial support. Thus, more than 1200 university students and more than 600 high school students have so far been granted gratis scholarships from our Foundation.

On the other hand, our Foundation continued to sponsor various cultural and artistic events this year, too. Our Foundation continues to cooperate with outstanding scientific and cultural foundations.

ALARKO FUTURE'S CLUB

The future of the Alarko group of companies is in the young generations who are university graduates, dynamic, hard-working, clever, creative, knowledgeable, have the ambition and desire to move up, and expect a future at Alarko.

In 2009, the Alarko Future's Club maintained its activities aiming at the professional and personal development of qualified young people to give them the opportunity to understand the benefits of team spirit and cooperation and become the well-trained experts or managers that will lead Alarko to the future.



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Statement Of Compliance With Corporate Governance Principles

Our Company takes due care to implement the rules mentioned in Corporate Governance Principles published by the Capital Markets Board. Explanations on this issue are here below.

PART I - SHAREHOLDERS

2. Unit in Charge of Relations with Shareholders

The duties of the unit in charge of relations with shareholders are carried out by the Shareholders' Department formed within the Alarko Group of Companies.

The director and staff of the department are; Lawyer Aysel Yürür and Emel Ecevit.

For communication:

Phone : (90 212) 310 33 00 - 0212 227 52 00 (Pbx)

Fax : (90 212) 236 42 08

e-mail : aysel.yurur@alarko.com.tr

The general assembly meeting of the Company was held, documents to be referred by the shareholders at the meeting were prepared and outcomes of the meeting were communicated to the Istanbul Stock Exchange and Capital Markets Board for publishing during the year. Questions of about 90 investors have been answered during this period.

3. Exercise of Right to Obtain Information by the Shareholders

Questions of the shareholders commonly relate to investments, turnover, capital increase and dividend payments of the company. Some 90 questions were asked within the year. Questions and answers given were communicated to the Board of Directors.

Company's articles of association contain no provision regarding appointment of an independent auditor. No request was made during the year for the appointment of an independent auditor.

4. Information About the General Assembly

The Ordinary annual general assembly meeting of the company was held with a quorum of 74,88 %. Representatives of the media attended the meeting.

Invitation to the meeting was made by letters sent to shareholders and the Istanbul Stock Exchange was duly notified.

The activity report, auditors' report, financial statement, articles of association, meeting agenda and profit distribution proposal by the Board of Directors were presented to the shareholders at the company's headquarters prior to the general assembly meeting. The Istanbul Stock Exchange and Capital Markets Board were notified of the profit distribution proposal prior to the general assembly meeting. At the general assembly meetings, the shareholders exercise their right to ask questions and such questions are duly answered. No proposal was made other than by major shareholders.

The Company's articles of association contain no provision regarding vesting the authority for making decisions on splitting, sale, purchasing and letting of assets in the general assembly.

The minutes of the general assembly meeting are maintained at the Company's headquarters open to the shareholders for review.

5. Voting Rights and Minority Rights

Voting rights bear no concession. Minority shares are not represented at the management. No cumulative voting is applicable.

6. Policy and Time of Profit Distribution

No concession is granted in connection with participation in Company's profits. Profit distribution is carried out within the period set forth in applicable laws. The amount of profit available for distribution will be determined taking into account the new investments to be made and liquidity status if the Capital Markets Board terminates profit distribution obligation in 2010 and the following years.

7. Transfer of Shares

There is no specific provision limiting the hand over of shares in the company's articles of association.



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PART II - PUBLIC INFORMATION AND TRANSPARENCY

8. Company's Informing Policy

Annual information and future expectations of the company are announced to the public by the Chief Executive Officer through the printed and visual media upon closing of the annual ordinary general assembly meeting. The necessary information is given to the public by the President of the Board of Directors and the Chief Executive Officer during the year. Any material situation that evolves during the year is announced to the public in a timely manner.

Responsibility for observing any and all matters that may require announcement exclusively to the public and answering the question asked to the company rests with the Directorate of Shareholders' Service. Questions asked to the company during the year verbally or in writing are answered by this department and the Board of Directors is informed accordingly. The person in charge of implementing the company's informing policy is Chief Executive Officer Ayhan Yavrucu.

9. Announcement of Special Cases

During the year 2009, announcements in connection with 12 special cases were made. Two additional explanation was requested.

10. Company's Web-Site and Content

Alarko Holding A.Ş. has a web-site. The company's web address is: www.alarko.com.tr. "Report on Compliance with Corporate Governance Principles of Capital Markets Board" which contains a number of links for the following headings may be accessed from the "Investor Relations" link of the web-site.

Information provided in Corporate Governance Principles, Part II, Article 1.11.5 as mentioned in Article 10 of this report is accessible via the following links as well.

LIST OF LINKS

1) STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PART I - SHAREHOLDERS

- 2) Shareholders' Relations Department
- 3) Exercise of Right to Demand Information by the Shareholders
- 4) Information on General Assembly
- 5) Voting Rights and Minority Rights
- 6) Policy and Time of Profit Distribution
- 7) Transfer of Shares

PART II - PUBLIC INFORMATION AND TRANSPARENCY

- 8) Company's Informing Policy
- 9) Announcement of Special Cases
- 10) Company's Web-site and Content
 - Trade Register information
 - Recent partnership and management structure
 - Detailed information on preference stocks
 - Current text of Company's Articles of Association including date and issue number of Trade Register Gazettes where amendments thereto are published.
 - Announcement of special cases
 - Annual Reports
 - Periodical Financial Statements and Reports
 - Registration Statements and Public Offering Circulars
 - Agendas of General Assembly Meetings
 - Lists of Attendance and Minutes of General Assembly Meetings
 - Specimen Form for Voting by Proxy
 - Specimen Form for compulsory information prepared in collection of share certificates or proxy by way of invitation.
 - Minutes of Board Meetings where important decisions that may affect the value of Capital Market Tools are taken.
 - Frequently Asked Questions (demands for information, questions and denunciations to the Company and their answers)



- 11) Announcement of Real Person Plenary Shareholder (s)
- 12) Publication of Insiders

PART III - OWNERS OF INTEREST

- 13) Informing the Owners of Interest
- 14) Participation of Owners of Interest in Management
- 15) Human Resources Policy
- 16) Information on Relations with Customers and Suppliers
- 17) Social Accountability

PART IV - BOARD OF DIRECTORS

- 18) Structure, Composition of Board of Directors and Independent Members of Board of Directors
- 19) Qualifications of Board of Directors
- 20) Mission, Vision and Strategic Objectives of the Company
- 21) Risk Management and Internal Control Mechanism
- 22) Powers and Responsibilities of Board Members and Managers
- 23) Operational Principles of Board of Directors
- 24) No Business or Competition with the Company
- 25) Rules of Ethics
- 26) Number, Composition and Independence of Board of Directors' sub-committees
- 27) Financial Rights Granted to Board of Directors

11. Announcement of Real Person Plenary Shareholder (s)

The real person plenary shareholders of the Company are announced by the Company upon request.

12. Announcement of Insiders

List of insiders has been announced to public in the Annual Report of 2004 and the names of insiders as of the end of 2009 are as follows:

- İshak Alaton
- İzzet Garih
- Vedat Aksel Alaton
- Ayhan Yavrucu
- Dalia Garih
- Leyla Alaton
- Güner Koçel
- Ahmet Vural Akışık
- Mustafa Filiz
- Ümit Nuri Yıldız
- Mehmet Ahkemoğlu
- Ahmet Zeyyat Hatipoğlu
- Aykut Baycan
- Erol Uçmazbaş
- Ömer Çelik
- Aysel Yürür
- Süleyman İnal
- Melis Aylıkçı

PART III - OWNERS OF INTEREST

13. Informing Owners of Interest

Owners of interest of the company are regularly informed on matters of interest to them.

Employees of the company are informed through annual meetings held regularly. In addition, developments within the company are announced on a continuous basis through the periodical "Bizim Dünyamız" and "News" published biannually. On the other hand, a comprehensive information effort is carried out through our web-site, e-bulletins and annual reports.



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

14. Participation of Owners of Interest in Management

No particular model has been developed regarding participation of owners of interest in the company's management. Rights of owners of interest are protected by virtue of applicable legislation.

15. Human Resources Policy

The human resources policy of the company is defined in the manual "Our Policy" issued annually and announced to the employees in annual meetings.

Recruitment criteria to be strictly complied with by the staff in charge of recruitment are defined in writing. The physiological, psychological, and intellectual characteristics required by each job are taken into consideration in the recruitment process. These characteristics are measured and evaluated by a written test. Following the initial evaluation by the human resources department, the candidate is also interviewed by manager of the particular unit to employ the candidate.

All employees are treated fairly and equally in terms of training and promotion opportunities, training plans and policies aiming at improving the knowledge, skills and experience of the employees are developed. The employees receive regular training every year.

Job descriptions are developed for every position. Performance and reward criteria are determined on a yearly basis and are implemented upon agreement with the employees. The performance and evaluation system used in measuring and evaluating the individual performance is taken into account during wage and career planning.

On the other hand, a certain number of personnel are granted "Golden Badge" as a result of their outstanding performance. Employees winning the "Invention Prize" competition are also awarded. Thus, the creative personnel are motivated. A safe working environment is provided for the personnel and it is improved continuously.

16. Information on Relations with Customers and Suppliers

Alarko Holding A.Ş. is a holding company providing services to companies in the group. Focused mainly on customers our company measures and evaluates the level of customer satisfaction on a permanent basis. Our personnel are subject to continuous training in order to enhance customer satisfaction.

Quality standards for goods and services are strictly adhered to and maximum care is taken to comply with those standards. Therefore, quality warranty is provided and any goods or services found to be below the quality standards are compensated immediately.

17. Social Accountability

Alarko Holding A.Ş. is extremely sensitive to social responsibility issues and therefore, acts in accordance with the regulations and ethical rules regarding the environment, consumers and public health.

Alarko Holding A.Ş. and the Group companies operating within its framework and the personnel, experts and subsidiary industries have adopted and apply the principles below in order to protect nature and the environment in all their operations.

- To follow and apply the stipulations of acts, statutes, bylaws and standards regarding the environment.
- To take the necessary measures to prevent air, water, soil and noise pollution in all their operations.
- To protect plant and animal life and ensure the recycling of wastes.
- To cooperate with official and private associations and enterprises to develop policies and systems for environmental protection.
- To maintaining research to improve the environment friendly properties of our products and production methods.
- To reduce consumption of natural resources and energy to optimum levels.
- To provide continuous training programs to contribute to and increase the environmental protection awareness of our members. To use the most advanced technology available to attain these objectives.

There is no litigation or warning filed against our company neither during the current year nor in the past for damages to the environment.



The Alarko Education-Culture Foundation established in 1986 to work in the area of education and culture has granted scholarships to a large number of students. Since its establishment, the foundation has granted scholarships to more than 1200 university students and more than 600 high-school students. The Foundation's scholarships are not to be refunded. A total of 97 students were granted scholarships in the 2009 - 2010 school year.

PART IV - BOARD OF DIRECTORS

18. Structure, Composition and Independent Members of Board of Directors

Board of Directors

İshak Alaton	Chairman
İzzet Garih	Vice Chairman
Vedat Aksel Alaton	Vice Chairman
Ayhan Yavrucu	Member
Dalia Garih	Member
Leyla Alaton	Member
Güner Koçel	Member (Independent)
Ahmet Vural Akışık	Member (Independent)

There are two independent members in the Board of Directors.

Board members are in no way restricted in assuming positions in other organizations or entities not related to the Company.

19. Qualifications of Board Members

Minimum qualifications required in election of Board members comply with the Corporate Governance Principles of Capital Markets Board. Articles of Association of the Company contains no such principles as due care is taken in the election of Board members in accordance with the said principles.

20. Mission, Vision and Strategical Objectives of the Company

Rather than being the largest, the main vision of the company is to become one of the strongest, most reliable and respected companies worldwide supplying goods and services of global quality by being honest to the state, the customers, shareholders and employees in all its operations.

The company's main mission is to offer goods and services exceeding the expectations of its customers and to satisfy its clients, shareholders and employees by integrating information, technology and the human factor in a creative organization.

Strategic objectives developed by the Chief Executive Officer, evaluated by the Audit Consultation and Approval Committee and submitted to the Board of Directors for approval. The realization level of the approved objectives is communicated to the Board and the Audit Consultation and Approval Committee and their realization level is evaluated.

21. Risk Management and Internal Control Mechanism

A risk management and internal control mechanism is set by the Board of Directors. Managerial risks are reviewed periodically by the Audit Consultation and Approval Committee constituted by the members of the Holding's Board of Directors. The said Committee has decided to establish, audit and update an internal control mechanism within the Group in general. In accordance with this decision, the Auditing Group of the Group of Companies has been given the responsibility to supervise the establishment of the internal control mechanism and check its functioning. The Auditing Group inspects the internal control mechanism regularly against the approved annual audit plans and submits its opinion and findings to top management.

Furthermore, the Auditing Committee established reviews the said matters and advises the Audit Consultation and Approval Committee accordingly. The Audit Consultation and Approval Committee and the Committee in charge of Auditing determine the measures to be taken and instruct the company's managers via the Chief Executive Officer.

22. Powers and Responsibilities of Board Members and Managers

Powers and responsibilities of Board members and managers are set forth in the company's articles of association.



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

23. Operational Principles of Board of Directors

The Board has convened 19 times within the year. Actual participation to the meetings was established. Board decisions are taken unanimously. No weighed voting right or negative veto right is granted to the Board members.

24. No Business or Competition with the Company

As per the decision taken at the general assembly, the Board members are not banned to do business or compete with the company within the year.

25. Rules of Ethics

Rules of ethics approved by the Company's Board of Directors and the Audit, Consultation and Approval Committee and agreed upon by all Alarko Holding A.Ş. personnel and managers and defined in the ALARKO Group of Companies' Philosophy are summarized here below. These rules are concordance with the policies, objectives, procedures and principles of Alarko.

- Acting honestly in all business activities towards the Government, Clients, Shareholders, Personnel, Partners, and Sub- and By- Industries.
- Protecting the environment and maintaining the inter-company social balance in all its activities.
- Orienting the customers without forcing and giving priority to their needs.
- Maintaining high quality at all times, trying to supply the best at the lowest price even when the customers are satisfied and contented with what is already given.
- Achieving the profits deserved by the shareholders under the current conditions.
- Give priority to teamwork as a corporation performing systematically on the basis of pre-defined procedures, share profit, loss, success and failure.

Our policies are shaped by this philosophy. And this philosophy is affixed at easily visible points in various units of our company and subsidiaries. In addition, all employees are informed through the annual Policy Meeting and Our Policy Book. Our existing and newly recruited personnel are regularly trained on this philosophy and related rules. Our philosophy including the rules of ethics is accessible via the internet and our web-site www.alarko.com.tr.

All Alarko Holding personnel are obliged to act in compliance with these rules. Rules of ethics are followed-up by the superiors of all employees in hierarchical order. Employees are responsible of immediately notifying the management of any act or behavior contrary to the rules of ethics.

Any contrary act or behavior noticed, notified or suspected by the Board of Auditors, the Auditing Committee, the Chief Executive Officer or other managers are reviewed by the Board of Directors or instructed to be reviewed by the Auditing Committee to ensure compliance therewith. Disciplinary sanctions are applied by the Chief Executive Officer authorized by the Board of Directors to doers of actually proven contrary acts.

26. Number, Composition and Independence of Board of Directors' Sub-committees

The auditing committee is established within the legal term and performs the duties set forth in the communiqué of the Capital Markets Board. The members of this committee are İzzet Garih and Vedat Aksel Alaton.

After approving the strategic decisions the Audit Consultation and Approval Committee consisting of 5 members of the Board of Directors presents them to the Board.

27. Financial Right Granted to Board of Directors

No rights or interests are granted to the Board members including remuneration as per the decision of the General Assembly.

No money is lent to the company's Board members or managers including credit utilization or suretyship.



ÜZEYİR GARİH'S VIEW

SHARING SUCCESS

Many successful and unsuccessful events take place everyday in the establishment that we work in. We all witness such things everyday.

Generally people abstain from taking the responsibility of unsuccessful events.

The proverb roughly translated as, "A misdeed was made into a sable skin coat, no one wanted to put it on," is the candid evidence of this fact.

However, anyone who has been even remotely involved in something done successfully will try to let everyone around know about his/her role in this achievement.

Everyone will try to make use of this achievement and its results.

In company of their colleagues and superiors, people generally take every opportunity to emphasize their role in the said achievement.

Thus, they create public opinion within the institution by exaggerating the importance of their role.

On the other hand, those who have played a really major role in the successful achievement do not want to lose their rights in the public opinion of the institution.

Most often, they try to minimize the role of their colleagues, who have had a role in the achievement, in the public opinion of the institution in order to show that they played the lead.

However, those who have had any kind of role in an unsuccessful endeavor try spread the rumor that they were not involved in the failure by affirmations such as, "I told you so!" "I told you this would happen. I warned you!"

All this is in fact an action based on a social and natural reflex, a reaction.

This reaction is observed in all sportsmen/women. In a football or basketball game when a player hits a foul, this reflex is seen in the form of the player raising both hands to mean, 'It wasn't my fault!'

All those who watch matches on TV must have seen this gesture.



In my opinion, blaming one person for success or failure in an institution is wrong.

Today, the result of things happening in an institution is not the doings of one but of a team.

There is no longer any place for individual acts in institutions.

Today, individual play has been replaced by team play.

What makes a meat or fish dish tasty and appreciated is not only the quality of the meat or fish.

The importance of the role of salt and pepper, the sauce and presentation cannot be underestimated.

The success of a team cannot be only the claim of the idea's originator.

The whole team and even all the members of the institution who have participated for success with their enthusiasm, hard work, knowledge, financial power, management, relations and entrepreneurship have a claim in this achievement.

The leader of a successful unit must gather his team immediately after a successful endeavor and congratulate each member with a short speech, highlight each one's role in this achievement, take his team to his superiors and assert that each one had a serious role in the achievement.

In situations where going to a higher managerial level is not possible, the leader who congratulates his team in writing and sends a copy to higher management will motivate his team members and their commitment to each other, the leader and the institution will be increased greatly.

A similar procedure can be useful in a case of failure.

The team leader must always remember that the success of the team is the success of the leader and that there is no need to remind this.

* This article was taken from the November 2001 edition of "DENEYİMLERİM 6".



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Alarko Holding A.Ş.

Introduction

We have audited the accompanying consolidated financial statements of Alarko Holding A.Ş. (the Parent Company) and its subsidiaries, affiliates, and jointly controlled entities which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (a subsidiary of Alarko Holding A.Ş.) and Altek Alarko Elektrik Santralleri Tesis İşletme ve Ticaret A.Ş. (a jointly controlled entity of Alarko Holding A.Ş.) comprise 18,63 % of the total assets in the consolidated statement of financial position as of 31 December 2009 and 42,56% of the total income in the consolidated statement of comprehensive income for the year then ended. The financial statements of the said subsidiary and the jointly controlled entity which comprise the statement of financial position as of 31 December 2009 and the statements of comprehensive income, changes in equity, cash flows for the year then ended were audited by another independent auditor. Further to the above, Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. (Alcen) is a jointly controlled entity in which the Parent Company has an indirect 50,82% interest and the total consolidated assets of Alcen amounts to TL 946.308.075 as of 31 December 2009 while its net consolidated loss for the period is TL 8.050.025. Meram Elektrik Dağıtım A.Ş. (Medaş) is the subsidiary of Alcen which was acquired by Alcen from the Privatization Administration and Türkiye Elektrik Dağıtım A.Ş. on 30 October 2009. The consolidated statements of financial position of Alcen and Medaş as of 31 December 2009 and their consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended have been audited by another independent auditor. In the said audit report, a qualified opinion has been expressed in the paragraphs presented below.

- “1. As of 31 December 2009, there is a non-reconciling amount of TL 10.126.526 between the total trade receivables obtained from the subscription system of Türkiye Elektrik Dağıtım A.Ş. (TEDAŞ) which is being used by Medaş and the total trade receivables stated in the legal records. Furthermore, we were unable to obtain from the said system an acceptable aging report related to trade receivables, and it was not possible to perform a satisfactory analysis on the overdue and uncollectible trade receivables; hence, we were unable to verify the amount of provisions for doubtful receivables stated in the accompanying financial statements. Also, it was not possible to determine the amount of trade receivables which are overdue but still deemed to be collectible; therefore, the default fine related to these totals could not be calculated.
2. The reconciliation work performed on the total of TL 22.863.782 payable by Medaş to TEDAŞ was not completed as of the reporting date; hence, the said total could not be verified.
3. We did not observe the taking of physical inventories as of 31 December 2009 because that date was prior to our initial engagement as auditors for Medaş. Accordingly, we were unable to ensure ourselves as to the existence and completeness of inventories carried at TL 8.218.767 as of 31 December 2009. Furthermore, the accounting system of Medaş could not generate stock cards for inventory items presenting both the quantity movements and corresponding unit costs. Accordingly no satisfactory audit procedures could be performed to obtain reasonable assurance on the valuation of inventories as of 31 December 2009.
4. We were unable to obtain details of the deposits on subscriber basis, therefore no satisfactory audit procedure could be performed to obtain reasonable assurance on the existence and completeness of deposits carried at TL 21.327.654 and TL 51.873.773 in the assets and liabilities of Medaş, respectively. The total of TL 51.873.773 stated among liabilities of Medaş represents the updated amount of deposits; however, there is an element of uncertainty to an update requirement on the total of TL 21.327.654 stated among Medaş assets. For that reason, the deposit total stated in the assets has not been updated.
5. As of 31 December 2009, we were unable to obtain from the system a report on the analysis of the municipality consumption taxes stated among liabilities of Medaş at TL 9.935.540; hence, the necessary audit procedures could not be performed to verify this total.”

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Turkish Accounting / Financial Reporting Standards (TAS / TFRS) which are issued by the Turkish Accounting Standards Board (TASB) and which are similar to the International Accounting / Financial Reporting Standards (IAS / IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of



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.

Auditors' 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 independent auditing standards issued by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Our independent audit involves the application of independent auditing techniques to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of the independent auditing techniques including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, is made by our professional judgment. In making those risk assessments; the internal control system of the entity is taken into consideration. However, this is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control but for displaying the relationship between the consolidated financial statements and the internal control system prepared by the entity in order to design audit procedures that are appropriate in the circumstances. Our 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, except for the matters mentioned in the first paragraph above in relation to the consolidated financial statements of Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. and its subsidiary Meram Elektrik Dağıtım A.Ş., the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Alarko Holding A.Ş., as of 31 December 2009, and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with the TAS/TFRS issued by the TASB.

Without further qualifying our opinion, we would like to draw attention to the following;

1. As of 31 December 2009, the subsidiaries, namely, Alsim Alarko KZ and Temzet Üretim İletim A.Ş. in which the Parent Company has 100% and 50% interest, respectively, do not materially affect the consolidated financial statements; hence, they have been stated at cost in the accompanying consolidated financial statements.
2. Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. (a jointly controlled entity) has acquired Meram Elektrik Dağıtım A.Ş. from the Privatization Administration and Türkiye Elektrik Dağıtım A.Ş. in full as of 30 October 2009 at a total of TL 652.212.000 (USD 440 million).

As of 31 December 2009, the said acquisition was provisionally accounted for as the studies made for determining the fair values of identifiable assets and liabilities being transferred were then ongoing. The acquisition which was subject to provisional accounting is to be adjusted within 12 months following the establishment date of the merger as per the TFRS 3 "Business Combinations". Upon the final accounting of the acquisition, it is likely to have adjustments in the recorded fair values of acquired identifiable assets and the liabilities taken over and in turn the recorded value of goodwill.

İstanbul,
9 April 2010

Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member firm of BDO International


DENET
Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.

Ömür Günel
Partner in charge



ALARKO HOLDING A.Ş. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2009 AND 2008 (TL)

ASSETS	Notes	31 December 2009	31 December 2008
Current Assets		1.233.488.853	1.186.355.288
Cash and Cash Equivalents	2,5	360.147.591	436.614.559
Financial Assets	2,6	141.711.819	125.923.140
Trade Receivables	2,8	497.590.151	372.696.117
Other Receivables	2,9	62.712.987	74.461.097
Inventories	2,10	108.502.335	131.791.146
Other Current Assets	2,20	62.738.021	44.783.280
Sub total		1.233.402.904	1.186.269.339
Long Term Assets Held for Trading	2,28	85.949	85.949
Non - Current Assets		531.759.222	289.039.669
Trade Receivables	2,8	12.686.746	119.326
Other Receivables	2,9	14.847.258	2.663.905
Financial Assets	2,6	6.424.157	6.310.068
Investments Valued with Equity Method	2,12	5.352.034	5.629.432
Investment Properties	2,13	1.837.572	1.938.010
Tangible Assets	2,14	218.780.045	196.246.913
Intangible Assets	2,15	232.732.568	17.745.184
Goodwill	2,16	8.623.683	379.851
Other Non-Current Assets	2,20	30.475.159	58.006.980
TOTAL ASSETS		1.765.248.075	1.475.394.957

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



LIABILITIES	Notes	31 December 2009	31 December 2008
Short Term Liabilities		568.013.243	611.966.524
Financial Debts	2,7	66.622.003	106.789.263
Other Financial Liabilities	2,7	139.319	139.797
Trade Payables	2,8	329.182.562	283.164.272
Other Payables	2,9	62.563.364	90.083.846
Taxes on Profit for the Period	2,18,29	7.711.816	20.520.205
Debt Provisions	2,18	18.360.328	10.007.843
Other Short Term Liabilities	2,20	83.433.851	101.261.298
Long Term Liabilities		326.601.109	39.560.427
Financial Liabilities	2,7	235.494.391	16.340.503
Other Financial Liabilities	2,7	1.220.384	982.808
Other Liabilities	2,9	26.361.639	-
Debt Provisions	2,18	-	1.368.551
Provision for Termination Indemnity	2,19	19.099.815	10.381.998
Deferred Tax Liability	2,29	36.986.783	2.495.318
Other Long Term Liabilities	2,20	7.438.097	7.991.249
EQUITY		870.633.723	823.868.006
Parent Company Equity		779.239.195	732.982.678
Paid in Capital	21	223.467.000	215.876.230
Cross Shareholding Adjustment (-)	21	(608.222)	(587.562)
Value Increase Funds		(27.346)	(115.721)
Translation Differences		5.315.949	4.808.236
Restricted Profit Reserves	21	4.333.572	2.310.368
Retained Earnings / (Accumulated Losses)	21	496.904.542	455.871.526
Net Profit / (Loss) for the Period		49.853.700	54.819.601
Non-controlling interest	2,21	91.394.528	90.885.328
TOTAL LIABILITIES AND EQUITY		1.765.248.075	1.475.394.957

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



ALARKO HOLDING A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (TL)

	Notes	31 December 2009	31 December 2008
CONTINUING OPERATIONS			
Sales Income	22	894.502.458	831.863.931
Cost of Sales (-)	22	<u>(738.300.147)</u>	<u>(801.919.229)</u>
GROSS PROFIT / (LOSS)		156.202.311	29.944.702
Research and Development Expenses (-)	23	(1.085.739)	(989.505)
Marketing, Sales and Distribution Expenses (-)	23	(34.836.817)	(21.586.531)
General Administration Expenses (-)	23	(75.363.846)	(71.890.486)
Other Operating Income	25	50.853.608	64.721.427
Other Operating Expenses (-)	25	<u>(48.489.531)</u>	<u>(18.157.374)</u>
OPERATING PROFIT / (LOSS)		47.279.986	(17.957.767)
Shares in Profits / Losses from Investments			
Valued by Equity Method	2	(277.706)	(315.616)
Financial Income	26	154.045.018	221.223.867
Financial Expenses (-)	27	<u>(118.391.949)</u>	<u>(123.977.776)</u>
PROFIT / (LOSS) BEFORE TAX ON CONTINUING OPERATIONS		82.655.349	78.972.708
- Tax Income / (Expense) for the Period	2,18,29	(11.285.250)	(22.251.526)
- Deferred Tax Income / (Expense)	29	<u>(19.979.893)</u>	<u>10.640.815</u>
Tax Income / (Expense) on Continuing Operations		(31.265.143)	(11.610.711)
PROFIT / (LOSS) FOR THE PERIOD ON CONTINUING OPERATIONS		51.390.206	67.361.997
PROFIT / (LOSS) FOR THE PERIOD		51.390.206	67.361.997
Other Comprehensive Income:			
- Change in Financial Assets Surplus Fund		88.375	293
- Change in Foreign Currency Translation Differences		(382.104)	5.225.212
OTHER COMPREHENSIVE INCOME (AFTER TAX)		(293.729)	5.225.505
TOTAL COMPREHENSIVE INCOME		51.096.477	72.587.502
Distribution of Profit / (Loss) for the Period			
- Non-controlling Interest	21	1.536.506	12.542.396
- Parent Company Shares		49.853.700	54.819.601
Distribution of Total Comprehensive Income			
- Non-controlling Interest		1.534.792	12.539.811
- Parent Company Shares		49.561.685	60.047.691
EARNINGS / (LOSS) PER SHARE	2,30	0,224	0,255
EARNINGS / (LOSS) PER REVISED SHARE	2,30	0,224	0,246

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



ALARKO HOLDING A.Ş. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (TL)

	Notes	31 December 2009	31 December 2008
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES			
Net profit before tax (+)		82.655.349	78.972.708
Adjustments:			
Depreciation (+)	24	24.166.228	23.554.356
Termination indemnity	19	8.717.817	604.667
Debt provisions	18	6.983.934	[26.513]
Income on marketable securities or long term investments (-)	26	[195.916]	[35.533]
Inventory provision	10,23	498.653	5.617.381
Provision for doubtful trade receivables. net	8,23	4.603.312	17.972.103
Rediscount income / (expense), net	8	[956.307]	992.537
Interest income (-)	26	[22.125.987]	[28.032.197]
Net income before working capital changes (+)		104.347.083	99.619.509
Increase (-) / decrease (+) in trade receivables	8	[140.405.707]	23.615.701
Increase (-) / decrease (+) in other receivables	9	[649.754]	[27.965.370]
Increase (-) / decrease (+) in inventories	10	22.790.158	11.635.547
Increase (-) / decrease (+) in other current assets	20	[17.954.741]	[7.229.774]
Increase (+) / decrease (-) in trade payables	8	45.530.049	40.118.721
Increase (+) / decrease (-) in other payables	9	[1.158.843]	30.773.802
Increase (+) / decrease (-) in other short term liabilities	20	[17.827.447]	11.611.001
Increase (+) / decrease (-) in other long term liabilities	20	[553.152]	[13.023.796]
Increase (-) / decrease (+) in non-current assets held for sale	28	-	12.957
Effect of rate change on deferred taxes		[889]	-
Deferred tax effect of companies excluded from consolidation		4.883	-
Medaş merger deferred tax effect		14.507.578	-
Tax payments (-)	18	[24.093.639]	[10.757.527]
Net cash (used in) / provided from principal activities		(15.464.421)	158.410.771
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets. net (-)	6	[114.089]	58.228
Investments valued by equity method	12	277.398	315.616
Acquisition of financial assets. net (-)	6	[15.788.679]	[23.883.604]
Acquisition of tangible assets. net (+)	14	[41.012.772]	[12.801.410]
Goodwill (-)	16	[8.243.832]	-
Increase in intangible assets. net (-)	15	[220.573.534]	[5.689.239]
Increase (-) / decrease (+) in other long term assets	20	27.531.821	[12.567.311]
Interests collected (+)	26	22.125.987	28.032.197
Dividends collected (+)	26	195.916	35.533
Net cash (used in) / provided from investing activities		(235.601.784)	[26.499.990]
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows related to short and long term financial debts (+)	7	179.223.726	41.985.582
Effect of jointly controlled entities included in the consolidation	21	[29.057]	[82.545]
Effect of companies excluded from consolidation		[252.326]	-
Effect of rate change in subsidiary	21	-	[855.688]
Value increase / decrease in financial assets	21	88.375	-
Effect of rate change	21	[53.803]	3.277.004
Translation difference		[380.390]	5.228.090
Effect of transferred projects	21	-	[527.097]
Dividends paid (-)	21	[2.969.982]	[2.266.700]
Increase (+) / decrease (-) in non-controlling interest	21	[1.027.306]	[2.233.100]
Net cash provided from financing activities		174.599.237	44.525.546
(Decrease) / increase in cash and cash equivalents	2	[76.466.968]	176.436.327
Cash and cash equivalents at the beginning of the period	5	436.614.559	260.178.232
Cash and cash equivalents at the end of the period	5	360.147.591	436.614.559

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



ALARKO HOLDING A.Ş. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (TL)

	Notes	Share Capital	Cross Shareholding Adjustment	Restricted Profit Reserves	Value Increase Fund	Translation Differences	Retained Earnings/ (Accumulated Losses)	Net Profit for the Period	Parent Company Equity	Non-controlling Interest	Total
Balance as at 1 January 2008		215.876.230	(587.562)	2.294.141	(115.721)	(419.854)	418.750.641	37.592.138	673.390.013	80.576.032	753.966.045
Transfer to reserves	21	-	-	16.227	-	-	(16.227)	-	-	-	-
Dividend payment	21	-	-	-	-	-	(2.266.700)	-	(2.266.700)	-	(2.266.700)
Effect of increase in subsidiary shares	21	-	-	-	-	-	(855.688)	-	(855.688)	(1.785.879)	(2.641.567)
Effect of jointly controlled entity included in the consolidation	21	-	-	-	-	-	(82.545)	-	(82.545)	-	(82.545)
Effect of rate change in the subsidiary	21	-	-	-	-	-	3.277.004	-	3.277.004	31.011	3.308.015
Effect of transferred projects	21	-	-	-	-	-	(527.097)	-	(527.097)	(95.700)	(622.797)
Value increase/decrease in financial assets		-	-	-	-	-	-	-	-	293	293
2007 profit transfer		-	-	-	-	-	37.592.138	(37.592.138)	-	-	-
Translation difference	21	-	-	-	-	5.228.090	-	-	5.228.090	(2.878)	5.225.212
Non-controlling interest (Dividends paid)		-	-	-	-	-	-	-	-	(379.947)	(379.947)
Net Profit		-	-	-	-	-	-	54.819.601	54.819.601	12.542.396	67.361.997
Balance as at 31 December 2008		215.876.230	(587.562)	2.310.368	(115.721)	4.808.236	455.871.526	54.819.601	732.982.678	90.885.328	823.868.006
Bonus issue		7.590.770	20.660	-	-	-	(7.570.110)	-	-	-	-
Transfer to reserves	21	-	-	2.023.204	-	-	(2.023.204)	-	-	-	-
Dividend payment	21	-	-	-	-	-	(2.969.982)	-	(2.969.982)	-	(2.969.982)
Effect of rate change	21	-	-	-	-	4.719	(58.522)	-	(53.803)	(873.093)	(926.896)
Effect of jointly controlled entity included in the consolidation	21	-	-	-	-	-	(29,057)	-	(29,057)	-	(29,057)
Effect of companies excluded from consolidation	21	-	-	-	-	883.384	(1,135,710)	-	(252,326)	40,694	(211,632)
Value increase/decrease in financial assets		-	-	-	88.375	-	-	-	88.375	-	88.375
2008 profit transfer		-	-	-	-	-	54,819,601	(54,819,601)	-	-	-
Translation difference	21	-	-	-	-	(380,390)	-	-	(380,390)	(1,714)	(382,104)
Non-controlling interest (Dividends paid)		-	-	-	-	-	-	-	-	(193,193)	(193,193)
Net Profit		-	-	-	-	-	-	49,853,700	49,853,700	1,536,506	51,390,206
Balance as at 31 December 2009		223.467.000	(608.222)	4.333.572	(27.346)	5.315.949	496.904.542	49.853.700	779.239.195	91.394.528	870.633.723

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



ALARKO HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

1. Organization and Principal Activities

Alarko Holding A.Ş. (the Parent Company) has been established in 1972, and its subsidiaries and affiliates comprise of companies and jointly controlled entities which operate in various fields such as contracting, construction, land development, industry, commerce, tourism, energy, and production and trading of fishery products. In the following sections, Alarko Holding A.Ş. and its subsidiaries, affiliates and jointly controlled entities whose financial statements are subject to consolidation will be referred to as "Alarko Group/the Group".

The names, principal activities and the direct/indirect shareholdings of subsidiaries, affiliates and jointly controlled entities which are subject to consolidation are as follows:

Name of the Company	Principle Activity	Shareholding of the Group (%)	
		31 December 2009	31 December 2008
Subsidiaries * :			
Alsim Alarko San. Tes. ve Tic. A.Ş. (Turkey)	Contracting and construction	99,64	99,56
Aldem Alarko Konut İnşaat ve Tic. A.Ş. (Turkey)	Residence, construction	99,64	99,56
Attaş Alarko Turistik Tesisler A.Ş. (Turkey)	Tourism Facility Management	99,66	99,58
Alarko Fenni Malzeme Satış ve İmalat A.Ş. (Turkey)	Marketing of Industrial Products and After-Sales Services	99,91	99,90
Almüt Alarko Sınai Gereçler İmalat ve Müm. A.Ş. (Turkey)	Production, Marketing and Dealership of Technical Equipment	94,30	94,30
Alamsaş Alarko Ağır Makina Sanayii A.Ş. (Turkey)	Production of Machinery and Equipment for Industrial Investments	99,96	99,95
Alarko Gayrimenkul Yatırım Ort. A.Ş. (Turkey) **	Purchase and Sales of Real Estates and Market Tools Related to Real Estates	50,97	50,94
Alsim-Moskova Çocuk Hastanesi İnşaatı (Russia)	Construction of Oncology Hospital For Children in Moscow-Russia	99,64	99,56
Alsim-Cezayir Arzew Desalinasyon ve Kuvvet Sant. İnşaatı (Algeria)***	Algeria-Arzew Desalination Project	-	99,56
Alsim - TCDD (Turkey)	TCDD Ankara-Eskişehir Railway Rehabilitation Project	99,64	99,56
Alsim-Rosneftgastroy JSC İş Ort. (Turkey)	DSİ Melen Water Supply Project Construction	99,14	99,06
Aktau Atrau Kara Yolu Projesi İnşaatı (Kazakhstan)	Road Construction Project	99,64	99,56
Astana Su Projesi (Kazakhstan)	Water Project	99,64	99,56
Saret Sanayi Taahhütleri ve Ticaret A.Ş. (Turkey)	Construction	100,00	100,00
Alarko Enerji Üretim A.Ş. (Turkey)	Power Generation	100,00	100,00
Antalya Hafif Raylı Sistem 1. Aşama Yapım İşleri (Turkey)	Light Rail System Project	99,64	99,56
Garanti Koza - Alsim Ortak Girişimi (Turkey)	Underground construction	99,64	99,56
Streicher - Haustad & Timmermann Günsayıl - Alsim A.Ş. (Turkey)****	Bakü-Tiflis- Ceyhan Crude Oil Pipe Line Project	66,46	-

* Included in the consolidation by full consolidation method.

** Public company listed in the Istanbul Stock Exchange.

*** Project is completed and transferred to Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (a subsidiary).

**** Included in the consolidation by proportionate consolidation method as of 31 December 2008, and became a subsidiary as of 31 December 2009 upon which it is included in the consolidation by full consolidation method.



**Shareholding of the Group
[%]**

Name of the Company	Principle Activity	Shareholding of the Group [%]	
		31 December 2009	31 December 2008
Jointly Controlled Entities * :			
Alarko Carrier Sanayi ve Ticaret A.Ş.(Turkey)**	Heating, Cooling , Air conditioning Equipment Manufacturing	43,19	43,19
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş. (Turkey)	Power Generation	49,89	49,89
OA0 Mosalarko (Russia)	Russia-Real Estate Project, Construction and Usage	50,00	50,00
Alsim-E.M.İ.T. SpA İş Ort. (Turkey) ***	İzmit Bay Waste Water Distillation Plant Construction	-	39,82
Alsim-Akfen İnşaat Tur. ve Tic. A.Ş. İş. Ort. (Turkey)	Tüpraş İzmit Refinery Sulphur Reduction Project Construction	49,82	49,78
Streicher-Haustad & Timmermann Günsayıl-Alsim A.Ş. (Turkey)****	Bakü-Tiflis- Ceyhan Crude Oil Pipe Line Project	-	49,78
Obrascon Huarte Alsim SA - Alsim Alarko San.Tes. ve Ticaret A.Ş. (Spain)	TCDD Ankara - Eskişehir Railway rehabilitation project	44,84	44,80
Alfarm Alarko Leröy Su Ürünleri San. ve Tic. A.Ş. (Turkey)	Production and Marketing of Fisher Products	49,99	49,99
Alarko Deyaar Gayrimenkul Geliştirme A.Ş. (Turkey)	Trade of Real Estate and Market instruments related to Real estate	49,82	49,78
Alarko - Makyol Adi Ortaklığı (Turkey)	Underground Construction	49,82	49,78
Doğuş-Alarko-YDA İnş. Adi Ortaklığı*****	Kiev Airport Construction	37,37	-
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş.*****	Power Generation	50,82	-
Meram Elektrik Dağıtım A.Ş.*****	Power Generation	50,82	-

* Included in the consolidation by proportionate consolidation method.

** Public company listed in the Istanbul Stock Exchange.

*** As of 31 December 2008, it was included in the consolidation by proportionate consolidation method. As of 30 June 2009, the profit/loss transfers of the project are completed and the operating volume is lowered such that it no longer affects the consolidated financial statements of the Group; hence it is excluded from the jointly controlled entities, and in turn from the consolidation.

**** As of 31 December 2008, it was included in the consolidation by proportionate consolidation method. As of 31 December 2009, it became a subsidiary hence it is included in the consolidation by full consolidation method.

***** As of 31 December 2008, it was stated in the consolidated financial statements at cost. As of 31 December 2009, it is included in the consolidation by proportionate consolidation method.

***** Registered at 27 August 2009 and included in the consolidation as a jointly controlled entity as of 31 December 2009.

***** It is an indirect investment of the Parent Company acquired on 30 October 2009 and included in the consolidation as a jointly controlled entity.

Affiliates*

Al-Riva Projesi Arazi Değ. Konut İnş. ve Tic. A.Ş. (Turkey)**	Residence, Construction	12,13	12,13
Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş. (Turkey)**	Residence, Construction	2,63	2,63
Al-Riva Arazi Değ. Konut İnş., Tur. Tes. Golf İşl. ve Tic. A.Ş. (Turkey)**	Residence, Construction and Tourism Facility Management	2,28	2,28

* Included in the consolidation by equity method.

** The Parent Company has 40% interest in these affiliates.

The address of the Parent Company's head office is as follows:
Muallim Naci Cad. No: 69 Ortaköy / İSTANBUL

As of 31 December 2009 and 2008, the shareholding structure is as follows:

Name	Shareholding
Alaton Family	36,37 %
Garih Family	36,37 %
Other*	27,26 %
	<u>100,00 %</u>

* Represents shareholdings of less than 10%.



The shares of Alarko Holding A.Ş. are traded in the Istanbul Stock Exchange since 24 May 1989, and as of 31 December 2009, 26,46% of the Company shares are offered to public.

Alarko Carrier Sanayi ve Ticaret A.Ş., a jointly controlled entity, is registered at the Capital Markets Board (CMB) and 14,77% of its shares are offered to public. The shares are traded at the Istanbul Stock Exchange since 27 January 1992.

The subsidiary, Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., is registered at the Capital Markets Board (CMB) and 49% of its shares are offered to public. The shares are traded at the Istanbul Stock Exchange since 1996.

The average number of employees during the period with respect to categories is as follows:

	31 December 2009	31 December 2008
Salary earners	1.512	1.236
Wage earners	1.832	1.105
	<u>3.344</u>	<u>2.341</u>

2. Presentation of the Financial Statements

i. Basis of Presentation:

The Parent Company and its subsidiaries, affiliates, and jointly controlled entities maintain their books of account and prepare their statutory financial statements in Turkish Lira (except for companies which trade in other countries) in accordance with the prevailing commercial and financial legislation. The accompanying consolidated financial statements are prepared in accordance with the Capital Markets Board (CMB) Communiqué Nr. XI/29 "Communiqué Related to the Financial Reporting Principles at the Capital Markets". This Communiqué has come into force starting with the first interim financial statements subsequent to 1 January 2008 and bears in its Article 5 the provision stating that the enterprises subject to CMB apply the International Accounting / Financial Reporting Standards as accepted by the European Union (EU) taking as basis the harmonic standards, namely the Turkish Accounting / Financial Reporting Standards (TAS/TFRS), issued by the Turkish Accounting Standards Board (TASB). Furthermore, in the provisional Article 2 of the same Communiqué it is stated that the IAS/IFRS are to be applied until the differences between the IAS/IFRS accepted by the European Union and those issued by the International Accounting Standards Board (IASB) are published by the TASB taking as basis the harmonic standards, TAS/TFRS, issued by the TASB.

However, the Turkish Accounting Standards Board (TASB) has not issued the differences between the IAS/IFRS accepted by the EU and the standards issued by the International Accounting Standards Board (IASB) as yet, hence the accompanying consolidated financial statements are prepared in accordance with the IAS/IFRS taking as basis the harmonic standards TAS/TFRS issued by the TASB. As required by the TFRS 1, comparative financial statements are prepared on the same basis. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying financial statements in order to comply with the TAS/TFRS.

The accompanying consolidated financial statements and explanatory notes are presented in accordance with the mandatory formats and principles announced by CMB in its Weekly Bulletin dated 14-18 April 2008 Nr. 2008/16. In line with the revisions in TAS1 which is valid for the financial periods starting on or subsequent to 1 January 2009, the balance sheet is presented under the name of the statement of financial position, and the profit/loss sections are presented under a single statement of comprehensive income.

As per the resolution of the Council of Ministers dated 4 April 2007 Nr. 2007/11963, the word "New" in the "New Turkish Lira" and in the "New Kuruş" have been cancelled with effect from 1 January 2009. Accordingly, TRY 1 (New Turkish Lira) will be equal to TL 1 (Turkish Lira).

The functional currency used by the Company is Turkish Lira (TL) and the accompanying financial statements and related notes are presented in TL.

The Company's consolidated financial statements prepared as of 31 December 2008 as per the Communiqué XI/29 are approved at 9 April 2010 by the Company management to be submitted to the Board of Directors.

The Parent Company's Board of Directors and the CMB retain the right to amend the interim financial statements, while the General Assembly and the CMB retain the right to amend the annual financial statements.

The functional currencies of the subsidiaries and jointly controlled entities of the Parent Company located in Spain, Russia, Algeria, Ukraine, and Kazakhstan are Euro, Ruble, Dinar, Ukrainian Hryvna, and Tenge, respectively. The items of the statement of financial position are translated into TL at the foreign exchange rate at the reporting date, and income and expenses are translated at the yearly average rate. Profits or losses arising from translation are stated in the "foreign currency translation differences" account under equity.

ii. Adjustment of Financial Statements During Hyper-Inflationary Periods:

TAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the CMB dated 17 March 2005 Nr 11/367 the application of inflation adjustment of the financial statements has ended in 2005, hence the financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004. Additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.



Foreign currency items of the statement of financial position are translated to TL at the foreign exchange rate of the reporting date and the foreign currency income and expenses are translated using the average rate of exchange. The profits and losses arising from the translation operations are stated in the foreign currency translation differences account within the other comprehensive income.

iii. Consolidation Principles:

Consolidation is realized within the Parent Company, Alarko Holding A.Ş., and the direct and indirect shareholdings of the Parent Company within its affiliates, subsidiaries, and jointly controlled entities are as follows:

	31 December 2009	31 December 2008
Subsidiaries*		
Alsim Alarko San.Tes. ve Tic. A.Ş.	99,64%	99,56%
Aldem Alarko Konut İnşaat ve Tic. A.Ş.	99,64%	99,56%
Attaş Alarko Turistik Tesisler A.Ş.	99,66%	99,58%
Alarko Fenni Malzeme Satış ve İmalat A.Ş.	99,91%	99,90%
Almüt Alarko Sınai Gereçler İmalat ve Müm. A.Ş.	94,30%	94,30%
Alamsaş Alarko Ağır Makina Sanayii A.Ş.	99,96%	99,95%
Alarko Gayrimenkul Yatırım Ort. A.Ş.	50,97%	50,94%
Alsim-Moskova Çocuk Hastanesi İnşaatı	99,64%	99,56%
Alsim-Cezayir-Arzew Desalinasyon ve Kuvvet Santral İnşaatı**	-	99,56%
Alsim TCDD Türkiye	99,64%	99,56%
Alsim-Rosneftegastroy JSC. İş Ort.	99,14%	99,06%
Aktau Atrau Kara Yolu Projesi İnşaatı	99,64%	99,56%
Astana Su Projesi	99,64%	99,56%
Saret Sanayi Taahhütleri ve Ticaret A.Ş.	100,00%	100,00%
Alarko Enerji Üretim A.Ş.	100,00%	100,00%
Antalya Hafif Raylı Sistem 1. Aşama Yapım İşleri	99,64%	99,56%
Garanti Koza - Alsim Ortak Girişimi	99,64%	99,56%
Streicher-Haustad & Timmermann - Günsayıl-Alsim A.Ş.***	66,46%	-
Jointly Controlled Entities****		
Alarko Carrier Sanayi ve Ticaret A.Ş.	43,19%	43,19%
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	49,89%	49,89%
OAQ Mosalarko	50,00%	50,00%
Alsim-E.M.İ.T SpA İş Ort.*****	-	39,82%
Alsim-Akfen İnşaat Tur ve Tic. A.Ş. İş Ort.	49,82%	49,78%
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Tic. A.Ş.	44,84%	44,80%
Streicher-Haustad & Timmermann - Günsayıl-Alsim A.Ş.***	-	49,78%
Alfarm Alarko Leröy Su Ürünleri San. ve Tic. A.Ş.	49,99%	49,99%
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	49,82%	49,78%
Alarko - Makyol Adi Ortaklığı	49,82%	49,78%

* Included in the accompanying consolidated financial statements by full consolidation method.

** Project is completed and transferred to Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (a subsidiary).

*** As of 31 December 2008, it was included in the consolidation by proportionate consolidation method. As of 31 December 2009, it became a subsidiary hence it is included in the consolidation by full consolidation method.

**** Included in the accompanying consolidated financial statements by proportionate consolidation method.

***** As of 31 December 2008, it was included in the consolidation by proportionate consolidation method. As of 30 June 2009, the profit/loss transfers of the project are completed and the operating volume is lowered such that it no longer affects the consolidated financial statements of the Group; hence it is excluded from the jointly controlled entities, and in turn from the consolidation.

	31 December 2009	31 December 2008
Jointly Controlled Entities*		
Doğuş-Alarko-YDA İnş. Adi Ortaklığı**	37,37%	-
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş.***	50,82%	-
Meram Elektrik Dağıtım A.Ş.****	50,82%	-

* Included in the accompanying consolidated financial statements by proportionate consolidation method.

** As of 31 December 2008, it is included in the consolidated financial statements at cost. As of 31 December 2008, it is included in the consolidation by proportionate consolidation method.

*** Registered at 27 August 2009 and included in the consolidation as a jointly controlled entity as of 31 December 2009.

**** It is an indirect investment of the Parent Company acquired on 30 October 2009 and included in the consolidation as a jointly controlled entity.



	31 December 2009	31 December 2008
Affiliates*		
AL-Riva Projesi Arazi Değ. Konut İnş. ve Tic. A.Ş.**	12,13%	12,13%
AL-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş.**	2,63%	2,63%
AL-Riva Arazi Değ. Konut İnş. Tur. Tes. Golf İşl. ve Tic. A.Ş.**	2,28%	2,28%

* Included in the accompanying consolidated financial statements by equity method.

** The Parent Company has a 40% interest in the indicated affiliates.

Consolidated financial statements have been prepared on the basis of principles stated below:

Full Consolidation Method :

- All items of the statement of financial position except for the paid in capital of the Parent Company and its subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated.
- The Parent Company's interest in the subsidiaries is set off against the Long Term Financial Assets account of the Parent Company and the Share Capital accounts of the subsidiaries.
- As of the acquisition date, the Parent Company's shareholding in its subsidiaries is set off against the portion of share capital it owns in the subsidiary's equity for one single time. The equity of the subsidiary at the acquisition date should be drawn up according to the market value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the consolidated statement of financial position as a separate item. If the cost value of the investment is less than the nominal value of the share capital of the subsidiary, the difference is recorded as negative goodwill and correlated with the statement of comprehensive income.
- Shares that are not related to the Parent Company are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling Interests" in the consolidated statement of financial position in the equity account group and in the statement of comprehensive income, as a separate item from the Parent's ownership interests.
- The purchases and sales among the Parent Company and its subsidiaries and the profit and losses arising from these transactions are reversed in the Consolidated Statement of Comprehensive Income. Furthermore, the profits and losses arising from purchases and sales of financial assets, stocks, tangible and intangible assets, and other assets subject to purchase and sales among the shareholders of the consolidation are also included among the reversed profits and losses mentioned above.

Proportionate Consolidation Method :

- Assets, liabilities, and equity as well as the income and expenses stated in the financial statements of jointly controlled entities within the scope of consolidation are subject to consolidation in respect of the rate of interest of the Parent Company within these entities and the consolidated financial statements are prepared upon consolidation adjustments made accordingly.
- The Parent Company's shareholding within these entities is set off from Long Term Financial Assets of the Parent Company and the Share Capital account in the jointly controlled entities.

Equity Method:

- Affiliates are stated at the acquisition cost.
- For the period starting on the day the affiliate is acquired by the Parent Company until the reporting date, the Parent Company's share of the increases and decreases in the affiliate's equity are added to or deducted from the acquisition cost of the affiliate. The increases and decreases corresponding to the equity share in comparison with the acquisition cost are stated in the income statement as profit and loss, respectively. In case the differences arise from equity items other than profit and loss, adjustments are made in relation to these items also in the equity of the Parent Company. The dividends received from affiliates are deducted from the related investments.
- As of the acquisition date and the subsequent acquisitions of shares, the difference between the acquisition value of the affiliate's shares owned by the Parent Company and the value stated in the equity account of the affiliate's statement of financial position based on the fair values of such shares is included as goodwill in the book value of the investment for one time only.

iv. Adjustments :

The accompanying consolidated financial statements have been prepared in accordance with TAS/TFRS with the below mentioned adjustments which are not stated in the statutory records:

- Provision for doubtful receivables
- Provision for trademark and royalty
- Inventory provision
- Rediscount calculation on maturity cheques, notes receivable, customers, and suppliers
- Loan discount as per the effective interest method
- Depreciation adjustment
- Termination indemnity adjustment
- Deferred tax adjustment
- Evaluation of listed financial assets as per the market value
- Recognition of contract income as income and expense as per the percentage of completion method
- Elimination of inter group balances and transactions as per the consolidation procedure
- Leasing adjustment
- Provision for guarantee for sales
- Adjustment of income related to future months
- Provision for litigation expenses
- Expense accrual
- Adjustment on invoiced but undelivered goods
- Adjustment on idle section expenses arising from idle capacity



v. Comparative Information and Adjustment of Prior Period Financial Statements:

Consolidated statements of financial position as of 31 December 2009 and 2008 and the related as well as the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended have been presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary.

vi. Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

vii. Changes and Errors in Accounting Policies and Accounting Estimates:

Alarko Group has applied its accounting policies consistent with the prior year. Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the prior period financials are re-prepared. In the event that the changes in the accounting estimates are related to one period only, they are applied only to the period in which the change has been made; however, if they are related to the future periods, they are applied both to the period in which the change has been made and the future periods.

viii. The New and Revised Turkish Accounting / Financial Reporting Standards:

During the current period, TASB has issued the new and revised standards with effect from 1 January 2009 and 1 July 2009, and the Parent Company as well as its subsidiaries, affiliates, and jointly controlled entities have applied those that relate to their own field of activity.

The standards, changes and comments that have come into force in 2009 but not applied by the Parent Company, its subsidiaries, affiliates and jointly controlled entities as they have no relation with the Parent Company, its subsidiaries, affiliates and jointly controlled entities operations:

The standards listed below and the changes and comments introduced to the prior standards have been enforced for the financial periods starting at or subsequent to 1 January 2009 and 1 July 2009. However, such standards, changes and comments are not related to the operations of the Company; hence, they are not applied.

Changes to be applied for periods starting at or subsequent to 1 January 2009:

- TFRS 2 - "Share Based Payments"
- TAS 20 - "Accounting for Government Grants and Disclosure of Government Assistance - Government Loans at a Below-Market Rate of Interest"

Changes to be applied for periods starting at or subsequent to 1 July 2009:

- TFRS 1 - "First-Time Adoption of International Financial Reporting Standards"
- TFRS 5 - "Long Term Assets Held for Sale and Discontinued Operations"
- TFRS Comment 9 and TAS 39 - "Embedded Derivatives"
- TFRS Comment 15 - "Agreements for Construction of Real Estate".
- TFRS Comment 17 - "Distribution of Non-Cash Assets to Owners."

The Group management is in the opinion that the implementation of the above mentioned standards and comments will have no significant impact on the Group's financial statements in the future periods.

ix. Significant Accounting Policies and Valuation Procedures Applied:

(a) Financial Instruments:

Financial instruments consist of the financial assets and liabilities stated below:

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, bank accounts, cheques received, money in transit, and marketable securities.

Cash is composed of Turkish Lira and foreign currency balances. The Turkish Lira balances are stated at face values, and the foreign currency balances are translated into Turkish Liras at the foreign currency rate issued by the Central Bank as at the reporting date.

Bank accounts consist of demand and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at face values and foreign currency accounts are translated into Turkish Liras at the foreign currency rate issued by the Central Bank at the reporting date.

The cheques received with maturity dates exceeding the reporting date are stated in trade receivables and are rediscounted at a rate equivalent to that which coincides with the related of government bonds determined by the Treasury. Cheques denominated in foreign currency are subject to rediscount at Libor, Euribor and Tibor rates.

Alarko Group has classified its marketable securities as financial assets held for trading and financial assets held to maturity. Financial assets held for trading are those that are acquired for the purpose of generating profit through fluctuations in price or similar elements created in the market within short term, or those that are a part of a portfolio aimed to generate profit in short term, regardless of the



reason for acquisition. Financial assets held for trading are initially reflected to the statement of financial position at their cost values including the transaction costs and at their market value in the succeeding periods.

Financial assets held for trading consist of private sector marketable securities investment fund participation documents and they are valued over the acquisition price issued by the related investment fund for the reporting period.

Government bonds with fixed or predetermined payment conditions and fixed maturities which are meant to be held until the maturity date for which the necessary conditions including the funding capacity are fulfilled in order to be kept until the maturity date are classified as financial assets to be held until maturity. The initial recording of the investments to be held until maturity is stated at cost. Investments to be held until maturity are stated at their values discounted by using the effective interest rate method.

Fair Value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates valid at the reporting date, it is assumed that the fair values of these assets approximate to their book values.

As the deposit accounts, cash and cheques received are converted into cash in very short terms, and as there is no risk of value decrease, their book values are deemed to approximate to their fair values.

ii. Trade Receivables

Trade receivables are financial assets created by the Alarko Group through selling goods and services directly to the customers. Notes receivable, post-dated cheques, and customers are subject to rediscount.

Fair Value

Rediscounted trade receivables and doubtful receivables for which provisions are accrued are assumed to approximate to the fair values of these assets.

iii. Related Parties

A party is related to Alarko Group if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the Group, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the Group is a venturer. Furthermore, members of the key management personnel of the Group, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

The transactions with related parties concerning Alarko Group's activities are realized at prices that comply with the market conditions.

iv. Leasing Receivables

An asset subject to financial leasing is recognised in the financial statements as a receivable amounting to the equivalent of net lease investment total. The difference between the gross leasing receivables and the current value of leasing receivables is defined as deferred financial income. The lease income representing the total deferred financial income at the date of transaction is associated with the statement of comprehensive income such that the net investment within the scope of leasing creates a fixed rate of periodical income throughout the leasing period.

v. Short and Long Term Bank Loans and Trade Payables

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the reporting date, discounted by the effective interest method. Trade payables are financial liabilities created through purchasing goods and services directly from the suppliers and are stated at their discounted values.

Fair Value

The fair value of the short and long term bank loans are assumed to be equivalent to the recorded values computed by adding the accrued interest liabilities calculated over the prevailing interest rate as of the reporting dates on the cost of the mentioned financial debts. Similarly, discounted values of trade payables are considered to be equivalent to their fair values.

(b) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method for the raw material, supplies, semi finished goods, finished goods, merchandise, and other inventories.

Real estates held for trading in inventories are stated at cost adjusted according to the inflationary effects. However, the expertise value which constitutes the basis of fair value of real estates held for trading in inventories is compared with the adjusted acquisition costs, and in the event that the expertise value is lower than the adjusted value, provision is made for value decrease as per the conditions stated in the "Impairment of Assets" section. Such impairment is determined and applied separately for each real estate held for trading.

(c) Financial Assets:

The Alarko Group has classified its financial assets as financial assets available for sale.

Financial assets available for sale are those assets other than the operating loans and receivables, held-to-maturity investments, and held for trading investments. Financial assets available for sale are valued at their fair value in the periods subsequent to the initial recognition.



Financial assets available for sale representing shareholdings in which the direct and indirect votes of the Group is below 20% or with insignificant influence even if above 20% or those that do not have a material effect on the consolidated financial statements or are not traded in the active markets or whose fair values cannot be determined reliably are reflected in the financial statements as of 31 December 2004 at their restated cost values, less provision for value decrease, if any (except for those stated by the equity method). Furthermore, financial assets available for sale which are traded at stock markets and whose fair values can be calculated reliably are recognized in the consolidated financial statements at their fair values.

Profits and losses originating from changes in the fair value of financial assets available for sale are stated in the financial assets value increase fund account within the consolidated statement of changes in equity. In the event that there are impartial indications of decrease in fair value and impairment in the financial asset ready for sale recognized directly in equity, the total loss recognized directly in equity is transferred from equity to the statement of comprehensive income, even if the related financial asset is not a derecognized item.

(d) Tangible Assets:

Tangible assets are stated at cost less their accumulated depreciation and value decrease, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 based on the dates of acquisition. The acquisitions subsequent to 1 January 2005 are stated at their nominal values. Depreciation of tangible assets is made over the inflation-adjusted amounts and that for the acquisitions subsequent to 1 January 2005 at their nominal values, on a straight-line basis as per the estimated useful lives of these assets. The depreciation periods which approximate to the economic useful lives of the assets are as follows:

Buildings	3-50 years
Land improvements	4-50 years
Machinery, plant and equipment	2-40 years
Motor vehicles	2-20 years
Furniture and fixtures	2-50 years
Other tangible assets	4-40 years

(e) Intangible Assets:

Intangible assets are stated at cost less their accumulated amortization and value decrease, if any.

Intangible assets have been restated using the measuring unit current at 31 December 2004 based on the dates of acquisition. Acquisitions subsequent to 1 January 2005 are stated at their nominal values. Amortization of intangible assets is made over the totals adjusted with respect to inflation accounting and the nominal values of acquisitions subsequent to 1 January 2005, considering the approximate useful lives of the assets as stated in the following:

Rights	2-27 years
Special costs	2-19 years
Other intangible assets	5 years

(f) Long Term Assets Held for Sale:

Assets whose book values are recovered only upon being sold and not as a result of being used are classified as long term assets held for sale in which case the related depreciation is discontinued. Long term assets held for sale are valued at the lower of their book value and the value representing their fair values less sales expenses.

The Group holds for sale the long term assets acquired as a provision for its overdue receivables.

(g) Service Concession Arrangements:

TFRS Comment 12 includes disclosures related to the accounting methods to be implemented for infrastructure investments and services provided during the operating process by the operators which are granted the administrative rights for a certain period of time by entering into a service concession arrangement with the public. As per the TFRS Comment 12, the operators' investments that are considered to take place within the scope of TFRS Comment 12 are recognized as financial assets and/or intangible assets, and not as buildings, fixed assets or fixtures.

The Agreements for Berdan HES, Hasanlar HES and Tohma HES signed by Alarko Group are regarded within the scope of TFRS Comment 12 and the net book value of tangible assets within the scope of TFRS Comment 12 are classified as intangible assets.

Furthermore, as described in Note 3, the fee received or to be received due to the concession acquired against the power distribution service rendered by Meram Elektrik Dağıtım A.Ş. is accounted for over the fair value of the service and the said fee is stated as a financial assets among trade receivables in the accompanying consolidated financial statements.

(h) Leased Assets and Leasing Liabilities:

Alarko Group recognizes assets acquired through financial leasing at the lower of the fair value of the related assets in the consolidated statement of financial position and the current value of the minimum lease payments as at the reporting date. In the calculation of the current value of the minimum lease payments as at the reporting date, the interest rate used in the financial leasing transaction is also



used in discounting the lease payment related to future periods. As of the reporting date, leasing liabilities related to the principal amount are stated in the statement of financial position as short and long term with respect to their maturities and the interest expenses related to the current period are attributed to the statement of comprehensive income.

Assets acquired through financial leasing are included in the related tangible assets in the consolidated statement of financial position and are subject to depreciation as per the lower of their economical life and the leasing period.

Motor vehicles	5 years
Machinery, plant and equipment	4-10 years

(i) Assets and Liabilities in Foreign Currency:

Assets and liabilities in foreign currency are translated into Turkish Lira at the foreign exchange rates announced by the Turkish Central Bank as of the reporting dates. Transactions in foreign currencies during the period are translated into Turkish Liras at the actual rates applicable on the transaction date. Exchange gains and losses resulting from such translations are included in the statements of comprehensive income.

(j) Impairment of Assets :

In case the book value of an asset exceeds its recoverable value, a provision for impairment loss is made so as to bring the book value of the asset down to the level of its fair value and the amount of the provision is recorded as expense in the statement of comprehensive income.

On the other hand, the recoverable value of cash generating assets is deemed to be the higher of net selling price and the value in use. The value in use of those assets represents the net present value of net cash inflows to be acquired through continuous usage and sales of the assets, discounted at a reasonable discount rate.

(k) Investment Properties:

Investment properties are recognized in the financial statements after the accumulated depreciation and value decrease are deducted from the adjusted acquisition cost.

The expertise values taken as basis for the fair value of investment properties are compared with the adjusted acquisition costs and in the event that the expertise value is lower than the adjusted acquisition cost, provision is made as per the conditions stated in the section on impairment. Such impairment is determined and applied separately for each investment property.

Depreciation is calculated as per the economical lives of investment properties by straight-line method on pro rata basis. The depreciation rates determined and applied as per the economical lives of the investment properties are as follows:

Buildings	20-50 years
-----------	-------------

(l) Construction Contracts:

The construction contracts related to the deferred construction works undertaken as contractor are accounted for by the percentage of completion method. The contract income and expenses are recognized as income and expense items if a reliable assumption can be made for the value of returns on the construction contract. The comparison of the total contract expenses incurred at the end of the related accounting period with respect to the total forecast contract costs represents the percentage of completion. This rate is utilized in the recognition of contract income for the current period in the financial statements.

If a reliable forecast cannot be made on the outcome of the construction contracts, the total contract costs for the period of undertaking is recognized in the financial statements, whereas in regard to the construction proceeds, only the portion corresponding to the recoverable volume of the undertaken contract costs are recognized.

If the total contract costs are likely to exceed the total contract revenue, the expected loss is recognized as expense in the financial statements.

(m) Borrowing Costs :

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs are discontinued. The balance of TL 12.149 (31 December 2008 - TL 719.908) directly related to the investments in progress is included in the cost of the related asset.

(n) Deferred Taxes:

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/TFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Group will have taxable income during the future periods.



An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

(o) Income Taxes:

Under the Turkish Tax Code, a company that has its head office or place of business in Turkey is subject to a corporate tax.

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

Corporate earnings are subject to corporation tax at a rate of 20%. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

For those benefiting from investment allowance according to the provisional article 69 of the Income Tax Law, the corporation tax and corporate provisional tax rate is 30%.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024 to be enacted as of 1 January 2004, the financial statements of the tax payers whose earnings are determined on balance sheet basis are subject to inflation adjustment in the event that the increase in price indices exceed 100% for the last three accounting periods including the current period and 10% for the current accounting period. In the 2009 and 2008 accounting periods, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

The Income Tax Regulations related to investment allowance are suspended by Law Nr 5479 published in the Official Gazette of 8 April 2006 and the application of investment allowance is terminated with effect from 1 January 2006. Certain transition arrangements have been made for the purpose of partial protection of acquired rights by the provisional article 69 added to ITL by the same Law mentioned above; and by these arrangements, the following totals will continue to be subject to investment allowance from 2006, 2007, and 2008 profits.

- Investment allowance exemption amounts transferred to 2006;
- Investment allowance exemption amounts arising from investments made subsequent to 1 January 2006 within the scope of the investment incentive documents prepared for the applications made prior to 24 April 2003;
- Investment allowance exemption amounts to be calculated over the investment expenditures made subsequent to 1 January 2006 having economical and technical connection with investments which started prior to the said date within the scope of ITL article 19.

As the said provisional article limits the right for using investment allowance with the 2008 earnings, the possibility to use in or subsequent to 2009 the investment allowance rights which are valid but pending as of 2008 due to insufficient earnings has been legally suspended.

In the said provisional article 69 of the ITL, the phrase stated as "... only for 2006, 2007, and 2008.." which limits the application of investment allowance exemption to three years stipulating suspension of investment allowance rights that are not used until the end of 2008 has been cancelled by the Constitutional Court and the resolution is published in the Official Gazette dated 8 January 2010.

Due to the cancellation of the legal decision for termination of investment allowance application right in 2008, the investment allowance amounts that the Parent Company could not use in the prior years are recognized in the tax calculations of the accompanying consolidated financial statements as of 31 December 2009.

As of 31 December 2009 and 2008 income tax provisions have been made in accordance with the prevailing tax legislation.

(p) Employee Benefits :

Under Turkish Labour Law Article 25/II, the Group is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TL 2.365,16 in respect of each year of service as of 31 December 2009 (31 December 2008 - TL 2.173,19).

The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in TAS 19 "Employee Benefits". As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.



- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2009 to remain constant for restatement purposes, and later on, this value is reduced by the actual discount rate of 5,92% (31 December 2008 - 6,26%) calculated upon the assumption that the expected annual inflation rate will be 4,8% (31 December 2008 - 5,4%) and the expected discount rate will be 11% (31 December 2008 - 12%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the reporting date.

(r) Revenues and Expenses:

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Interest income is accrued taking as basis the effective interest rate in the calculation. In the event that there is unpaid interest accrual prior to the acquisition of a marketable security bearing interest, the interest collected subsequently is separated for the periods before and after the acquisition, and only the part related to the latter is recognized as income in the financial statements.

Leasing income/expenses originating from operational leasing are recognized in the financial statements of income/expense in equal sums throughout the leasing period.

Dividend income is recognized at the time when collection right is established.

(s) Revenue:

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue associated with the rendering of services is recognized when the costs incurred, or to be incurred, in respect of the transaction can be measured reliably, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the entity. In the event that a service transaction has effect on more than one accounting period, the service revenue is recognized as per the "percentage of completion" method provided that the cost of the service and the total cost to be incurred can be measured reliably, in addition to the criteria stated above.

Maturity difference income and expense related to forward sales and acquisitions are calculated by effective interest rate method throughout their maturities and recognized as financial income and expense on accrual basis.

The service sales directly related to construction contracts are recognized in accordance with TAS 11. A Construction Contract is defined in TAS 11 as "a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use". When the outcome of a construction contract can be estimated reliably, the contract revenue and expenses are recognized in the financial statements as per the "percentage of completion method". When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs shall be recognized as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately.

(t) Earnings / (Loss) Per Share:

Earnings / (loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment in changes in equity to their current shareholders on a pro rata basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retroactive application with respect to bonus shares.

(u) Accounting Estimates :

During the preparation of financial statements in accordance with the TAS/IFRS, the Management may make assumptions and estimates that might affect the book value of the assets and liabilities stated in the financial statements as of the end of the reporting period, explanations regarding unrecognized liabilities, and income and expense totals related to the period. However, actual results may vary from these results.

(ü) Events After the Reporting Period:

If the Group receives information after the reporting date about conditions that required adjustment, the financial statements that relate to those condition are updated in the light of the new information. If non-adjusting events after the reporting date are material, the Group discloses them during the related period.



(v) Conditional Assets and Liabilities:

Assets and liabilities that originate from past incidents and whose presence is not fully under the company management control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are considered as conditional liabilities and assets.

(y) Segment Reporting :

For the years ended 31 December 2009 and 2008, the principle activities of Alarko Group are classified under six sectors, namely, holding, tourism, industry and commerce, energy, contracting and land development, and fishery products.

(z) Government Incentives and Grants :

The government incentives used by the Alarko Group are those related to income, and they are recognized in the statement of comprehensive income.

3. Business Combinations

Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. in which Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (a subsidiary) has a 51% interest has acquired Meram Elektrik Dağıtım A.Ş. from the Privatization Administration and Türkiye Elektrik Dağıtım A.Ş. on 30 October 2009 in full at a total of TL 652.212.000 (USD 440 million).

As of 31 December 2009, the said acquisition was provisionally accounted for as the studies made for determining the fair values of identifiable assets and liabilities being transferred were then ongoing. The initial recognition of the said identifiable assets and liabilities was made over their provisional values. The acquisition which was subject to provisional accounting is to be adjusted within 12 months following the establishment date of the merger as per the TFRS 3 "Business Combinations". Upon the final accounting of the acquisition, it is likely to have adjustments in the recorded fair values of acquired identifiable assets and the liabilities taken over and in turn the recorded value of goodwill.

	Fair Value TL
Cash and cash equivalents	14.915.441
Trade receivables	109.825.142
Financial assets	184.199.040
Inventories	9.184.767
Intangible assets	430.583.747
Other receivables and current assets	108.465.119
Trade payables	(81.563.335)
Financial debts	(8.609.022)
Debt provisions	(6.249.208)
Deposits received	(50.007.677)
Provision for termination indemnity	(14.830.012)
Deferred tax liability	(28.547.649)
Other payables and short term liabilities	(31.376.363)
Fair value of assets, net	635.989.990
Less: cost value	652.212.000
Goodwill	16.222.010
The goodwill effect of the acquisition realized by the jointly controlled entity on the consolidated financial statements (Note 16)	8.243.832

Intangible assets comprise a total of TL 364.208.691 recognized within the purchase accounting scope as per the TFRS 3 "BusinessCombinations" and the customer contracts (relations) constituted by the retail license owned by the company.

By the Transfer of Operating Rights Agreement signed on 24 July 2006, Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") has transferred its operating right of the distribution system and facilities as well as other movable and immovable properties to Meram Elektrik Dağıtım A.Ş. ("MEDAŞ") for a period of 30 years. Furthermore, the said company owns a distribution license that will be valid throughout the said period. The fair values of the Transfer of Operating Rights Agreement and the distribution license are determined taking into consideration the estimated cash flows.

In this respect, as per the TFRS 3 "Business Combinations" and TFRS Comment 12 "Service Concession Agreements" based on the Transfer of Operating Rights Agreement and the distribution license owned, they are accounted for as TL 184.199.040 of financial assets and TL 66.375.056 of intangible assets.



4. Segment Reporting

As of 31 December 2009, segment reporting is as follows (TL) :

31 December 2009

ASSETS	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Elimination and Classification	Total
Current Assets								
Cash and Cash Equivalents	127,809,828	10,297,409	31,411,528	31,617,189	157,926,432	1,085,205	-	360,147,591
Financial Assets	56,989,031	-	-	-	84,762,147	-	(39,359)	141,711,819
Trade Receivables	2,796,396	1,657,588	38,218,890	201,064,710	387,227,358	2,068,331	(135,443,122)	497,590,151
Other Receivables	27,905,489	2,820	239,523	1,012,702	98,465,250	-	(64,912,797)	62,712,987
Inventories	4,380	911,685	16,265,420	4,792,581	105,767,429	500,042	(19,739,202)	108,502,335
Other Current Assets	4,187,488	2,620,192	3,766,190	1,345,461	53,874,883	717,341	(3,773,534)	62,738,021
Sub total	219,692,612	15,489,694	89,901,551	239,832,643	888,023,499	4,370,919	(223,908,014)	1,233,402,904
Non-current Assets held for Sale	-	-	85,949	-	-	-	-	85,949
Non-current Assets								
Trade Receivables	-	-	383,191	12,292,779	10,776	-	-	12,686,746
Other Receivables	8,450	380,807	30,639	10,842,292	3,584,427	643	-	14,847,258
Financial Assets	227,317,612	58,146	1,107,149	1,269,908	189,639,075	-	(412,967,733)	6,424,157
Investments valued by Equity Method	5,352,034	-	-	-	-	-	-	5,352,034
Investment Properties	-	-	-	-	34,209,971	-	(32,372,399)	1,837,572
Tangible Assets	2,326,934	16,847,643	22,356,169	104,978,310	39,392,129	1,546,182	31,332,678	218,780,045
Intangible Assets	39,616	9,960,722	403,567	222,147,719	125,025	55,634	285	232,732,568
Goodwill	-	-	-	8,243,832	-	-	379,851	8,623,683
Deferred Tax Assets	97,725	467,699	1,600,837	-	-	-	(2,166,261)	-
Other Non-current Assets	19	195,326	6,849	2,192,495	29,020,992	-	(940,522)	30,475,159
TOTAL ASSETS	454,835,002	43,400,037	115,875,901	601,799,978	1,184,005,894	5,973,378	(640,642,115)	1,765,248,075

31 December 2009

LIABILITIES	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Elimination and Classification	Total
Short Term Liabilities								
Financial Liabilities	46,976	178,635	6,208	35,427,687	30,951,479	11,018	-	66,622,003
Other Financial Liabilities	-	-	-	139,319	-	-	-	139,319
Trade Payables	29,287	8,790,404	6,585,809	56,575,020	389,582,933	772,238	(133,153,129)	329,182,562
Other Payables	283,402	1,836,862	878,774	40,023,188	84,144,426	46,316	(64,649,604)	62,563,364
Taxes on Profit for the Period	4,071,565	-	514,677	-	5,340,287	253,495	(2,468,208)	7,711,816
Debt Provisions	2,983	237,380	1,708,682	2,341,285	9,698,589	4,705	4,366,704	18,360,328
Other Short Term Liabilities	15,820	11,480,538	5,426,016	13,609,970	55,996,932	38,505	(3,133,930)	83,433,851
Long Term Liabilities								
Financial Liabilities	-	-	-	235,494,391	-	-	-	235,494,391
Other Financial Liabilities	-	-	-	1,220,384	-	-	-	1,220,384
Other Payables	-	-	-	26,361,639	-	-	-	26,361,639
Provision for Termination Indemnity	572,485	1,780,383	4,247,336	7,836,639	4,529,961	133,011	-	19,099,815
Deferred Tax Liability	-	-	-	19,506,955	16,609,608	37,768	832,452	36,986,783
Other Long Term Liabilities	6,363	620,620	36,570	5,111	6,761,762	7,671	-	7,438,097
EQUITY								
Paid-in Capital	223,691,754	5,907,067	44,803,240	111,972,419	199,408,647	4,312,231	(366,628,358)	223,467,000
Cross Shareholding Adjustment (-)	-	-	-	-	-	-	(608,222)	(608,222)
Revaluation Surplus Funds	43,570,282	-	146,355	(610,020)	33,498,165	-	(76,632,128)	(27,346)
Translation Differences	-	-	-	-	5,316,505	-	(556)	5,315,949
Restricted Profit Reserves	4,333,573	578,253	2,097,884	514,314	1,481,599	377,256	(5,049,307)	4,333,572
Retained Earnings / (Accumulated Losses)	155,486,482	13,189,733	44,500,439	42,801,422	290,332,911	(969,977)	(48,436,468)	496,904,542
Net Profit / (Loss) for the period	22,724,030	(1,199,838)	4,923,911	8,580,255	50,352,090	949,141	(36,475,889)	49,853,700
Non-controlling Interest	-	-	-	-	-	-	91,394,528	91,394,528
TOTAL LIABILITIES AND EQUITY	454,835,002	43,400,037	115,875,901	601,799,978	1,184,005,894	5,973,378	(640,642,115)	1,765,248,075



31 December 2009

	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Elimination and Classification	Total
CONTINUING OPERATIONS								
Sales Income (Outside the Group) (net)	1,215,942	58,266,800	102,518,527	177,387,875	541,874,872	13,238,442	-	894,502,458
Sales Income (Within the Group)	3,975,261	24,830	398,545	172,784	22,084,212	2,653	(26,658,285)	-
Cost of Sales (Outside the Group) (-)	(1,426,451)	(37,630,927)	(76,968,693)	(151,016,880)	(460,385,785)	(10,871,411)	-	(738,300,147)
Cost of Sales (Within the Group) (-)	(4,015,044)	(19,620)	(259,216)	(73,555)	(9,244,826)	(2,466)	13,614,727	-
GROSS PROFIT / (LOSS)	(250,292)	20,641,083	25,689,163	26,470,224	94,328,473	2,367,218	(13,043,558)	156,202,311
Research and Development Expenses (-)	-	-	(1,085,739)	-	-	-	-	(1,085,739)
Marketing, Sales and Distribution Expenses (-)	-	(4,915,217)	(14,563,683)	(14,875,184)	-	(670,906)	188,173	(34,836,817)
General Administration Expenses (-)	(2,388,270)	(18,917,267)	(6,588,693)	(8,215,221)	(44,925,848)	(398,191)	6,069,644	(75,363,846)
Other Operating Income	786,378	1,622,844	2,050,466	21,574,758	16,197,220	65,898	8,556,044	50,853,608
Other Operating Expenses (-)	(252,365)	(568,144)	(3,298,843)	(6,219,322)	(33,187,847)	(356,362)	(4,606,648)	(48,489,531)
OPERATING PROFIT / (LOSS)	(2,104,549)	(2,136,701)	2,202,671	18,735,255	32,411,998	1,007,657	(2,836,345)	47,279,986
Shares within the profits and losses of Investments valued by Equity Method	-	-	-	-	-	-	(277,706)	(277,706)
Financial Income	53,606,473	1,090,802	7,877,713	5,945,445	117,313,206	307,723	(32,096,344)	154,045,018
Financial Losses (-)	(24,727,147)	(1,097,184)	(4,154,482)	(11,724,587)	(76,574,286)	(115,141)	878	(118,391,949)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	26,774,777	(2,143,083)	5,925,902	12,956,113	73,150,918	1,200,239	(35,209,517)	82,655,349
- Tax Income / (Expense) for the Period	(4,071,565)	-	(1,313,612)	(2,774,499)	(2,872,079)	(253,495)	-	(11,285,250)
- Deferred Tax Income / (Expense)	20,818	943,245	311,621	(1,601,359)	(19,926,749)	2,397	270,134	(19,979,893)
Tax Income / (Expense) from Continuing Operations	(4,050,747)	943,245	(1,001,991)	(4,375,858)	(22,798,828)	(251,098)	270,134	(31,265,143)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	22,724,030	(1,199,838)	4,923,911	8,580,255	50,352,090	949,141	(34,939,383)	51,390,206
OTHER COMPREHENSIVE INCOME:								
- Change in Revaluation Fund of Financial Assets	-	-	-	-	88,375	-	-	88,375
- Change in Translation Differences	-	-	-	-	(382,104)	-	-	(382,104)
TOTAL COMPREHENSIVE INCOME	22,724,030	(1,199,838)	4,923,911	8,580,255	50,058,361	949,141	(34,939,383)	51,096,477
Distribution of Profit / (Loss) for the Period	-	-	-	-	-	-	1,536,506	1,536,506
- Non-controlling Interest	-	-	-	-	-	-	(36,475,889)	49,853,700
- Parent Company Shares	22,724,030	(1,199,838)	4,923,911	8,580,255	50,352,090	949,141	-	-
Distribution of Total Comprehensive Income	-	-	-	-	-	-	1,534,792	1,534,792
- Non-controlling Interest	-	-	-	-	-	-	(36,474,175)	49,561,685
- Parent Company Shares	22,724,030	(1,199,838)	4,923,911	8,580,255	50,058,361	949,141	-	-

31 December 2008

ASSETS	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Elimination and Classification	Total
Current Assets								
Cash and Cash Equivalents	162,645,811	6,892,197	19,371,889	9,628,986	237,315,618	760,058	-	436,614,559
Financial Assets	42,247,577	-	-	-	83,675,563	-	-	125,923,140
Trade Receivables	4,414,805	2,699,383	43,695,140	17,138,071	442,228,904	2,502,260	(139,982,446)	372,696,117
Other Receivables	1,837,443	1,315	240,629	-	143,107,280	-	(70,725,570)	74,461,097
Inventories	4,261	850,630	24,617,029	673,520	124,863,771	430,343	(19,648,408)	131,791,146
Other Current Assets	2,872,183	2,823,083	6,414,778	226,550	32,070,517	376,169	-	44,783,280
Sub Total	214,022,080	13,266,608	94,339,465	27,667,127	1,063,261,653	4,068,830	(230,356,424)	1,186,269,339
Long Term Assets Held for Sale	-	-	85,949	-	-	-	-	85,949
Non-current Assets								
Trade Receivables	-	-	108,633	-	10,693	-	-	119,326
Other Receivables	7,395	250,693	30,641	3,619	2,370,915	642	-	2,663,905
Financial Assets	178,898,941	57,818	2,921,685	729,236	71,340,537	-	(247,638,149)	6,310,068
Investments Valued by Equity Method	5,629,432	-	-	-	-	-	-	5,629,432
Investment Properties	-	-	-	-	35,774,248	-	(33,836,238)	1,938,010
Tangible Assets	2,435,285	16,885,648	24,277,113	70,059,960	48,317,209	1,692,900	32,578,798	196,246,913
Intangible Assets	65,427	10,737,777	440,526	6,270,109	152,542	63,131	15,672	17,745,184
Goodwill	-	-	-	-	-	-	379,851	379,851
Deferred Tax Assets	76,907	-	1,289,216	-	3,321,051	-	(4,687,174)	-
Other Non-current/Long Term Assets	226	156,617	19,101	5,478,997	54,556,341	47	(2,204,349)	58,006,980
TOTAL ASSETS	401,135,693	41,355,161	123,512,329	110,209,048	1,279,105,189	5,825,550	(485,748,013)	1,475,394,957



31 December 2008

LIABILITIES	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Elimination and Classification	Total
Short Term Liabilities								
Financial Debts	44.830	525.114	4.254.708	8.059.607	93.882.232	22.772	-	106.789.263
Other Financial Liabilities	-	-	-	139.797	-	-	-	139.797
Trade Payables	27.424	7.670.116	8.982.062	6.839.642	398.426.310	469.406	(139.250.688)	283.164.272
Other Liabilities	275.699	1.782.245	761.219	569.942	156.544.845	875.465	(70.725.569)	90.083.846
Tax Liability on Profit for the Period	6.587.908	-	1.276.155	328.035	13.159.842	217.576	(1.049.311)	20.520.205
Debt Provisions	4.752	166.271	1.698.976	2.611.981	4.475.854	698	1.049.311	10.007.843
Other Short Term Liabilities	16.806	9.419.021	5.821.275	17.866	88.256.662	424.170	(2.694.502)	101.261.298
Long Term Liabilities								
Financial Debts	-	-	-	14.134.621	2.194.731	11.151	-	16.340.503
Other Financial Liabilities	-	-	-	982.808	-	-	-	982.808
Debt Provisions	-	-	-	-	1.368.551	-	-	1.368.551
Provision for Termination Indemnity	512.339	1.617.000	3.773.297	284.948	4.094.749	99.665	-	10.381.998
Deferred Tax Liabilities	-	475.546	-	3.397.934	-	40.165	(1.418.327)	2.495.318
Other Long Term Liabilities	19.838	24.795	114.011	16.019	7.805.874	10.712	-	7.991.249
EQUITY								
Paid-in Capital	216.100.984	5.907.067	44.803.229	30.661.861	184.197.162	3.494.917	(269.288.990)	215.876.230
Adjustment for Cross Shareholding	-	-	-	-	-	-	(587.562)	(587.562)
Value Increase Funds	7.164.307	-	7.804	-	-	-	(7.287.832)	(115.721)
Translation Differences	-	-	-	-	4.807.121	-	1.115	4.808.236
Restricted Profit Reserves	2.310.369	578.253	1.778.964	419.978	905.074	304.524	(3.986.794)	2.310.368
Retained Earnings / (Accumulated Losses)	127.708.438	14.929.446	38.746.876	29.109.174	323.917.104	(978.944)	(77.560.568)	455.871.526
Net Profit/(Loss) for the Period	40.361.999	(1.739.713)	11.493.753	12.634.835	(4.930.922)	833.273	(3.833.624)	54.819.601
Non-controlling Interest	-	-	-	-	-	-	90.885.328	90.885.328
TOTAL LIABILITIES AND EQUITY	401.135.693	41.355.161	123.512.329	110.209.048	1.279.105.189	5.825.550	(485.748.013)	1.475.394.957

31 December 2008

	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Elimination and Classification	Total
CONTINUING OPERATIONS								
Sales Income (Outside the Group) (net)	915.264	54.380.989	119.267.382	70.414.319	575.133.627	11.752.350	-	831.863.931
Sales Income (Within the Group)	4.006.168	26.415	656.228	-	23.432.871	2.594	(28.124.276)	-
Cost of Sales (Outside the Group) (-)	(1.167.981)	(36.383.679)	(87.879.527)	(49.960.542)	(616.846.752)	(9.680.748)	-	(801.919.229)
Cost of Sales (Within the Group) (-)	(4.047.600)	(6.484)	(429.850)	(36)	(16.293.469)	(2.685)	20.780.124	-
GROSS PROFIT / (LOSS)	(294.149)	18.017.241	31.614.233	20.453.741	(34.573.723)	2.071.511	(7.344.152)	29.944.702
Research and Development Expenses (-)	-	-	(989.505)	-	-	-	-	(989.505)
Marketing, Sales and Distribution Expenses (-)	-	(5.067.962)	(15.923.222)	-	-	(669.883)	74.536	(21.586.531)
General Administration Expenses (-)	(2.235.815)	(16.597.708)	(7.014.037)	(2.235.019)	(49.228.183)	(385.113)	5.805.389	(71.890.486)
Other Operating Income	798.466	2.421.930	2.073.396	303.151	35.481.635	55.666	23.587.183	64.721.427
Other Operating Expenses (-)	(168.279)	(660.955)	(1.684.896)	(1.168.986)	(17.620.881)	(182.739)	3.329.362	(18.157.374)
OPERATING PROFIT / (LOSS)	(1.899.777)	(1.887.454)	8.075.969	17.352.887	(65.941.152)	889.442	25.452.318	(17.957.767)
Shares in Profits and Losses of Investments Valued by Equity Method	-	-	-	-	-	-	(315.616)	(315.616)
Financial Income	76.310.849	2.081.845	13.822.279	4.428.360	137.448.266	324.809	(13.192.541)	221.223.867
Financial Expenses (-)	(27.485.742)	(1.387.575)	(7.938.843)	(8.024.108)	(79.464.130)	(168.507)	491.129	(123.977.776)
PROFIT / (LOSS) BEFORE TAX RELATED TO CONTINUING OPERATIONS	46.925.330	(1.193.184)	13.959.405	13.757.139	(7.957.016)	1.045.744	12.435.290	78.972.708
- Tax Income / (Expense) for the Period	(6.587.908)	-	(2.838.489)	(497.021)	(12.110.531)	(217.577)	-	(22.251.526)
- Deferred Tax Income / (Expense)	24.577	(546.529)	372.837	(625.283)	15.136.625	5.106	(3.726.518)	10.640.815
Tax Income / (Expense) in Continuing Operations	(6.563.331)	(546.529)	(2.465.652)	(1.122.304)	3.026.094	(212.471)	(3.726.518)	(11.610.711)
PROFIT / (LOSS) FOR THE PERIOD RELATED TO CONTINUING OPERATIONS	40.361.999	(1.739.713)	11.493.753	12.634.835	(4.930.922)	833.273	8.708.772	67.361.997
PROFIT / (LOSS) FOR THE PERIOD	40.361.999	(1.739.713)	11.493.753	12.634.835	(4.930.922)	833.273	8.708.772	67.361.997
OTHER COMPREHENSIVE INCOME:								
Change in Revaluation Fund of Financial Assets	-	-	-	-	293	-	-	293
Change in Translation Differences	-	-	-	-	5.225.212	-	-	5.225.212
TOTAL COMPREHENSIVE INCOME	40.361.999	(1.739.713)	11.493.753	12.634.835	294.583	833.273	8.708.772	72.587.502
Distribution of Profit / (Loss) for the Period Non-controlling Interest	-	-	-	-	-	-	12.542.396	12.542.396
Parent Company Shares	40.361.999	(1.739.713)	11.493.753	12.634.835	(4.930.922)	833.273	(3.833.624)	54.819.601
Distribution of Total Comprehensive Income	-	-	-	-	-	-	12.539.811	12.539.811
Non-controlling Interest	-	-	-	-	-	-	(3.831.039)	(3.831.039)
Parent Company Shares	40.361.999	(1.739.713)	11.493.753	12.634.835	294.583	833.273	(3.831.039)	60.047.691



Depreciation and termination indemnity expenses as per the segments in the consolidated statement of comprehensive income for the year ended 31 December 2009 are as follows (TL):

	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Total
Investment Properties (Notes 13,24)	-	-	-	-	100.438	-	100.438
Tangible Assets (Notes 14,24)	141.867	2.619.661	2.074.113	3.545.699	9.944.208	154.092	18.479.640
Intangible Assets (Notes 15,24)	162	2.209.628	206.215	3.032.666	129.323	8.156	5.586.150
Current Period Depreciation Expense	<u>142.029</u>	<u>4.829.289</u>	<u>2.280.328</u>	<u>6.578.365</u>	<u>10.173.969</u>	<u>162.248</u>	<u>24.166.228</u>
Provision for Termination Indemnity No Longer Required (Notes 19,25)	(71.136)	(158.104)	(491.278)	(791.601)	(1.153.079)	(3.195)	(2.668.393)
Current Period Termination Indemnity Expense (Notes 19,24)	131.283	321.488	965.314	806.847	1.612.658	36.541	3.874.131
Total Termination Indemnity Expense for The Period	<u>60.147</u>	<u>163.384</u>	<u>474.036</u>	<u>15.246</u>	<u>459.579</u>	<u>33.346</u>	<u>1.205.738</u>

Depreciation and termination indemnity expenses as per the segments in the consolidated statement of comprehensive income for the year ended 31 December 2008 are as follows (TL):

	Holding	Tourism	Industry and Commerce	Energy	Contracting and Land Development	Fishery Products	Total
Investment Properties (Note 24)	-	-	-	-	100.438	-	100.438
Tangible Assets (Notes 14,24)	191.106	2.281.213	2.150.528	4.053.801	11.105.330	157.945	19.939.923
Intangible Assets (Notes 15,24)	-	2.010.570	173.431	5.511	1.316.171	8.312	3.513.995
Current Period Depreciation Expense	<u>191.106</u>	<u>4.291.783</u>	<u>2.323.959</u>	<u>4.059.312</u>	<u>12.521.939</u>	<u>166.257</u>	<u>23.554.356</u>
Provision for Termination Indemnity No Longer Required (Notes 19,25)	(112.110)	(250.288)	(771.560)	(13.190)	(1.103.578)	(3.617)	(2.254.343)
Current Period Termination Indemnity Expense (Notes 19,24)	105.356	509.304	800.412	70.279	1.110.466	26.356	2.622.173
Total Termination Indemnity Expense for The Period	<u>(6.754)</u>	<u>259.016</u>	<u>28.852</u>	<u>57.089</u>	<u>6.888</u>	<u>22.739</u>	<u>367.830</u>

5. Cash and Cash Equivalents

Cash and cash equivalents consist of the following (TL) :

	31 December 2009	31 December 2008
Cash	105.506	152.003
Banks	344.607.162	429.921.505
- TL demand deposit	24.624.740	331.288
- Foreign currency demand deposit	14.640.131	1.356.548
- TL time deposit	48.269.192	65.801.102
- Foreign currency time deposit	251.703.008	361.003.207
- Blocked time deposits	5.370.091	1.429.360
Cheques received	1.381.092	1.384.281
Other liquid assets	111.049	135.578
Investment funds *	13.942.782	5.021.192
Total	<u>360.147.591</u>	<u>436.614.559</u>

As of 31 December 2009, the interest rates applied on time deposits are as follows:

TL deposits: 6,25% - 11,50% (31 December 2008 - 14,00% - 24,50%);
Euro deposits: 0,07% - 3,25% (31 December 2008 - 2,00% - 8,65%);
USD deposits: 0,07%- 4,50% (31 December 2008 - 1,25% - 8,40%);
Ruble deposits: 9,00% (31 December 2008 - none);
KZT deposits: none (31 December 2008 - 5,00% - 6,92%);

* Consists of Type B liquid investment funds as of 31 December 2009 and 2008.

The sum of cash, cheques received, other liquid assets, and investment funds is stated as "Other" in the Credit Risk Table in Note 32(i).

6. Financial Assets

Short term financial assets consist of the following (TL) :



	31 December 2009	31 December 2008
Financial Assets Held for Trading		
- Investment Funds *	42.247.577	45.807.414
Financial Assets Held to Maturity **		
- Public sector notes and bonds	84.722.788	83.675.563
Provision for value decrease in marketable securities (-) (Note 27)	-	(3.559.837)
Value increase in marketable securities (Note 26)	14.741.454	-
Total	<u>141.711.819</u>	<u>125.923.140</u>

* As of 31 December 2009 and 2008, financial assets held for trading consist of Type A investments funds.

** As of 31 December 2009, the interest rate on financial assets held to maturity varies between 3,72% and 4,65% (31 December 2008 - 3,90%).

Long term financial assets consist of the following (TL) :

Affiliates;	31 December 2009		31 December 2008	
	Participation Rate %	Amount	Participation Rate %	Amount
Isı Sanayi Araştırma ve Geliştirme A.Ş.	5,00	7.348	5,00	7.348
San-Bir San. Hiz. İşl. ve Tic. A.Ş.	1,22	2.643	1,21	2.643
Other	*	419.715	*	252.159
Subsidiaries				
Tüm Tesisat ve İnşaat A.Ş.(**)	49,58	355.714	49,58	355.714
Temzet Elektrik Üretim İletim A.Ş.(**)	50,00	5.561.576	50,00	5.561.576
Alarko SA (**)	42,33	50.129	42,33	50.129
Alsim Alarko KZ (**)	100,00	7.033	100,00	7.033
Betagas SRL (***)	-	-	50,00	54.716
DAF Araştırma Geliştirme A.Ş. (****)	33,33	19.999	-	-
Doğuş - Alarko - YDA İnş. Adi Ort. (*****)	-	-	37,33	18.750
Total		<u>6.424.157</u>		<u>6.310.068</u>

(*) Less than 1%.

(**) The indicated companies are not included in the consolidation as the volume of their activities is low and they do not have a significant effect on the consolidated financial statements.

(***) Sold to Bayliss Limited Şirketi as of 30 June 2009.

(****) Registered on upon joint venture established among Alarko Holding A.Ş., Doğuş Holding A.Ş. and Fina Holding A.Ş. on 4 February 2009. The shareholdings of all three companies are equal (33,33%). As of 31 December 2009, the company's operating volume is low and does not have a material effect on the consolidated financial statements of the Group; hence, it is not included in the consolidation.

(*****) Included in the consolidated financial statements at cost as of 31 December 2008, and by proportionate consolidation method as of 31 December 2009.

7. Financial Liabilities

Financial liabilities consist of the following (TL):

	31 December 2009	31 December 2008
Short term bank loans	30.870.306	98.236.937
Principal amount and interest payments of long term loans	35.704.006	8.551.823
Leasing liabilities with maturities less than 1 year	47.691	503
Short term financial debts	66.622.003	106.789.263
Short term other financial liabilities	139.319	139.797
Long term bank loans	235.494.391	16.338.608
Leasing liabilities with maturities exceeding 1 year	-	1.895
Long term financial debts	235.494.391	16.340.503
Long term other financial liabilities	1.220.384	982.808
Total	<u>303.476.097</u>	<u>124.252.371</u>



As of 31 December 2009 and 2008, the maturities and interest rates of short term bank loans are as follows:

31 December 2009

Maturity	Interest Rate	Currency	Amount in Original Currency	Exchange Rate	TL Equivalent
01.01.2010-31.01.2010	0 - %10	TL	6.639.900	-	6.639.900
25.02.2010-31.12.2010	%2,50 - %7,74	USD	39.759.550	1,5057	59.865.954
31.12.2010	%4,28 - %4,96	EURO	26.589	2,1603	57.440
28.03.2010	%5,40	JPY	675.913	0,016302	11.018
					66.574.312

31 December 2008

Maturity	Interest Rate	Currency	Amount in Original Currency	Exchange Rate	TL Equivalent
02.01.2009-11.02.2009	%20,20 - %25,15	TL	19.367.621	-	19.367.621
05.01.2009-09.09.2009	%3,20 - %8,88	USD	41.575.710	1,5123	62.874.946
20.01.2009-06.04.2009	%6,19 - %9,45	EURO	11.287.913	2,1408	24.165.164
28.09.2009	%4,90 - %5,40	JPY	22.772.443	0,016732	381.029
					106.788.760

(*) The sum of balances related to short and long term loans is stated as "Bank Loan" in the Liquidity Table (Note 32(i)).

(**) The sum of balances related to short and long term other financial liabilities is stated as "Other Financial Liabilities" in the Liquidity Table (Note 32(ii)).

(***) The short and long term loans and the short and long term leasing liabilities are stated in the Interest Rate Risk Table as "Financial Liabilities" under the financial instruments with fixed and variable interest (Note 32(iii)).

As of 31 December 2009 and 2008, the maturities and interest rates of long term bank loans are as follows:

31 Aralık 2009

Maturity	Interest Rate	Currency	Amount in Original Currency	Exchange Rate	TL Equivalent
30.10.2019-30.06.2021	%2,50 - %7,74	USD	150.207.801	1,5057	226.167.886
15.06.2022-14.05.2029	%1,47 - %4,96	EURO	4.317.227	2,1603	9.326.505
					235.494.391

31 Aralık 2008

Maturity	Interest Rate	Currency	Amount in Original Currency	Exchange Rate	TL Equivalent
01.10.2010-30.06.2021	%3,20 - %6,40	USD	10.796.440	1,5123	16.327.456
23.03.2010	%5,40	JPY	666.513	0,016732	11.152
					16.338.608

As of 31 December 2009 and 2008, the distribution of short and long term bank loans with respect to their maturities are as follows (TL):

	31 December 2009 (TL)	31 December 2008 (TL)
Less than 1 year	66.574.312	106.788.760
1 - 2 years	40.195.925	7.337.054
2 - 3 years	36.666.954	4.401.307
3 - 4 years	31.437.389	2.213.155
4 years and more	127.194.123	2.387.092
Total (Note 32(iii))	302.068.703	123.127.368



8. Trade Receivables and Payables

Short term trade receivables consist of the following (TL) :

	31 December 2009	31 December 2008
Customers	240.364.532	203.674.944
Notes receivable	30.396.109	34.646.351
Rediscount on receivables (-)		
Notes receivable	(239.697)	(560.840)
Post dated cheques	(237.695)	(618.665)
Customers	(375.829)	(1.149.311)
Other short term receivables	7.450.655	14.494.262
Short term leasing receivables	37.671	10.853
Receivables from ongoing construction contracts (Note 11)	59.564.401	90.256.172
Doubtful trade receivables	24.408.812	3.294.147
Provision for doubtful trade receivables (-)	(24.408.812)	(3.294.147)
Total	336.960.147	340.753.766
Trade receivables from related parties	84.719.857	31.962.203
Rediscount on receivables from related parties (-)	(22.516)	(19.852)
Doubtful trade receivables from related parties	15.949.841	17.082.230
Provision for doubtful trade receivables from related parties (-)	(15.949.841)	(17.082.230)
Trade receivables from related parties (Note 31)	84.697.341	31.942.351
Short term financial assets	75.932.663	-
Grand Total	<u>497.590.151</u>	<u>372.696.117</u>

Long term trade receivables consist of the following (TL) :

	31 December 2009	31 December 2008
Customers	10.776	10.692
Notes receivable	394.865	54.253
Rediscount on receivables (-)		
Notes receivable	(37.752)	(9.369)
Long term leasing receivables	26.078	63.750
Long term financial assets	12.292.779	-
Total	<u>12.686.746</u>	<u>119.326</u>

Changes in provision for doubtful receivables are set out below (TL) :

	31 December 2009	31 December 2008
Opening balance	20.376.377	2.673.149
Effect of jointly controlled entity included in the consolidation	18.882.845	-
Current period provision expense (Note 23)	4.388.801	17.972.103
Doubtful trade receivables with evidence of insolvency	-	(123.259)
Provisions no longer required (Note 25)	(3.289.370)	(145.616)
Closing balance	<u>40.358.653</u>	<u>20.376.377</u>

Leasing receivables consist of the following (TL) :

	31 December 2009	31 December 2008
Leasing receivables (gross)	89.455	108.288
Unearned interest income	(25.706)	(33.685)
Total (Note 32(iiii))	<u>63.749</u>	<u>74.603</u>



	31 December 2009	31 December 2008
Gross leasing receivables	37.671	10.853
Long term leasing receivables	26.078	63.750
Total (Note (32)(iii))	<u>63.749</u>	<u>74.603</u>

As of 31 December 2009, the aging table for leasing receivables is as follows (TL) :

	Leasing Receivables	
	Gross	Net
31 December 2010	56.498	37.671
Subsequent to 31 December 2010	32.957	26.078
Total	<u>89.455</u>	<u>63.749</u>

Short term trade payables consist of the following (TL):

	31 December 2009	31 December 2008
Suppliers	151.775.416	123.098.403
Rediscount on payables (-) Suppliers	(457.079)	(942.199)
Progress payments related to ongoing construction contracts (Note 11)	120.547.304	106.440.847
Other trade payables	36.170.116	41.538.986
Total	<u>308.035.757</u>	<u>270.136.037</u>
Due to related parties	21.151.293	13.035.844
Rediscount on payables to related parties (-)	(4.488)	(7.609)
Trade payables to related parties (Note 31)	21.146.805	13.028.235
Grand Total	<u>329.182.562</u>	<u>283.164.272</u>

9. Other Receivables and Payables

Short term other receivables consist of the following (TL) :

	31 December 2009	31 December 2008
Due from personnel	37.059	436
Other miscellaneous receivables	6.337.764	5.233.783
Deposits and guarantees given	42.510.724	68.234.121
Other doubtful receivables	220.770	6.259
Provision for other doubtful receivables (-) (Note 32(i))	(220.770)	(6.259)
Total (Note (32)(i))	<u>48.885.547</u>	<u>73.468.340</u>
Due from shareholders	12.825.949	258
Due from affiliates	1.001.491	348.601
Due from subsidiaries	-	643.898
Other receivables from related parties (Notes 31,32(ii))	13.827.440	992.757
Grand Total	<u>62.712.987</u>	<u>74.461.097</u>

Long term other receivables consist of the following (TL) :

	31 December 2009	31 December 2008
Other miscellaneous receivables	278.034	147.899
Deposits and guarantees given	14.569.224	2.516.006
Total (Note 32(ii))	<u>14.847.258</u>	<u>2.663.905</u>



Short term other payables consist of the following (TL) :

	31 December 2009	31 December 2008
Due to T.C. State Railroad Administration	-	41.079.161
Due to shareholders (Note 31)	8.294	190.416
Deposits and guarantees received	21.875.431	34.186.716
Due to personnel	22.624	19.108
Other miscellaneous debts	23.669.641	8.063.590
Taxes, duties and other withholdings payable	13.126.578	5.250.923
Social security premiums payable	1.563.682	1.293.932
Other liabilities	2.297.114	-
Total (Note 32(ii))	<u>62.563.364</u>	<u>90.083.846</u>

Long term other payables consist of the following (TL) :

	31 December 2009	31 December 2008
Deposits and guarantees received	26.361.639	-
Total (Note 32(iii))	<u>26.361.639</u>	<u>-</u>

10. Inventories

Inventories consist of the following (TL) :

	31 December 2009	31 December 2008
Raw materials and supplies	57.032.741	60.756.381
Semi-finished goods	1.212.105	1.803.065
Finished goods	5.165.536	6.666.814
Merchandise *	46.424.680	66.223.054
Other inventories	1.941.452	2.893.130
Inventory provision (-) *	(3.274.179)	(6.551.298)
Total	<u>108.502.335</u>	<u>131.791.146</u>

* As of 31 December 2009 a portion of TL 43.816.519 out of the merchandise balance of TL 46.424.680 (31 December 2008 - TL 60.368.095), and a portion of TL 1.601.371 of the inventory provision of TL 3.274.179 consist of real estates held for trading (31 December 2008 - TL 5.377.143).

Changes in inventory provision are set out below (TL) :

	31 December 2009	31 December 2008
Opening balance	6.551.298	933.917
Current period expense (Note 23)	498.653	5.617.381
Provisions no longer required (Note 25)	(3.775.772)	-
Closing balance	<u>3.274.179</u>	<u>6.551.298</u>



As of 31 December 2009 and 2008, details of real estates held for trading consist of the following (TL) :

	31 December 2009			31 December 2008		
	Adjusted Book Value	Expertise Value	Expertise Date	Adjusted Book Value	Expertise Value	Expertise Date
Real Estate Project						
Land Share (1 Parcel) and Project						
Cost Unsold Projects	20.041.034	19.695.000	04.12.2009	24.235.865	20.750.000	03.12.2008
Projects whose sales contracts are realized	3.704.897	-	-	19.846.568	-	-
Impairment	(1.601.371)	-	-	(5.377.143)	-	-
Total	22.144.560	19.695.000		38.705.290	20.750.000	
Land in Büyükçekmece						
Cost (5 Parcels)	4.321.594	7.690.000	04.12.2009	4.321.594	7.690.000	03.12.2008
Land in Maslak						
Cost	15.105.685	32.235.000	02.12.2009	15.105.685	31.290.000	02.12.2008
Land in Orhanlı and Kocataş						
Cost	2.244.680	-		2.235.526	-	
Total	<u>43.816.519</u>	<u>59.620.000</u>		<u>60.368.095</u>	<u>59.730.000</u>	

Real Estate Project: The construction license of 63 villas and 1 social facility constructed on an area of 239.466 m² on section 106, parcel 18 in Büyükçekmece Eskice District included in the investment properties portfolio is received on 21 October 2005 and the sales transactions have started. As of 31 December 2009, sales contracts are made for 40 villas.

Land in Büyükçekmece: There are 5 parcels of land with a total area of 819.272 m².

Land in Maslak: It is planned to construct a mall on an area of 18.962 m² in Maslak, İstanbul.

Land in Orhanlı and Land in Kocataş: As of 26 February 2008, real estate owned by the subsidiary Alsim Alarko Sanayi Tesileri ve Ticaret A.Ş. has been recognized upon partial division as capital in kind in the joint venture company Alarko Deyaar Gayrimenkul Geliştirme A.Ş. at the net registered value as a result of which there is a land of 103.820,54 m² located in Orhanlı Village of Tuzla District in İstanbul, and a land of 369.411 m² located in Kocataş Village of Maden District in Sarıyer.

As of 31 December 2009, there is no insurance on inventories. As of 31 December 2008, the total insurance on inventories amounts to TL 235.000. Furthermore, the All Risk on Construction and Employer's Liability Insurance totals for the Real Estate Project amount to TL 34.037.854 and TL 58.937.452.

Within the frame of the provision of the CMB Communiqué on Principles Regarding Real Estate Investment Companies Nr VI-11 which reads "The land and lots in the portfolio of the REIC, on which any project has not been realized for five years as of the acquisition date, may not exceed 10% of its portfolio value" as stated in paragraph (d) of Article 27, Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (a subsidiary) asked for a period of grace from the Capital Markets Board on 29.07.2009; and on 21.08.2009, the Board has given an additional period until 30.06.2010 in compliance with the related communiqué.

11. Balances Due From Ongoing Construction Contract and Progress Payments

Costs and forecast earnings related to the ongoing construction contracts are as follows (TL) :

	31 December 2009	31 December 2008
Costs related to the ongoing construction contracts	1.620.173.173	1.985.984.809
Estimated earnings	194.654.902	205.117.131
Less: Total progress payments billed as of the period end	(1.875.810.978)	(2.207.286.615)
	<u>(60.982.903)</u>	<u>(16.184.675)</u>



The net balance stated above is classified in the accompanying consolidated statement of financial position as follows (TL) :

	31 December 2009	31 December 2008
Due from Ongoing Construction Contracts (net) (Note 8)	59.564.401	90.256.172
Progress Payments related to ongoing Construction Contracts (Note 8)	(120.547.304)	(106.440.847)
	<u>(60.982.903)</u>	<u>(16.184.675)</u>

The sum of short and long term advances received by the subsidiaries and jointly controlled entities of the Group in relation to the ongoing construction contracts as of 31 December 2009 amounts to TL 51.229.131 (31 December 2008 - TL 69.670.232).

12. Investments Valued by Equity Method

	31 December 2009		31 December 2008	
	Participation Rate %	Amount	Participation Rate %	Amount
Al-Riva Proje Ar. Değ. Konut İnş. ve Tic. A.Ş.*	12,13	4.252.993	12,13	4.494.427
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş.**	2,63	-	2,63	7.361
Al-Riva Arazi Değ. Konut İnş. Turistik Tes.Golf İşl. ve Tic. A.Ş.***	2,28	1.099.041	2,28	1.127.644
Total		<u>5.352.034</u>		<u>5.629.432</u>

* As of 31 December 2009, total assets amount to TL 48.778.362, total liabilities amount to TL 7.950.240, total equity amounts to TL 40.828.122, and the net loss for the period is TL 604.106. As of 31 December 2008, total assets amount to TL 48.303.476, total liabilities amount to TL 6.871.247, total equity amounts to TL 41.432.229, and the net loss for the period is TL 502.603.

** As of 31 December 2009, total assets amount to TL 22.376.339, total liabilities amount to TL 1.337.073, total equity amounts to TL 21.039.266, and the net loss for the period is TL 248.609. As of 31 December 2008, total assets amount to TL 22.389.371, total liabilities amount to TL 1.101.496, total equity amounts to TL 21.287.875, and the net loss for the period is TL 220.751. Alarko Group's share within the decrease observed in the affiliate's equity during the period from the acquisition date until 31 December 2009 was deducted from the acquisition cost of the investment, and the decrease observed in the amount corresponding to the equity share in comparison with the acquisition cost was recognized as loss in the consolidated statement of comprehensive income.

*** As of 31 December 2009, total assets amount to TL 71.243.413, total liabilities amount to TL 248.153, total equity amounts to TL 70.995.260, and the net loss for the period is TL 71.689. As of 31 December 2008, total assets amount to TL 71.275.427, total liabilities amount to TL 208.478, total equity amounts to TL 71.066.949, and the net loss for the period is TL 65.686.

13. Investment Properties

	31 December 2009	31 December 2008
Opening balance	2.909.894	2.909.894
Accumulated depreciation (Note 24)	(1.072.322)	(971.884)
Before value increase, net	1.837.572	1.938.010
Value increase / (decrease)	-	-
After value increase, net	<u>1.837.572</u>	<u>1.938.010</u>

As of 31 December 2009 and 2008, total insurance on investment properties amounts to TL 48.300.091 and TL 48.303.959, respectively.

As of 31 December 2009, comparison between the restated cost values of investment properties and their fair values is as follows (TL):

	31 December 2009		
	Expertise Report Date	Fair Value	Cost Value, Net
Name of Property			
İstanbul Şişhane İş Merkezi	02.12.2009	1.500.000	1.182
İstanbul Karaköy İş Merkezi	02.12.2009	1.210.000	663.430
Ankara Çankaya İş Merkezi	01.12.2009	2.425.000	1.172.960
		<u>5.135.000</u>	<u>1.837.572</u>



As of 31 December 2008, comparison between the restated cost values of investment properties and their fair values is as follows (TL):

31 December 2008

Name of Property	Expertise Report Date	Fair Value	Cost Value, Net
İstanbul Şişhane İş Merkezi	04.12.2008	1.350.000	1.223
İstanbul Karaköy İş Merkezi	04.12.2008	1.125.000	733.815
Ankara Çankaya İş Merkezi	03.12.2008	2.330.000	1.202.972
		<u>4.805.000</u>	<u>1.938.010</u>

14. Tangible Assets

Tangible assets consist of the following (TL) :

As of 31 December 2009;

	Opening 1 January 2009	Effect of Rate Change	Entries to Consolidation	Additions	Capitalized Borrowing Costs and Foreign Exchange Differences	Transfers and Disposals	Elimination Entries	Total After Elimination 31 December 2009	
Land	12.334.316	-	-	-	-	-	-	12.334.316	
Land improvements	28.986.934	-	-	-	-	-	-	28.986.934	
Buildings	157.423.705	525.912	-	3.315.514	(317.661)	(1.663.106)	-	159.284.364	
Plant, machinery and equipment	155.779.411	212.871	-	32.852.635	(2.143.625)	(3.033.415)	(826)	183.667.051	
Motor vehicles	15.105.317	646.815	3.135.770	661.740	(2.119.458)	(1.119.882)	-	16.310.302	
Furniture and fixtures	55.039.698	653.552	-	4.376.855	(808.548)	(3.640.547)	(19.531)	55.601.479	
Other tangible assets	8.721.052	-	-	298.360	(2.312)	(197.936)	-	8.819.164	
Investments in progress	4.927.639	-	-	6.553.043	12.149	(31.178)	-	11.461.653	
Total	<u>438.318.072</u>	<u>2.039.150</u>	<u>3.135.770</u>	<u>48.058.147</u>	<u>(5.379.455)</u>	<u>(9.686.064)</u>	<u>(20.357)</u>	<u>476.465.263</u>	
	Opening 1 January 2009	Effect of Rate Change	Depreciation Entries to Consolidation	Depreciation Expense for the Period	Foreign Exchange Difference	Sales Depreciation	31 December 2009	Elimination Entries	Total After Elimination 31 December 2009
Land improvements	27.930.526	-	-	99.718	-	-	28.030.244	-	28.030.244
Buildings	76.710.358	260.066	-	1.957.115	(43.473)	(1.076.829)	77.807.237	1.221.666	79.028.903
Plant, machinery and equipment	84.535.204	148.361	-	7.625.321	(593.807)	(1.634.571)	90.080.508	-	90.080.508
Motor vehicles	7.213.357	363.046	3.135.770	2.703.351	(858.766)	(761.520)	11.795.238	-	11.795.238
Furniture and fixtures	38.941.511	521.890	-	4.464.255	(195.418)	(2.091.954)	41.640.284	4.099	41.644.383
Other tangible assets	6.740.203	-	-	404.115	-	(38.376)	7.105.942	-	7.105.942
Total Accumulated Depreciation	<u>242.071.159</u>	<u>1.293.363</u>	<u>3.135.770</u>	<u>17.253.875</u>	<u>(1.691.464)</u>	<u>(5.603.250)</u>	<u>256.459.453</u>	<u>1.225.765</u>	<u>257.685.218</u>
Tangible Assets, net	<u>196.246.913</u>								<u>218.780.045</u>

Fixed assets acquired by financial leasing are included in the motor vehicles, plant, machinery and equipment and consist of the following (TL):

	31 December 2009	31 December 2008
Plant, machinery and equipment	2.563.256	4.772.901
Motor vehicles	131.526	-
Accumulated depreciation (-)	(2.092.436)	(2.527.678)
	<u>602.346</u>	<u>2.245.223</u>



As of 31 December 2008;

	Opening 1 January 2008	Effect of Rate Change	Capitalized Borrowing Costs and Foreign Exchange Differences Additions	Capitalized Borrowing Costs and Foreign Exchange Difference	Transfers and Disposals	Elimination Entries	31 December 2008 Total After Elimination
Land	16.903.070	-	-	-	(22.168.710)	17.599.956	12.334.316
Land improvements	28.948.364	-	38.570	-	-	-	28.986.934
Buildings	155.935.875	295.940	1.536.411	2.370.594	(2.715.115)	-	157.423.705
Plant, machinery, and equipment	151.795.061	3.286.581	4.745.262	3.538.336	(7.916.683)	330.854	155.779.411
Motor vehicles	14.396.256	14.067	1.295.820	3.062.077	(3.662.903)	-	15.105.317
Furniture and fixtures	52.179.404	365.628	6.668.347	761.990	(4.930.364)	(5.307)	55.039.698
Other tangible assets	8.302.136	-	509.490	-	(90.574)	-	8.721.052
Investments in progress	3.182.601	-	7.031.029	719.908	(6.004.815)	(1.084)	4.927.639
Total	431.642.767	3.962.216	21.824.929	10.452.905	(47.489.164)	17.924.419	438.318.072

	Opening 1 January 2008	Effect of Rate Change	Depreciation Expense for the Period	Foreign Exchange Difference	Sales Depreciation	31 December 2008	Elimination Entries	31 December 2008 Total After Elimination
Accumulated Depreciation								
Land improvements	27.827.114	-	103.412	-	-	27.930.526	-	27.930.526
Buildings	73.592.002	53.434	2.070.708	392.534	(619.986)	75.488.692	1.221.666	76.710.358
Plant, machinery and equipment	78.406.526	948.726	8.399.187	1.097.609	(4.316.844)	84.535.204	-	84.535.204
Motor vehicles	4.520.109	5.390	3.450.451	610.861	(1.373.454)	7.213.357	-	7.213.357
Furniture and fixtures	37.563.311	131.680	4.255.965	157.013	(3.185.991)	38.921.978	19.533	38.941.511
Other tangible assets	6.348.279	-	419.001	-	(27.077)	6.740.203	-	6.740.203
Total Accumulated Depreciation	228.257.341	1.139.230	18.698.724	2.258.017	(9.523.352)	240.829.960	1.241.199	242.071.159
Tangible Assets, Net	203.385.426							196.246.913

15. Intangible Assets

Intangible assets consist of the following (TL) :

Cost	Rights	Special Costs	Other Intangible Assets	Total
As of 1 January 2008	4.164.734	43.549.167	148.676	47.862.577
Effect of rate change	12.459	-	-	12.459
Additions	108.454	166.579	-	275.033
Transfers	64.515	5.356.273	-	5.420.788
Disposals	(7.240)	(158.128)	-	(165.368)
Foreign exchange difference	8.816	-	-	8.816
As of 31 December 2008	4.351.738	48.913.891	148.676	53.414.305
Effect of rate change	105.748	-	-	105.748
Additions*	219.093.062	121.175	-	219.214.237
Transfers	13.084	1.371.049	-	1.384.133
Disposals	(118.585)	(395.163)	-	(513.748)
Foreign exchange difference	(3.178)	-	-	(3.178)
As of 31 December 2009	223.441.869	50.010.952	148.676	273.601.497



* As of 31 December 2009, TL 218.817.579 of the additions totaling TL 219.093.062 related to tangible assets and TL 364.208.691 which is recorded within the scope of purchase accounting as per the TFRS 3 "Business Combinations" comprise the customer agreements owned by the Company by its retail sales license. Furthermore, in accordance with the operating right transfer agreement as per the TFRS Comment 12 "Service Concession Agreements" and the distribution license owned, a total of TL 66.375.056 recognized as intangible assets belongs to Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. in which the Parent Company has an indirect interest of 50,82% and Meram Elektrik Dağıtım A.Ş. in which the Parent Company has indirectly participated.

Accumulated Amortisation	Rights	Special Costs	Other Intangible Assets	Total
As of 1 January 2008	3.542.697	28.700.356	49.584	32.292.637
Effect of rate change	11.056	-	-	11.056
Charge for the current period	325.667	3.067.756	30.141	3.423.564
Disposals	-	(154.737)	-	(154.737)
Exchange difference	6.170	-	-	6.170
Elimination entries	-	90.431	-	90.431
Total after 31 December 2008 elimination entries	3.885.590	31.703.806	79.725	35.669.121
Effect of rate change	105.748	-	-	105.748
Charge for the current period *	2.259.487	3.280.285	30.991	5.570.763
Disposals	(117.841)	(372.814)	-	(490.655)
Exchange difference	(1.435)	-	-	(1.435)
Elimination entries	-	15.387	-	15.387
Total after 31 December 2009 elimination entries	<u>6.131.549</u>	<u>34.626.664</u>	<u>110.716</u>	<u>40.868.929</u>
Net Value				
As of 31 December 2008				<u>17.745.184</u>
As of 31 December 2009				<u>232.732.568</u>

* As of 31 December 2009, a total of TL 998.505 [31 December 2008- TL 998.480] from the current period special cost amortisation amounting to TL 3.280.285 [31 December 2008- TL 3.067.756] represents amortisation made as per the Comment 12 of the Turkish Financial Reporting Standards related to the accounting of "Service Concession Arrangements".

16. Goodwill

As of 31 December 2009 and 2008, goodwill consists of the following (TL):

Date of Transaction	Gross Positive Goodwill	
	31 December 2009	31 December 2008
30 October 2009 *	8.243.832	-
21 June 1994	161.302	161.302
7 October 1998	218.549	218.549
	<u>8.623.683</u>	<u>379.851</u>

* Goodwill constituted upon acquisition of Meram Elektrik Dağıtım A.Ş. the net assets fair value of which is TL 635.989.990 by Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. (a jointly controlled entity) on 30 October 2009 at a total value of TL 652.212.000 (Note 3).

17. Government Incentives and Grants

Alarko Carrier Sanayi ve Ticaret A.Ş. which is one of the jointly controlled entities has obtained TL 167.700 of research and development investments incentive from TEYDEB - The Technology and Innovation Support Programmes Directorate of TUBITAK - for the year ended 31 December 2009, in relation to the Burner Development and Rooftop Air Conditioner Development Projects (31 December 2008 - TL 179.034).

18. Provisions, Conditional Assets and Liabilities

Short term debt provisions consist of the following (TL) :



	31 December 2009	31 December 2008
Tax provision related to prior periods *	2.468.209	1.049.310
Rent expenses	740.968	662.963
Communication expense payable	7.451	7.759
Electricity expense payable	48.673	874.026
Premium provisions	1.706	3.696
Contractual expenses	352.927	120.246
Water expense payable	10.855	16.187
Fuel expense payable	16.378	6.253
Return provisions	4.041	-
Guarantee provisions	1.462.351	1.460.973
Undocumented payables related to goods and services	5.516.486	1.604.121
Provision for litigation	7.730.283	4.202.309
Total	<u>18.360.328</u>	<u>10.007.843</u>

* Tax provision made in 2008, 2007, and 2006 as per the local legislation of Kazakhstan for the subsidiaries operating in this country.

As of 31 December 2009 and 2008, changes in provision for litigation are set out below (TL):

	31 December 2009	31 December 2008
Opening balance	4.202.309	3.276.626
Provision expense for the current period (Note 23)	3.438.544	433.970
Current period interest and exchange difference expenses	89.430	491.713
Provision for litigation at the end of the period	<u>7.730.283</u>	<u>4.202.309</u>

Long term debt provisions consist of the following (TL) :

	31 December 2009	31 December 2008
Provisions for losses	<u>-</u>	<u>1.368.551</u>

Current period tax liabilities consist of the following (TL) :

	31 December 2009	31 December 2008
Current period tax provision (Note 29(a))	11.285.250	22.251.526
Prepaid taxes and funds	(3.573.434)	(1.731.321)
	<u>7.711.816</u>	<u>20.520.205</u>

Conditional assets and liabilities consist of the following (TL) :

a) Mortgages on Assets:

As of 31 December 2009 and 2008, two parcels of the land in Eskice District in Büyükçekmece Village stated in the inventories and fixed asset accounts of the subsidiary Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. regarded as Greenfield site is expropriated on behalf of ISKI due to the reason that this piece of land is under unconditional preservation as per the provisions of the communiqué related to protection of land bearing tap water and drinking water resources against contamination; there is a right of easement in relation to the stores in Etiler Alkent Sitesi in Beşiktaş District dated 14 October 1987 nr. 6430 to be utilized on behalf of the real estate of the Company on section 1411, parcel 1 and against that on section 1408, parcel 1 for benefiting from the central heating; and there is a right of easement for a period of 49 years at a fee of TL 7,72 to construct 1,5 m wide channels in some parts of the heating installations. Furthermore, there is a personal right of easement for the owners of the property on section 1410 parcel 1 to benefit from the unused parking lot as stated in the project against the same parcel by voucher dated 26 February 1992 nr 784.

b) As of 31 December 2009, guarantees received for short term trade receivables amount to TL 113.858.738 (31 December 2008 - TL 60.050.199). The guarantees received other than those received for short term trade receivables amount to TL 702.095.398 (31 December 2008 - TL 377.887.399).

c) As of 31 December 2009 , the overdue receivables and the related provisions stated in the Group's accounting records amount to TL 40.579.423 (31 December 2008 - TL 20.382.636).

d) As of 31 December 2009, mortgages on assets amount to TL 3.749.460 (31 December 2008 - TL 3.848.360).



- e) As of 31 December 2009, contingent liabilities amount to TL 958.033.116 (31 December 2008 - TL 1.102.185.707).

The guarantee/surety/mortgage position of the Group as of 31 December 2009 and 2008 is set out in the table below (TL):

The guarantees, sureties, and mortgages given by the Group

	31 December 2009	31 December 2008
A. Total guarantees, sureties, and mortgages given in the name of its own corporate body	710.213.214	811.803.558
B. Total of other guarantees, sureties and mortgages	251.569.362	294.230.509
i. Given in the name of the Parent Company	-	-
ii. Given in the name of other Group Companies	251.569.362	294.230.509
	<u>961.782.576</u>	<u>1.106.034.067</u>

As of 31 December 2009, the ratio of guarantees, sureties, and mortgages given by the Group to its equity is 110,47 % (31 December 2008 - 134,25 %).

- f) As of 31 December 2003, tariff adjustment invoices amounting to a total of TL 2.300.000 related to 2001 and 2002 years has been prepared by Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ) for the joint venture company Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş.. Although the said invoices have been recognized as sales deductions in 2003, the Company has made an appeal through the Ministry of Energy and Natural Resources related to the calculation basis of these invoices and claimed amendment. Upon failing to receive any response from the Ministry, the Company has filed for a case against the Ministry with the claim to annul the invoices in 2004 and the legal proceedings have been ongoing as of the reporting date.

- g) Revised tariffs have been forwarded by the Ministry of Energy and Natural Resources to the joint venture company Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş. for Berdan and Hasanlar Hydroelectric Power Plants related to 2003, 2004 and 2005 adjusted as of 2005 as at 19 June 2007 and 25 June 2007, respectively. Furthermore, adding the tariff schedule to the said letter of the Ministry, TETAŞ has referred to the revision of the tariffs for the years 2003-2007 and sent secondary invoices relating to additional fees. However, as at 4 April 2008, the Company's electrical power sales tariffs related to the period 01.01.2006-31.12.2006 have been revised again by the Ministry. Finally, the sales tariffs of Hasanlar HEPP and Berdan HEPP related to 2007 and 2008 have again been revised by the writing of Ministry dated 7 January 2009. The Company has returned the secondary invoices with a total value of TL 3.107.405 + VAT to TETAŞ through the notary. Furthermore, as per the writing of the Ministry of Energy and Natural Resources dated 15 August 2008, TETAŞ has notified the Company on a revised tariff for the period 01.01.2003-31.08.2008 related to Tohma HES and sent a secondary invoice of TL 806.027 +VAT. In addition to the appeals made to TETAŞ, the said dispute was made a court case. During this period, TETAŞ has not realized the payment of the Company's current receivables and sent a writing informing that these receivables have been deducted from the secondary invoices.

In the writing of TETAŞ sent to the Company on 21 April 2009, it is stated that the offsetting has been completed taking into account the tariff differences subject to the court case and the total delay interests calculated for the said differences in relation to the tariff revision made as of March 2009 and TETAŞ has started to pay the succeeding receivables to the Company. From this date onwards, the Company has arranged the invoices related to tariff differences which could not be sorted out in the past years due to the ongoing case and recorded them in 2009 with a note of reservation. The tariff difference invoices amounting to a total of TL 4.422.145 (excl. VAT) has been paid to the Company by TETAŞ during the current period.

In summary, the court appeals and negotiations related to the tariff revision and related price difference invoices have been ongoing for a long period of time.

- TETAŞ has completed the offsetting it started in June 2007 and started to realize the payment of receivables formed since April 2009
- The cases filed against the Ministry of Energy and Natural Resources have taken a long period of time and a future estimate could not be made.

Taking into consideration the facts stated above, the Company has made a total provision of TL 8.742.293 for its receivables from TETAŞ, comprising a delay interest of TL 4.475.489 and a principal amount of TL 4.266.804.

- h) The joint venture company Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş. has filed for a number of cases against the Directorate of Energy Works of the Ministry of Energy and Natural Resources for annulment of request for accrual and payment by the Company of additional fees on monthly system utilization, operation and transmission related to Hasanlar Hidroelektrik Santrali and for suspension of execution and the case has been finalized at the 13th State Council by decree nr. E.2007/1704 K:2009/2216 in favor of the Company. Although the court case is finalized, the Company continues to return the monthly Distribution Service Fee invoices prepared and issued by Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) back to SEDAŞ. As of 31 December 2009, the said invoices which have been returned by the Company without being recorded and without making any provisions amount to a total of TL 774.493 + VAT.

- i) In the letter sent by the Competition Authority to the joint venture company Alarko Carrier Sanayi ve Ticaret A.Ş. (the Company), it is stated that a judicial inquiry is set up for the purpose of determining whether the agreements entered into between the Company and its authorized dealers and services include competitive restrictions. As a result of the investigation made upon the mentioned letter, it has been communicated to the Company on 8 March 2007 that an administrative penalty of TL 225.273 that corresponds 0,1% of the net sales of 2005



year has been inflicted on the Company. Provision has been booked for the total amount of administrative penalty in the accompanying financial statements. As of 11 June 2007 the Company has filed for suspension of execution followed by an application for rejection of resolution to the State Council, however neither action is finalized as of the reporting date.

- j) The other shareholder of the affiliates Al-Riva Projesi Arazi Değ. Konut İnş. ve Tic. A.Ş., Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş., Al-Riva Arazi Değ. Konut İnş. Tur. Tes. Golf İşl. ve Tic. A.Ş. has filed for a case to liquidate the said companies and the case is ongoing as of the reporting date.
- k) The application made by Alarko Carrier Sanayi ve Ticaret A.Ş. (a jointly controlled entity) to the Ministry of Labour and Social Security in regard to benefiting from the short-time working allowance for the 83 workers working at the radiator manufacturing plant in Yukarı Dudullu Organize Sanayi Bölgesi Ümraniye-İstanbul has been approved by the Ministry. Accordingly, 83 workers working at the plant will benefit from the short-time working allowance during the period 01.11.2009-01.05.2010.

The application made by the said Company to the Ministry in regard to extending the period for short-time work for the 173 workers working at the manufacturing plant in Gebze Organize Sanayi Bölgesi Gebze-Kocaeli has been approved by the Ministry. Accordingly, 173 workers working at the plant will benefit from the short-time working allowance during the period 01.11.2009-30.04.2010.

- l) A share pledge agreement is entered into between Alcen Enerji as the Company, Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş., Alarko Holding A.Ş., and the subsidiaries namely Alarko Fenni Malzeme Satış ve İmalat A.Ş., Cengiz Holding A.Ş., Eti Alüminyum A.Ş. and Cengiz Madencilik Sanayi ve Ticaret A.Ş. as the mortgagers, and Türkiye Halk Bankası A.Ş. as the mortgagee on 27 October 2009 for the purpose of establishing a primary mortgage lien on the shares representing 100% of Alcen Enerji's share capital subjacent to the loan agreement entered into between Alcen Enerji as debtor, Denizbank A.Ş., Türkiye Garanti Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye İş Bankası A.Ş. as Authorized Leading Arrangers and Credit Grantors, Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (subsidiary) and Cengiz İnşaat Sanayi ve Ticaret A.Ş. as original guarantors, and the Bank stated in the said agreement as Intermediary Bank in relation to partial financing of the transfer fee to be paid by Alcen Enerji subjacent to the Share Transfer Agreement entered into between Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş. (Alcen Enerji) (a jointly controlled entity) and the Turkish Prime Ministry Privatisation Administration in relation to the privatization of 100% of the shares of Meram Elektrik Dağıtım A.Ş. (a jointly controlled entity) by block sales method.

19. Employee Benefits

Liabilities related to employee benefits consist of provisions for termination indemnity as stated in the following (TL) :

	31 December 2009	31 December 2008
Opening balance	10.381.998	9.777.331
Effect of rate change	51	236.837
Effect of company included in the consolidation	7.536.436	-
Effect of company excluded from the consolidation	[24.408]	-
Current period provision expense (Note 24)	3.874.131	2.622.173
Provisions no longer required (Note 25)	[2.668.393]	[2.254.343]
Provision for termination indemnity at the end of the period	<u>19.099.815</u>	<u>10.381.998</u>

20. Other Assets and Liabilities

Other current assets consist of the following (TL) :

	31 December 2009	31 December 2008
Order advances given	3.928.535	9.874.597
Advances given to contractors	8.695.452	7.286.411
Expenses related to future months	4.019.061	4.084.270
Income accruals	553.112	114.615
Deferred VAT	11.475.577	11.476.058
Other VAT	1.008.187	837.936
Prepaid taxes and funds	32.712.686	10.616.929
Other special consumption tax	94.460	57.274
Job advances	57.569	138.318
Personnel advances	86.021	40
Other current assets	107.361	296.832
Total	<u>62.738.021</u>	<u>44.783.280</u>



Other long term assets consist of the following (TL) :

	31 December 2009	31 December 2008
Order advances given	2.702.955	4.728.687
Expenses related to future years	347.827	1.293.005
Prepaid taxes and funds	27.424.187	51.985.098
Other miscellaneous long term assets	190	190
Total	<u>30.475.159</u>	<u>58.006.980</u>

Other short term liabilities consist of the following (TL) :

	31 December 2009	31 December 2008
Expense accruals	12.438.889	518.372
Income related to future months	3.015.253	1.813.748
Other special consumption tax	94.460	57.274
Calculated VAT	3.890.890	229.075
Other VAT	1.008.404	839.405
Order advances received	62.985.955	97.803.424
Total	<u>83.433.851</u>	<u>101.261.298</u>

Other long term liabilities consist of the following (TL) :

	31 December 2009	31 December 2008
Income related to future months	808.412	1.332.502
Order advances received	6.629.685	6.658.747
Total	<u>7.438.097</u>	<u>7.991.249</u>

21. Equity

a) Paid-in Capital:

As of 31 December 2009, the Parent Company's share capital consists of the following (TL):

Name	Shareholding	Nominal Value
Alaton Family	36,37%	81.266.212
Garih Family	36,37%	81.266.212
Other *	27,26%	60.934.576
	<u>100,00%</u>	<u>223.467.000</u>

As of 31 December 2008, the Parent Company's share capital consists of the following (TL):

Name	Shareholding	Nominal Value
Alaton Family	36,37%	78.505.746
Garih Family	36,37%	78.505.746
Other *	27,26%	58.864.738
	<u>100,00%</u>	<u>215.876.230</u>

* Represents shareholdings of less than 10%.

As of 31 December 2009, the Parent Company's registered share capital limit amounts to TL 500.000.000 and the paid-in capital is TL 223.467.000 (31 December 2008- TL 215.876.230) consisting of 22.346.700.000 shares (31 December 2008 - 21.587.623.000 shares) of Kr 1 nominal value each.



b) Share Capital/Cross Shareholding Adjustment:

The capital adjustment due to the subsidiaries' interest in the Parent Company share capital is as follows (TL) :

	31 December 2009	31 December 2008
The Parent Company share capital	215.876.230	215.876.230
Bonus issue	7.590.770	-
The Parent Company share acquired by the subsidiary in nominal value (-)	(608.222)	(587.562)
Total Share Capital	<u>222.858.778</u>	<u>215.288.668</u>

There are Parent Company's shares acquired by Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. in 2003 amounting to TL 608.222 as of 31 December 2009 (Value adjusted to the purchasing power of the Turkish Lira at 31 December 2004 - TL 1.208.359) (31 December 2008 - TL 587.562).

c) Restricted Profit Reserves:

As of 31 December 2009 and 2008, the restricted profit reserves consist of legal reserves.

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

- a) First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.
b) Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

d) Retained Earnings / Accumulated Losses:

Retained earnings / (accumulated losses) for the respective periods are as follows (TL) :

	31 December 2009	31 December 2008
Retained earnings	455.871.526	418.750.641
2008 profit transfer	54.819.601	-
2007 profit transfer	-	37.592.138
Capital increase	(7.570.110)	-
Transfer to reserves	(2.023.204)	(16.227)
Effect of companies included in the consolidation	(29.057)	(82.545)
Effect of companies excluded from consolidation	(1.135.710)	-
Effect of rate change	(58.522)	-
Effect of increase in shareholding of subsidiaries	-	(855.688)
Effect of rate change in subsidiaries	-	3.277.004
Effect of transferred projects	-	(527.097)
Dividend payments	(2.969.982)	(2.266.700)
Retained earnings	<u>496.904.542</u>	<u>455.871.526</u>

Distribution of retained earnings / (accumulated losses) are as follows (TL) :

	31 December 2009	31 December 2008
Retained earnings / (accumulated losses)	222.509.520	234.068.415
Inflation adjustment differences in equity	132.307.054	132.276.676
Legal reserves	4.449.083	3.559.698
Extraordinary reserves	137.638.885	85.966.737
	<u>496.904.542</u>	<u>455.871.526</u>

As per the Communiqué Nr. XI/29, "Paid-in Capital, Issue Premiums and Restricted Reserves" are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/IFRS are correlated with the retained earnings/accumulated losses. As per the same Communiqué, retained earnings/accumulated losses other than the net profit for the period, are stated in the "Retained Earnings/Accumulated Losses" account together with the extraordinary reserves regarded in essence as retained earnings/accumulated losses.



Differences in inflation adjustment in equity arising from restatement of share premium, legal and extraordinary reserves consist of the following (TL) :

	31 December 2009	31 December 2008
Inflation adjustment related to legal reserves	219.047	219.047
Inflation adjustment on extraordinary reserves	132.057.629	132.057.629
Effect of rate change on inflation adjustment:		
- Legal reserves	1.282	-
- Extraordinary reserves	29.096	-
Total	<u>132.307.054</u>	<u>132.276.676</u>

Inflation adjustment difference will be used in rights issue and offsetting losses. Furthermore, inflation adjustment difference originating from reserves bearing no entry to disable profit distribution may be used in profit distribution. As of 31 December 2009, other equity items that may be subject to profit distribution amount to TL 492.235.130 (Note 30).

e) Non-controlling Interest :

Non-controlling interest consists of the following (TL) :

	31 December 2009	31 December 2008
Share capital	32.267.458	29.769.838
Financial assets revaluation fund	831	942
Legal reserves	600.101	427.097
Translation differences	555	(1.114)
Retained earnings / (accumulated losses)	56.989.077	48.146.169
Profit for the period	1.536.506	12.542.396
Total	<u>91.394.528</u>	<u>90.885.328</u>

22. Sales and Cost of Sales

Sales income consists of the following (TL) :

	31 December 2009	31 December 2008
Local sales	718.144.745	613.397.869
Exports	176.091.993	219.572.825
Other sales	5.138.939	4.671.149
Sales returns (-)	(992.306)	(1.269.659)
Sale discounts (-)	(3.880.913)	(4.508.253)
Total	<u>894.502.458</u>	<u>831.863.931</u>

Cost of sales consists of the following (TL) :

	31 December 2009	31 December 2008
Cost of goods sold	30.059.588	38.312.474
Cost of trade goods sold	77.426.842	67.757.687
Cost of services sold	622.670.740	687.395.831
Cost of semi-finished goods sold	346.439	422.067
Cost of other sales	7.796.538	8.031.170
Total	<u>738.300.147</u>	<u>801.919.229</u>

23. Research and Development Expenses, Marketing, Sales and Distribution Expenses, General Administration Expenses

Research and development expenses; marketing, sales and distribution expenses; and general administration expenses consist of the following (TL) :

	31 December 2009	31 December 2008
Research and development expenses	1.085.739	989.505
Marketing, sales and distribution expenses	34.836.817	21.586.531
General administration expenses	75.363.846	71.890.486
Total	<u>111.286.402</u>	<u>94.466.522</u>



Research and development expenses consist of the following (TL):

	31 December 2009	31 December 2008
Personnel expenses (Note 24)	687.884	693.417
Outsourced benefits and services	221.227	170.638
Depreciation and amortisation (Note 24)	108.806	45.536
Miscellaneous expenses	60.577	79.575
Taxes, duties and fees	7.245	339
Total	<u>1.085.739</u>	<u>989.505</u>

Marketing, sales and distribution expenses consist of the following (TL):

	31 December 2009	31 December 2008
Personnel expenses (Note 24)	10.436.308	6.323.240
Depreciation and amortisation (Note 24)	2.198.029	184.914
Provision for termination indemnity (Note 24)	664.586	-
Outsourced benefits and services	8.335.875	5.530.329
Taxes, duties and fees	-	112.728
Systems failure expenses	3.498.243	-
Exhibition, advertisement, presentation expenses	2.321.230	4.436.568
Travel expenses	561.211	686.550
Miscellaneous expenses	6.821.335	4.312.202
Total	<u>34.836.817</u>	<u>21.586.531</u>

General administration expenses consist of the following (TL):

	31 December 2009	31 December 2008
Personnel expenses (Note 24)	13.281.256	12.523.899
Provision for termination indemnity (Note 24)	2.653.808	2.061.436
Rent expenses	884.729	1.583.534
Depreciation and amortisation (Note 24)	3.600.762	3.049.737
Outsourced benefits and services	3.801.459	3.678.528
Communication expenses	111.564	224.775
Taxes, duties and fees	1.050.418	2.520.786
Bank expenses	1.150.508	159.700
Inventory provision (Note 10)	498.653	5.617.381
Doubtful receivables expense (Note 8 ve 9)	4.603.312	17.972.103
Cost share	36.926.677	16.064.782
Provision for litigation (Note 18)	3.438.544	433.970
Miscellaneous expenses	3.362.156	5.999.855
Total	<u>75.363.846</u>	<u>71.890.486</u>

24. Expenses by Nature

Depreciation and amortisation expenses consist of the following (TL) :

	31 December 2009	31 December 2008
Overhead	1.688.835	1.779.680
Service rendering expense	14.975.066	16.942.788
Other production expenses	1.594.730	1.551.701
Research and development expenses (Note 23)	108.806	45.536
Marketing, sales and distribution expenses (Note 23)	2.198.029	184.914
General administration expenses (Note 23)	3.600.762	3.049.737
Total	<u>24.166.228</u>	<u>23.554.356</u>
	31 December 2009	31 December 2008
Investment properties (Note 13)	100.438	100.438
Depreciation (Note 14)	18.479.640	19.939.923
Amortisation (Note 15)	5.586.150	3.513.995
Total	<u>24.166.228</u>	<u>23.554.356</u>



Employee benefits consist of the following (TL) :

	31 December 2009	31 December 2008
Direct labor expenses	3.624.997	3.212.578
Overhead	2.993.548	3.277.808
Service rendering expenses	64.747.481	86.830.496
Research and development expenses (Note 23)	687.884	693.417
Marketing, sales and distribution expenses (Note 23)	11.100.894	6.323.240
General administration expenses (Note 23)	15.935.064	14.585.335
Total	<u>99.089.868</u>	<u>114.922.874</u>
	31 December 2009	31 December 2008
Wages and salaries	84.361.307	100.697.442
Personnel transportation expense	1.931.997	2.610.598
Provision for termination indemnity (Notes 4,19)	3.874.131	2.622.173
Termination indemnities paid	3.481.390	2.306.594
Personnel catering expense	2.515.849	3.576.156
Benefits in cash and kind	983.215	946.625
Personnel health expense	265.452	286.750
Other personnel expenses	1.676.527	1.876.536
Total	<u>99.089.868</u>	<u>114.922.874</u>

25. Other Operating Income and Expenses

Other operating income consists of the following (TL):

	31 December 2009	31 December 2008
Provisions for doubtful trade receivables no longer required (Note 8)	3.289.370	145.616
Provisions for termination indemnity no longer required (Notes 4,19)	2.668.393	2.254.343
Inventory provisions no longer required (Note 10)	3.775.772	-
Rent income	2.685.118	2.921.326
Commission income	4.799	99.704
Profit on sale of tangible assets	1.441.831	26.413.889
Expert team income	-	20.666.743
Other casual income	4.834.387	982.772
R&D incentive income (Note 17)	167.700	179.034
Income from default fines	9.898.628	-
Tariff difference income	2.311.262	-
Reactive income	4.995.229	-
Income on returns	2.595.891	-
Profit transfer of foreign joint ventures	2.804.162	-
Other income and profits	9.381.066	11.058.000
Total	<u>50.853.608</u>	<u>64.721.427</u>

Other operating expenses consist of the following (TL) :

	31 December 2009	31 December 2008
Commercial expenses	1.396.450	537.772
Expenses within the scope of guarantee	1.230.095	1.085.380
Contracting expenses	26.882.838	6.223.645
Loss on sale of tangible assets	1.595.624	3.404.995
Effect of project transfer	-	788.072
Commission expenses	74.518	100.576
Provision for tariff difference and delay interest	4.361.896	-
Other expenses and losses	12.948.110	6.016.934
Total	<u>48.489.531</u>	<u>18.157.374</u>



26. Financial Income

Financial income consist of the following (TL) :

	31 December 2009	31 December 2008
Rediscount interest income	2.676.703	2.671.923
Maturity difference income	2.953.549	5.336.925
Dividend income	195.916	35.533
Interest income	22.125.987	28.032.197
Value increase in marketable securities (Note 6)	14.741.454	-
Income on sale of marketable securities	2.227.648	888.469
Foreign exchange gains	109.123.761	184.258.820
Total	<u>154.045.018</u>	<u>221.223.867</u>

27. Financial Expenses

Financial expenses consist of the following (TL) :

	31 December 2009	31 December 2008
Rediscount interest expenses	1.690.610	3.659.391
Maturity difference expense	849.507	1.828.493
Borrowing expenses	15.166.527	20.959.847
Value decrease in marketable securities (Note 6)	-	3.559.837
Loss on sale of marketable securities	16.464	693.716
Foreign exchange losses	100.668.841	93.276.492
Total	<u>118.391.949</u>	<u>123.977.776</u>

28. Long Term Assets Held for Trading

Long term assets held for trading consist of the following (TL) :

	31 December 2009	31 December 2008
Long term assets held for trading	<u>85.949</u>	<u>85.949</u>

Consists of long term assets (buildings) that Alarko Carrier Sanayi ve Ticaret A.Ş. (a jointly controlled entity) has obtained against its uncollectible receivables.

29. Tax Assets and Liabilities

a) Corporation Tax ;

The corporation tax rate for 2009 is 20% in Turkey (31 December 2008 - 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Tax income and expenses recognized in the consolidated statement of comprehensive income are summarized in the following (TL):

	31 December 2009	31 December 2008
Current period corporation tax (Note 18)	11.285.250	22.251.526
Deferred tax (income) / expense (Note 29(b))	19.979.893	(10.640.815)
Total tax expenses	<u>31.265.143</u>	<u>11.610.711</u>

As of 31 December 2009 and 2008, the tax rate is 20%, however, it is considered as 30% for those companies that use investment allowance. As per the Turkish tax legislation, the deferred tax rate used on valuation difference in deferred construction progress payments is 20%. On the other hand, the tax rates used in calculating corporation tax and deferred tax for the jointly controlled entities are 20%, 25%, and 30% in Russia, Ukraine, and Spain, respectively, and 30% and 37% for the subsidiaries in Algeria and Kazakhstan, respectively.

As of 31 December 2009 and 2008, the reconciliation between the tax expense calculated by applying the legal tax rate on the profit before tax and the total tax provision stated in the consolidated statement of comprehensive income is as follows (TL):



	31 December 2009	31 December 2008
Profit before tax	82.655.349	78.972.708
Local tax rate	20%	20%
Tax expense calculated by using the tax rate	16.531.070	15.794.542
Disallowable expenses and other additions	25.046.859	8.250.138
Tax-exempt earnings and other deductions	(10.312.786)	(12.433.969)
Total tax expense	<u>31.265.143</u>	<u>11.610.711</u>

b) Deferred Tax Assets and Liabilities;

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows (TL):

Temporary Income / (Expense) Differences

	31 December 2009	31 December 2008
Net difference between the book value of inventories and the tax bases	282.569	171.026
Accumulated losses	63.196.782	-
Adjustment of deferred construction cost within the scope of TAS 11	764.102.197	899.660.550
Adjustment of deferred construction progress payments within the scope of TAS 11	(839.086.070)	(882.870.853)
Financial expense not amortised	-	37.716
Inventory provision	1.672.808	1.174.155
Provision for other doubtful receivables	-	248.439
Royalty provision	264.848	401.067
Provision for litigation	7.383.794	3.980.966
Guarantee provision	1.462.350	1.460.973
Expense accrual	4.361.842	-
Idle capacity	241.923	-
Provision for warranty fee	2.895.103	-
Adjustment of rediscount on customers and notes receivable	(98.291)	464.231
Adjustment of rediscount on suppliers and notes payable	(420.767)	(574.842)
Valuation difference in financial instruments	(198.982)	(51.464)
Provision for termination indemnity	18.951.810	10.207.539
Provision for doubtful receivables	1.534.521	-
Effect of acquisition (Note 16)	(134.208.333)	-
Valuation difference in non-monetary accounts	(14.020.593)	(5.304.304)
Net difference between the book values of tangible and intangible assets and their tax bases	(46.906.095)	(25.136.460)
Effect of partial spin-off	(16.345.331)	(16.345.331)
Total Temporary Income / (Expense) Differences	(184.933.915)	(12.476.592)
Deferred Tax Assets / (Liabilities)	<u>(36.986.783)</u>	<u>(2.495.318)</u>

Deferred Tax Income / (Expense) (TL):

	31 December 2009	31 December 2008
Current period deferred tax asset / (liability)	(36.986.783)	(2.495.318)
Reversal of prior period deferred tax (liability) / asset	2.495.318	13.136.133
Effect of company excluded from consolidation	4.883	-
Effect of rate change	(889)	-
Merger effect	14.507.578	-
Deferred tax income / (expense) (Note 29(a))	<u>(19.979.893)</u>	<u>10.640.815</u>



30. Earnings / (Loss) Per Share

Earnings / (loss) per share is calculated as follows;

	31 December 2009	31 December 2008
Profit/loss for the period (TL)	49.853.700	54.819.601
Weighted average number of ordinary shares at the beginning of the period *	215.876.230	215.876.230
Number of ordinary shares arising from the bonus issue realized on 20 May 2009 from the dividends made from retained earnings *	7.590.770	-
Cross shareholding adjustment *	(608.222)	(587.562)
Weighted average number of ordinary shares at the end of the period *	222.858.778	215.288.668
Weighted average number of revised ordinary shares *	222.858.778	222.858.778
Profit/(loss) per Parent Company share (TL)	0,224	0,255
per revised share	0,224	0,246

* per share of TL 1 nominal value

As of 31 December 2009, the profit for the period of Alarko Group as per the accompanying financial statements is TL 49.853.700 and other equity items that may be subject to profit distribution amount to a total of TL 492.235.130 (Note 21 (d)).

As of 31 December 2009, the Parent Company profit for the period is TL 22.740.790 as stated in the legal books. The other equity items stated in the Parent Company's legal records that may be subject to profit distribution amount to a total of TL 208.081.585.

31. Related Party Disclosures

Trade receivables from related parties consist of the following (TL) :

	31 December 2009	31 December 2008
Alarko Carrier San. ve Tic. A.Ş.	32.834	205.999
Alfarm Alarko Leröy Su Ürün. San. ve Tic. A.Ş.	38.027	80.505
Altek Alarko Elek. San. Tes. İşl. ve Tic. A.Ş.	8.937	1.261.886
Alsim A.Ş.- Rana Inter. Ltd. Adi Ortaklığı	525.063	419.495
Alsim A.Ş. Wacon Hillwater-Terrasan Adi Ort.	93.761	100.827
Alsim A.Ş. Wacon Hillwater Adi Ort.	1.002.850	995.354
Alsim A.Ş.- Akfen A.Ş. Çarş. H. A. İnş. Adi Ort.	-	22.964
Alsim A.Ş.- Akfen A.Ş. Tüpraş İzmit Adi Ort.	1.798.921	1.460.398
Alarko-Makyol Adi Ortaklığı	211.110	12.889
Al-Riva Proje. Ar. Değ. Konut İnş. Tic. A.Ş.	7.903.329	6.831.535
Al-Riva Arazi Değer. Konut İnş. ve Tic. A.Ş.	1.336.976	1.101.496
Al-Riva Ar. Değ. Kon. İnş. Tur. Tes. Golf A.Ş.	248.058	208.479
Streicher-H.Timmermann-Günsayıl-Alsim Adi Ort.	-	91.790
OHL-Alsim Alarko-GYO Ort. Gir. Proje-Ortak Girişimi	-	12.733
DAF Araştırma Geliştirme A.Ş.	81.980	-
Doğuş İnşaat ve Ticaret A.Ş.	13.023.648	-
Makyol İnş. San. Turz. ve Tic. A.Ş.	17.140.628	9.456.146
Carrier Hellas Conditioning	260.484	772.386
Carrier SPA	98.530	30.606
Carrier Nederland BV Holland Airconditioning	1.649	29.034
Carrier SA Montluel	5.768	1.632
Carrier Belgium	9.046	519
Carrier Asia Ltd.	-	127
Airconditioning and Heating FZE UAE	124.629	-
Carrier Airconditioning Refr. Shanghai	1.393	-
Carrier Africa FZE	-	51.323
Carrier Polska	166	14.248
Carrier Middle East Ltd.	1.141	36.103
Carrier Espena	169.630	418.654
Carrier Slovakia	145	349
Carrier GmbH	-	651
Carrier AB	-	116
Toshiba Carrier UK Ltd.	25.829	60.873
Totaline ECR Iberica	-	272
EMIT SPA	-	57.517
Deyaar Development PJSC	7.069.275	7.063.416



Construcciones Y Auxiliar De Ferroc S.A.	87.371	202.764
UTE AOG-OHL IS	33.418.679	959.117
Rediscount on receivables from related parties (-)	(22.516)	(19.852)
Doubtful trade receivables from related parties *	15.949.841	17.082.230
Provision for doubtful trade receivables from related parties (-)	(15.949.841)	(17.082.230)

Total (Note 8) **84.697.341** **31.942.351**

* As of 31 December 2009, the provision for doubtful trade receivables is made in relation to the receivables of TL 15.949.841 of the shareholders of "Streicher-Haustad & Timmermann-Günsayıl-Alsim Adi Ortaklığı", a company which is included in the consolidation as a jointly controlled entity (31 December 2008 - TL 17.082.230).

Trade payables to related parties consist of the following (TL):

	31 December 2009	31 December 2008
Alarko Carrier San. ve Tic. A.Ş.	170.258	66.757
Altek Alarko Elek. San. Tes. İşl. ve Tic. A.Ş.	1.942	147
Alfarm Alarko Leröy Su Ürün. San. ve Tic. A.Ş.	13	-
Streicher-H.Timmermann-Günsayıl-Alsim Adi Ort.	-	10.510
Alsim Alarko-Emit-Spa İzmit Art. Dsj. İş Ort.	87.382	82.376
OHL-Alsim Alarko-GYO Ort. Gir. Proje-Ortak Girişim	-	864
Alsim A.Ş. - Akfen A.Ş. İzmit Tüpraş Adi Ortaklığı	537.665	-
Alarko-Makyol Adi Ortaklığı	17.317.434	9.584.836
Carrier HVACR Investments BV	-	322.534
Carrier SA	20.540	403.115
Carrier SPA	13.694	-
Toshiba Carrier Ltd.	68.926	253.278
Toshiba Carrier Thailand	-	1.054
Carrier Europe Middle East	36.756	24.254
Carrier Corporation	220.466	186.407
Automated Logic Corporation	2.100	1.132
Carrier Nederland BV Holland Heating	53.552	78.533
Carrier ARCD PTE Ltd.	65	65
E.R.C.D. SA	2.290	3
Profroid	7.849	-
Garanti Koza İnşaat Sanayi ve Tic. A.Ş.	-	122.371
Obrascon Huarte Lain SA (OHL)	103.379	248.834
Akfen İnşaat Turizm ve Ticaret A.Ş.	1.184.170	1.395.487
Leröy Seafood Group	494.298	252.032
UTE AOG	3.038	1.255
Makyol İnş. San. Turz. ve Tic. A.Ş.	67.218	-
Doğuş İnş. ve Tic. A.Ş.	436.967	-
YDA İnş. San. ve Tic. A.Ş.	321.291	-
Rediscount on payables to related parties (-)	(4.488)	(7.609)
Total (Note 8)	21.146.805	13.028.235

Non-trade receivables from related parties consist of the following (TL) :

	31 December 2009	31 December 2008
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş.	12.825.949	-
OHL-Alsim Alarko GYO Ortak Girişim Projesi	934	174.318
Alfarm Alarko Leröy Su Ürünleri San. Tic. A.Ş.	-	644.156
Doğuş Alarko YDA İnşaat	1.000.557	174.283
Total (Note 9)	13.827.440	992.757

Non-trade payables to related parties consist of the following (TL) :

	31 December 2009	31 December 2008
Dividends to shareholders	8.294	7.853
Hallvard Leröy	-	182.563
Total (Note 9)	8.294	190.416



Sales made to related parties consist of the following (TL) :

	31 December 2009	31 December 2008
Al-Riva Proje Ar. Değ. Konut İnş. Tic. A.Ş.	652.213	117.413
Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş.	1.687	2.333
Al-Riva Ar. Değ. Kon. İnş. Tur. Tes. Golf A.Ş.	4.554	6.684
Alsim A.Ş.-Akfen A.Ş. Çarşamba Havaalanı Adi Ort.	-	1.175
Alsim A.Ş.-Wacon Hillwater Terrasan Adi Ort.	-	15.253
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	29.515	219.792
Alarko Makyol Adi Ortaklığı	7.378.244	2.261.695
Tüm Tesisat ve İnşaat A.Ş.	2.106	1.871
Alfarm Alarko Leröy Su Ürünleri San. ve Tic. A.Ş.	113.378	122.981
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	10.741.668	1.574.691
Alarko Carrier Sanayi ve Ticaret A.Ş.	1.253.323	1.048.842
Alsim Alarko-Emit-Spa İzmit Ar. Dsj. İş Ort.	3.276	3.019
Alsim A.Ş.-Akfen A.Ş. Tüpraş İzmit Adi Ort.	-	25.471
Streicher-H.Timmermann-Günsayıl-Alsim Adi Ort.	191.586	93.636
Automated Logic Corporation	-	3.090
Carrier Africa FZE	205.126	459.501
Airconditioning & Heating FZE UAE	1.256.364	-
Carrier Asia	170.664	198.836
Carrier Hellas Conditioning	1.951.235	2.059.585
Carrier SPA	188.703	311.936
Carrier GmbH	14.616	11.652
Carrier Espana S.L.	884.149	1.638.452
Carrier Nederland BV Holland Airconditioning	67.126	91.276
Carrier Polska SP.Z.O.O.	46.521	35.138
Carrier Belgium	17.928	16.123
Carrier Airconditioning UK	263.320	514.178
Carrier Transicold Slovakia	-	23.838
Carrier Nederland BV Holland Heating	52.678	1.016.127
Carrier Middle East Ltd.	3.633	456.959
Carrier S.A Montluel	51.698	48.078
Carrier OY	-	27.299
Carrier AB	12.428	20.845
Carrier Holland Heating UK Ltd.	-	1.768
Carrier Rental	-	16.407
Carrier Airconditioning Refr. Shangai	1.885	-
Carrier Kuwait Airconditioning	2.768	-
Carrier Transicold Ltd.	3.440	5.789
Carrier Qatar W.L.L	-	254
Carrier Transicold Austria GmbH	-	2.438
AHI Carrier Slovakia spol s.ro	148	-
Fincoil	-	14.298
Toshiba Carrier Thailand	-	52.882
Totaline ECR Iberica	2.653	14.607
Total	<u>25.568.633</u>	<u>12.536.212</u>

Income from related parties consist of income on sale of trade goods, services, fixed assets, and rents received, and financial income.

Purchases made from related parties consist of the following (TL) :

	31 December 2009	31 December 2008
Alarko Carrier Sanayi ve Ticaret A.Ş.	290.646	705.212
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	25.970	540
Streicher-H.Timmermann-Günsayıl-Alsim Adi Ort.	19.321	81.330
Alsim A.Ş.-Akfen A.Ş. Tüpraş İzmit Adi Ort.	-	114.697
Alfarm Alarko Leröy Su Ürün. San. ve Tic. A.Ş.	2.861	1.171
Alsim Alarko-Emit-Spa İzmit Ar. Dsj. İş Ort.	-	20.205
Alarko Makyol Adi Ortaklığı	549.926	349.319
Automated Logic Corp.	386.759	386.574
Carrier ARCD PTE Ltd.	215.779	118.015
Carrier Corp.	1.752.102	1.663.542
Carrier Ltd. Korea	-	74.106
Carrier S.A.	6.422.579	7.136.489
Carrier SPA	740.279	1.082.507



E.R.C.D. SA	107.197	135.057
Fincoil	-	2.010
Carrier Holland Heating BV	806	73.520
Profroid	556.800	582.046
Midea	581.355	-
MISR Refrigeration and Air Conditioning Company	-	34.164
Carrier GmbH	62.574	-
Saudi Airconditioning	-	655
Tadiran Ltd.	69.427	293.720
Toshiba Carrier Ltd.	7.334.856	5.572.571
Toshiba Thailand	3.374.149	4.159.189
Totaline E.C.R. Iberica S.A.	246	148
U.T. Electronic Controls	27.906	42.680
Total	<u>22.521.538</u>	<u>22.629.467</u>

Expenses arising from related parties comprise purchases of trade goods, services, fixed assets and rents paid.

As of 31 December 2009, remuneration provided to top executives such as the CEO and members of the Board of Directors amount to TL 7.629.920 (31 December 2008 - TL 7.334.857) .

As of 31 December 2009, the guarantees, mortgages and sureties received from group companies amount to TL 372.545.769 (31 December 2008 - TL 214.495.214). As of 31 December 2009, the guarantees, mortgages and sureties given to group companies amount to TL 251.569.362 (31 December 2008 - TL 294.230.509).



32. Nature and Extent of Risk Arising from Financial Instruments

i. Credit Risk

Credit risks incurred by type of financial instruments are as follows (TL) :

31 December 2009	Receivables				Bank Deposits	Derivative Instruments	Other*
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk incurred as of the reporting date (A+B+C+D+E)** (Notes 5,8 and 9)	90.544.151	429.515.339	13.827.440	63.732.805	344.607.162	-	15.540.429
- Part of the maximum risk hedged by collaterals	-	16.982.302	-	2.924.863	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (Notes 8, 9)	71.697.338	299.080.250	13.827.440	49.666.164	344.607.162	-	15.540.429
B. Book value of financial assets with conditions revised which otherwise would be considered as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired (Note 8)	13.000.003	125.852.969	-	14.066.641	-	-	-
- Portion hedged by collaterals	-	2.009.136	-	2.924.863	-	-	-
D. Net book value of impaired assets	-	646.337	-	-	-	-	-
-Overdue (gross book value)	15.949.841	6.576.201	-	-	-	-	-
-Impairment (-) (Notes 8, 9)	(15.949.841)	(6.126.811)	-	(220.770)	-	-	-
-Part of net value hedged by collaterals	-	449.390	-	220.770	-	-	-
-Not overdue (gross book value)	-	18.478.948	-	-	-	-	-
-Impairment (-) (Note 8)	-	(18.282.001)	-	-	-	-	-
-Part of net value hedged by collaterals	-	196.947	-	-	-	-	-
E. Derecognized elements involving credit risk ***	5.846.810	3.935.783	-	-	-	-	-

* Consists of the sum of cash, cheques received, other liquid assets, and financial assets held for trading stated among cash and cash equivalents.

** In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

*** Indicated totals consist of the collaterals, sureties, and guarantees given for L/C agreements.

31 December 2008	Receivables				Bank Deposits	Derivative Instruments	Other*
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk incurred as of the reporting date (A+B+C+D+E)** (Notes 5,8 and 9)	33.537.431	345.513.915	992.757	76.132.245	429.921.505	-	6.693.054
- Part of the maximum risk hedged by collaterals	-	25.108.111	-	2.991.083	-	-	462.382
A. Net book value of financial assets that are neither overdue nor impaired (Notes 8, 9)	31.812.397	315.138.141	349.228	73.141.729	429.921.505	-	6.693.054
B. Book value of financial assets with conditions revised which otherwise would be considered as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired (Note 8)	129.954	24.625.047	643.529	2.891.959	-	-	-
- Portion hedged by collaterals	-	1.653.838	-	2.891.883	-	-	-
D. Net book value of impaired assets	-	1.109.904	-	98.557	-	-	-
-Overdue (gross book value)	-	3.262.280	-	104.816	-	-	-
-Impairment (-) (Notes 8, 9)	-	(2.335.424)	-	(6.259)	-	-	-
-Part of net value hedged by collaterals	-	926.856	-	98.557	-	-	-
-Not overdue (gross book value)	17.082.230	1.141.771	-	-	-	-	-
-Impairment (-) (Note 8)	(17.082.230)	(958.723)	-	-	-	-	-
-Part of net value hedged by collaterals	-	183.048	-	-	-	-	-
E. Derecognized elements involving credit risk ***	1.595.080	4.640.823	-	-	-	-	-

* Consists of the sum of cash, cheques received, other liquid assets, and financial assets held for trading stated among cash and cash equivalents.

** In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

*** Indicated totals consist of the collaterals, sureties, and guarantees given for L/C agreements.



Distribution of net book values by maturity of the overdue assets that are not impaired is as follows (TL):

31 December 2009	Receivables			
	Trade Receivables		Other Receivables	
	Related Party	Other Party	Related Party	Other Party
1-30 days past due	461.366	25.185.111	-	10.815.204
1-3 months past due (*)	467.760	43.249.381	-	22.899
3-12 months past due (***)	2.582.513	34.619.162	-	98.570
1-5 years past due (***)	9.488.364	10.587.077	-	250.705
More than 5 years past due (**)	-	12.212.238	-	2.879.263
Total	13.000.003	125.852.969	-	14.066.641
Portion hedged by collaterals	-	2.009.136	-	2.924.863

31 December 2008	Receivables			
	Trade Receivables		Other Receivables	
	Related Party	Other Party	Related Party	Other Party
1-30 days past due	97.423	5.944.182	-	-
1-3 months past due (*)	32.531	1.950.194	643.529	-
3-12 months past due (***)	-	3.476.104	-	-
1-5 years past due (***)	-	1.143.610	-	76
More than 5 years past due (**)	-	12.110.957	-	2.891.883
Total	129.954	24.625.047	643.529	2.891.959
Portion hedged by collaterals	-	1.653.838	-	2.891.883

The credit risk of Alarko Group may arise basically from its trade receivables. The Group management evaluates trade receivables taking into consideration the collaterals received, past experience and current economic outlook and states them, net, in the statement of financial position after making provisions for doubtful receivables if deemed necessary. The Group has made provisions for doubtful receivables formed until the reporting date.

- * The majority of receivables which are 1-3 months, 3-12 months, and 1-5 years past due comprise TETAŞ default in payment of receivables invoiced to TETAŞ due to the litigation commenced between Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş. (a jointly controlled entity) and TETAŞ, and the receivables of Meram Elektrik Dağıtım A.Ş. mostly arising from irrigation, industry, trading concerns, and residence consumptions (Note 18(g)). Furthermore, there is an increase in overdue receivables arising from the slow payments made by TEİAŞ to Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş.
- ** The entire amount of the receivable which is more than 5 years past due arises from the credit entry made within the scope of TAS (IAS) 11 in relation to the recognition of construction contracts of Alsim-Moscow Pediatric Hospital construction. Related to the same work, there is a total progress payment advance of TL 6.629.685 stated in the liability section of the statement of financial position. Although the control engineer has approved that the progress payments cover the recorded amount of receivable and the approval is submitted in time, the payment has been delayed by the employer. As the project is suspended, the progress payments have not been approved to date. Negotiations with the employer are ongoing; however, the uncertainty about the continuation of the job results in a slowdown in transactions.
- *** Receivables from related parties that are 1-5 years past due consist of receivables from Alriva companies owned by Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.. Receivables that are 3-12 months past due consist of the receivables of Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. from Adana Metropolitan Municipality.

ii. Liquidity Risk

Holding financial instruments may lead to failure of the counterparty to fulfill the terms and conditions of the agreement. The Group management takes measures to prevent such risks through limiting the average risk for the counterparty (except for the related parties) at each agreement, and receiving guarantees if necessary. The Group creates funds through converting short term financial instruments, i.e. trade receivables, into cash. As of 31 December 2009 and 2008, the Group's liquid assets (current assets - inventories) exceed its short term liabilities by TL 556.973.275 and TL 442.597.618, respectively.

31 December 2009

Maturities Per Contract	Book Value	Total Cash Outflows per Contract	Less Than 3 Months	3-12 Months	1-5 years	5 years	Eliminations and Adjustments
Non-derivative financial liabilities							
Bank loans (Note 7)	302.068.703	404.274.812	18.958.495	66.473.153	217.243.482	101.599.682	-
Short term leasing liabilities (Note 7)	47.691	49.956	141	49.815	-	-	-
Long term leasing liabilities (Note 7)	-	-	-	-	-	-	-
Trade payables (Note 8)	150.630.946	150.842.155	207.157.460	5.663.001	-	-	(61.978.306)
Other payables	26.361.639	26.361.639	-	-	26.361.639	-	-
Expected Maturities	Book Value	Total Expected Cash Outflows	Less Than 3 Months	3-12 Months	1-5 years	5 years	Eliminations and Adjustments
Non-derivative financial liabilities							
Other financial liabilities (Note 7)	1.359.703	1.359.703	27.436	111.883	152.548	1.067.836	-
Trade payables (Note 8)	178.551.616	178.801.972	215.934.252	36.334.208	-	-	(73.466.488)
Other payables (Note 9)	62.563.364	62.563.364	90.258.311	37.011.619	-	-	(64.706.566)



31 December 2008

Maturities Per Contract	Book Value	Total Cash Outflows per Contract	Less Than 3 Months	3-12 Months	1-5 years	5 years	Eliminations and Adjustments
Non-derivative financial liabilities							
Bank loans (Note 7)	123.127.368	128.801.858	46.896.389	62.784.598	15.918.768	3.202.103	-
Short term leasing liabilities (Note 7)	503	523	-	523	-	-	-
Long term leasing liabilities (Note 7)	1.895	1.980	-	-	1.980	-	-
Trade payables (Note 8)	175.806.533	176.391.510	232.302.045	31.261.015	-	-	(87.171.550)
Expected Maturities	Book Value	Total Expected Cash Outflows	Less Than 3 Months	3-12 Months	1-5 years	5 years	Eliminations and Adjustments
Non-derivative financial liabilities							
Other financial liabilities (Note 7)	1.122.605	1.122.605	34.949	104.848	491.404	491.404	-
Trade payables (Note 8)	107.357.739	107.714.961	117.000.045	43.946.956	-	-	(53.232.040)
Other payables (Note 9)	90.083.846	90.083.846	149.962.268	10.909.992	-	-	(70.788.414)

iii. Interest Risk

Interest risk arises from the likeliness of interest rate changes to affect financial statements. The loan agreements made by the Group are denominated in USD, Euro and Japanese Yen, with fixed and variable interest rates, and their average maturities vary between 1 month and 20 years. As the payments are denominated in foreign currency, it is assumed that the interest rate will not be subject to material changes during the maturity period, therefore the interest rate risk may be ignored.

31 December 2009

31 December 2008

Financial Instruments with Fixed Interest

Financial Assets

Time deposits (Note 5)

305.342.291

428.233.669

Leasing receivables (Note 8)

63.749

74.603

Assets of which the fair value differences are reflected to profit/loss (Note 6)

84.722.788

83.675.563

Financial Liabilities (Note 7) *

286.190.716

110.770.136

31 December 2009

31 December 2008

Financial Instruments with Variable Interest

Financial Liabilities (Note 7) *

15.925.678

12.359.630

Investment Funds (Note 5)

13.942.782

5.021.192

* Financial liabilities stated under financial instruments with fixed and variable interests consist of short and long term bank loans and leasing liabilities.

As of 31 December 2009, if the interest rates on loans with variable interest rates were to increase/decrease by 5% with all other variables remaining constant, the profit/(loss) before tax would be lower/higher by TL 17.397 due to change in interest expenses (31 December 2008 - TL 24.274) and the total assets would be lower/higher by TL 37.401 due to capitalized financial cost (31 December 2008 - TL 32.892).

iv. Foreign Currency Risk

Balances of foreign currency transactions of Alarko Group originating from operations, investment and financial activities as of the reporting date are stated below. In relation to the foreign currency receivables and payables, the Group can be exposed to foreign currency risk upon changes in foreign currency exchange rates. The foreign currency risk is controlled through continuous analysis and monitoring of the foreign exchange position.



As of 31 December 2009, the currency risk analysis of Alarko Group is as follows (TL):

Foreign Currency Sensitivity Analysis Chart				
31 December 2009				
	Profit / Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
1- Net Assets / Liabilities in USD 2- Hedged from USD risk (-)	(13.640.574) -	13.640.574 -	- -	- -
3- USD Net Effect (1+2)	(13.640.574)	13.640.574	-	-
When Euro changes by 10% against TL:				
4- Net Assets / Liabilities in Euro 5- Hedged from Euro risk (-)	18.230.670 -	(18.230.670) -	- -	- -
6- Euro Net Effect (4+5)	18.230.670	(18.230.670)	-	-
When JPY changes by 10% against TL:				
7- Net Assets / Liabilities in JPY 8- Hedged from JPY risk (-)	(2.804.846) -	2.804.846 -	- -	- -
9- JPY Net Effect (7+8)	(2.804.846)	2.804.846	-	-
When KZT changes by 10% against TL:				
10- Net Assets / Liabilities in KZT 11- Hedged from KZT risk (-)	(1.972.652) -	1.972.652 -	- -	- -
12- KZT Net Effect (10+11)	(1.972.652)	1.972.652	-	-
When other currencies change by 10% against TL:				
13- Net Assets / Liabilities in other currencies 14- Hedged from other currency risks (-)	(233.335) -	233.335 -	- -	- -
15- Net Effect of Other Currencies (13+14)	(233.335)	233.335	-	-
TOTAL (3+6+9+12+15)	(420.737)	420.737	-	-

If the currency of USD loans used in financing investments were to gain/lose value by 10% against TL with all other variables remaining constant, the total assets would be higher/lower by TL 23.155 due to capitalized finance cost (31 December 2008 - TL 118.555).

As of 31 December 2008, the currency risk analysis of Alarko Group is as follows (TL):

Foreign Currency Sensitivity Analysis Chart				
31 December 2008				
	Profit / Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10 % against TL				
1- Net assets / liabilities in USD 2- Hedged from USD risk (-)	16.971.370 -	(16.971.370) -	- -	- -
3- USD Net Effect (1+2)	16.971.370	(16.971.370)	-	-
When Euro changes by 10 % against TL :				
4- Net assets / liabilities in Euro 5- Hedged from Euro risk (-)	9.091.613 -	(9.091.613) -	- -	- -
6- Euro Net Effect (4+5)	9.091.613	(9.091.613)	-	-
When JPY changes by 10 % against TL :				
7- Net assets / Liabilities in JPY 8- Hedged from JPY risk (-)	94.323 -	(94.323) -	- -	- -
9- JPY Net Effect (7+8)	94.323	(94.323)	-	-
When KZT changes by 10 % against TL :				
10- Net assets / liabilities in KZT 11- Hedged from KZT risk (-)	575.232 -	(575.232) -	- -	- -
12- KZT Net Effect (10+11)	575.232	(575.232)	-	-
When other currencies change by 10 % against TL:				
13- Net assets / liabilities in other foreign currencies 14- Hedged from other currency risks (-)	8.229 -	(8.229) -	- -	- -
15- Net Effect of Other Currencies (13+14)	8.229	(8.229)	-	-
TOTAL (3+6+9+12+15)	26.740.767	(26.740.767)	-	-



As of 31 December 2009, the foreign currency assets and liabilities of the Group consist of the following (TL):

FOREIGN CURRENCY POSITION TABLE 31 December 2009										
	TL Equivalent (Functional currency)	USD	Euro	JPY	GBP	KZT	UAH	RBL	NOK	Other
1. Trade Receivables	181.759.967	15.325.839	51.639.476	2.107.493.888	319.804	663.168.761	26.942.681	2.322.306	-	-
2a. Monetary Financial Assets (Incl. Cash and Banks)	410.327.143	145.627.174	81.987.300	670.515.000	808	230.836.834	1.717.213	4.626.092	324.925	-
2b. Non-monetary Financial Assets	40.783.340	4.880.682	5.859.102	903.388.325	-	556.333.352	422.316	645.791	995.416	-
3. Other	8.532.316	235.708	411.996	-	-	434.717.645	13.055.874	8.306.712	-	-
4. Current Assets (1+2+3)	641.402.766	166.069.403	139.897.874	3.681.397.213	320.612	1.885.056.592	42.138.084	15.900.901	1.320.341	-
5. Trade Receivables	10.775	700	4.500	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	3.188.341	5.416	1.472.104	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	3.199.116	6.116	1.476.604	-	-	-	-	-	-	-
9. Total Assets (4+8)	644.601.882	166.075.519	141.374.478	3.681.397.213	320.612	1.885.056.592	42.138.084	15.900.901	1.320.341	-
10. Trade Payables	208.643.623	15.286.922	43.389.275	3.796.078.765	23.100	2.826.127.229	2.740.679	65.249	2.343.793	-
11. Financial Liabilities	60.075.732	39.853.389	26.589	675.913	-	-	-	-	-	-
12.a Other Monetary Liabilities	76.284.380	41.369.297	1.878.994	-	-	854.536.986	3.650.511	11.537.931	-	-
12.b Other Non-monetary Liabilities	60.692.608	4.891.234	7.372.862	1.601.194.668	649	148.091.143	46.170.288	20.610.548	-	-
13. Short Term Liabilities (10+11+12)	405.696.343	101.400.842	52.667.720	5.397.949.346	23.749	3.828.755.358	52.561.478	32.213.728	2.343.793	-
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	236.714.775	151.018.310	4.317.227	-	-	-	-	-	-	-
16.a Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16.b Other Non-monetary Liabilities	6.629.686	4.403.059	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	243.344.461	155.421.369	4.317.227	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	649.040.804	256.822.211	56.984.947	5.397.949.346	23.749	3.828.755.358	52.561.478	32.213.728	2.343.793	-
19. Net Foreign Currency Asset / (Liability) Position (9-18)	(4.438.922)	(90.746.692)	84.389.531	(1.716.552.133)	296.863	(1.943.698.766)	(10.423.394)	(16.312.827)	(1.023.452)	-
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11- 12a-14-15-16a)	10.379.375	(86.574.205)	84.019.191	(1.018.745.790)	297.512	(2.786.658.620)	22.268.704	(4.654.782)	(2.018.868)	-
21. Exports *	198.820.612	8.875.879	11.017.804	4.811.708.627	1.423.866	7.450.217.409	4.108.523	62.778.734	-	-
22. Imports *	188.557.330	34.408.605	38.269.422	84.642	46.681	4.207.882.280	50.768.710	13.991.804	-	80.305

* Average exchange rate is used. Consists of pre-elimination totals.

As of 31 December 2008, the foreign currency assets and liabilities of the Group consist of the following (TL):

FOREIGN CURRENCY POSITION TABLE 31 December 2008										
	TL Equivalent (Functional currency)	USD	Euro	JPY	GBP	KZT	DNR	RBL	NOK	Other
1. Trade Receivables	187.396.433	20.508.876	37.592.729	3.020.446.154	460.536	1.935.678.654	-	2.247.841	-	-
2a. Monetary Financial Assets (Incl. Cash and Banks)	452.819.212	187.387.817	76.168.528	-	2.992	479.594.128	63.653	6.947.413	-	-
2b. Non-monetary Financial Assets	65.366.976	4.412.582	19.496.155	591.269.443	-	550.722.979	-	234.266	717.677	-
3. Other	6.385.516	691.915	430.876	-	-	308.968.744	7.745.513	7.528.137	-	-
4. Current Assets (1+2+3)	711.968.137	213.001.190	133.688.288	3.611.715.597	463.528	3.274.964.505	7.809.166	16.957.657	717.677	-
5. Trade Receivables	10.692	700	4.500	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	1.946.058	800	908.468	-	-	-	-	-	-	-
7. Other	6.430.157	4.092.993	112.259	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	8.386.907	4.094.493	1.025.227	-	-	-	-	-	-	-
9. Total Assets (4+8)	720.355.044	217.095.683	134.713.515	3.611.715.597	463.528	3.274.964.505	7.809.166	16.957.657	717.677	-
10. Trade Payables	191.605.289	31.710.087	29.114.356	3.143.183.617	29.611	2.263.766.502	2.805.686	158.087	1.166.599	-
11. Financial Liabilities	87.560.936	41.668.150	11.287.913	22.772.443	-	-	-	-	-	-

12.a Other Monetary Liabilities	57.859.043	5.199.642	21.130.882	-	-	321.287.240	11.071.113	9.837.218	-	-
12.b Other Non-monetary Liabilities	91.758.945	10.325.172	30.712.068	388.720.468	1.208	230.539.523	-	19.470.774	-	-
13. Short Term Liabilities (10+11+12)	428.784.213	88.903.051	92.245.219	3.554.676.528	30.819	2.815.593.265	13.876.799	29.466.079	1.166.599	-
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	17.321.416	11.446.316	-	666.515	-	-	-	-	-	-
16.a Other Monetary Liabilities	1.368.551	904.947	-	-	-	-	-	-	-	-
16.b Other Non-monetary Liabilities	6.658.746	4.403.059	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	25.348.713	16.754.322	-	666.515	-	-	-	-	-	-
18. Total Liabilities (13+17)	454.132.926	105.657.373	92.245.219	3.555.343.043	30.819	2.815.593.265	13.876.799	29.466.079	1.166.599	-
19. Net Foreign Currency Asset / (Liability) Position (9-18)	266.222.118	111.438.310	42.468.296	56.372.554	432.709	459.371.240	(6.067.633)	(12.508.422)	(448.922)	-
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	284.511.102	116.968.251	52.232.606	(146.176.421)	433.917	(169.780.960)	(13.813.146)	(800.051)	(1.166.599)	-
21. Exports *	225.319.003	15.554.962	8.706.425	7.244.040.277	1.615.032	7.088.383.523	-	50.340.770	-	-
22. Imports *	212.992.815	25.435.184	25.670.974	146.847.771	70.957	11.845.841.110	-	-	-	492.144

* Average exchange rate is used. Consists of pre-elimination totals.

v. Capital Risk Management

For proper management of capital risk, the Group aims;

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and
- to increase profitability through determining a service pricing policy that is commensurate with the level of risks inherent in the market.

The Group determines the amount of share capital in proportion to the risk level. The equity structure of the Group is arranged in accordance with the economic outlook and the risk attributes of assets.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

The Group's general strategy has not changed with respect to last year. As of 31 December 2009 and 2008, the ratios of the total share capital to total liabilities, net, are as follows (TL):

	31 December 2009	31 December 2008
Total debt	894.614.352	651.526.951
Less: cash and cash equivalents	(360.147.591)	(436.614.559)
Net debt	<u>534.466.761</u>	<u>214.912.392</u>
Total equity	870.633.723	823.868.006
Debt/Equity Ratio	61%	26%

The change in debt/equity ratio arises from the decrease in the Group's cash and cash equivalents and the new loans received in 2009.

33. Financial Instruments

Alarko Group assumes that the registered values of the financial instruments represent their fair values. Fair value is the amount for which a financial instrument could be exchanged between two willing parties in an arm's length transaction. It is primarily considered the same as the quoted value of the financial instrument; however in case there is no quoted value, the purchase or sales value of an instrument is deemed to be the fair value of the financial instrument. Alarko Group's significant accounting policies related to financial instruments are disclosed in paragraph (a) "Financial Instruments" of Note 2 "Presentation of Financial Statements".

34. Events After the Reporting Period

a) The termination indemnity upper limit which stood at TL 2.365,16 as of 31 December 2009 has been increased to TL 2.427,04 with effect from 1 January 2010 (31 December 2008 - TL 2.173,19).



- b)** Pursuant to the Board resolution of the subsidiary Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (the Company) dated 23 February 2010 nr 556, the Company's paid-in capital will be increased from TL 53.322.000 to TL 83.322.000, and this increase will be deducted from the current receivables of Alarko Holding A.Ş. due from the Company.
- c)** Subsequent to the studies made by the Undersecretariat of the Prime Ministry for Foreign Trade related to the importers of wall split air conditioners, tax/penalty letters are served by the Customs Offices of İzmir, Erenköy, and Haydarpaşa on 10 February, 15 February, and 18 February 2010 to the jointly controlled entity Alarko Carrier Sanayi ve Ticaret A.Ş (the Company) for a total of TL 3.744.736 comprising the originals and penalties of Anti-Dumping Tax, Special Consumption Tax and Value Added Tax in regard to 25 declarations for free circulation related to the years 2007 and 2008. The Company has made an appeal to the Regional Customs Directorates of İzmir and İstanbul for the said taxes and penalties within the legally allowed period and the reply is expected. The Company has not made any provisions related to the issue in the financial statements.
- d)** The net distributable profit of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (a subsidiary) for the period is TL 8.145.345 taking into consideration the unrealized capital earnings remaining after making the first legal reserves of TL 241.968 from the profit for the period amounting to TL 8.387.313 as stated in the 2009 financials as per the capital markets legislation, the Articles of Association, and other legislative provisions; and pursuant to the Board resolution of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. dated 4 March 2010 nr 239, the first dividends calculated in accordance with the Capital Markets legislation as TL 873.915 corresponding to 20% of the net distributable profit for the period amounting to TL 4.369.573 remaining after deduction of unrealized value increases of TL 3.775.772 from the aforesaid profit will be added to the extraordinary legal reserves, and the remaining TL 7.271.430 will be added to the extraordinary legal reserves.
- e)** The net distributable profit for the period of Alarko Carrier Sanayi ve Ticaret A.Ş. (a jointly controlled entity) is TL 10.437.104 after making the tax provision of TL 2.076.958 from the profit for the period amounting to TL 12.514.062 as stated in the 2009 financials as per the Capital Markets Legislation, the Articles of Association, and other legislative provisions; and pursuant to the Board resolution of Alarko Carrier Sanayi ve Ticaret A.Ş. dated 9 March 2010 nr 623, as the first legal reserves made from this profit in prior years have reached the legal limit, first legal reserves will not be made; instead, a portion of TL 2.090.643 corresponding to 20% of the total of TL 10.453.211 calculated by adding the donations amounting to TL 16.107 onto the net distribution profit for the period will be calculated as first dividends and added to the extraordinary legal reserves, and the remaining TL 8.346.461 will be added to the extraordinary legal reserves.
- f)** Pursuant to the Ordinary General Meeting of the subsidiary Almüt Alarko Sınai Gereçler İmalat ve Mümessillik A.Ş. held on 18 March 2010, the 2009 net profit for the period amounting to TL 2.118,93 will be deducted from the accumulated losses.
- g)** Pursuant to the Ordinary General Meeting of the subsidiary Altek Alarko Elektrik Santralleri Tesis İşletme ve Ticaret A.Ş. held on 18 March 2010, TL 5.560.767,12 of tax provision will be made from the 2009 profit amounting to TL 23.930.096,29; and as per the Article 466 of the Turkish Commercial Code, first legal reserves will be made at 5% over the balance until reaching 20% of the paid-in capital subsequent to which the remaining total will be recognized as extraordinary legal reserves.
- h)** Pursuant to the Ordinary General Meeting of the subsidiary Alamsaş Alarko Ağır Makina Sanayii A.Ş. held on 23 March 2010, provisions for taxes and other legal liabilities will be made at a total of TL 120.124,39 from the 2009 profit; as the first legal reserves made in prior years have reached 20% of the paid-in capital, first legal reserves will not be made; the entire amount of the profit after taxes and other legal liabilities will be distributed as cash dividends to the shareholders; and the second legal reserves of 10% will be made over the balance remaining after deduction of first dividends at 5% of the capital paid by the shareholders from the total dividends to be distributed in accordance with the Article 466 of the Turkish Commercial Code; and dividends will be made to shareholders in cash on 30 April 2010.

35. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

Insurance on assets is as follows for the respective periods (TL):

31 December 2009	2.715.413.769
31 December 2008	2.444.325.329



PROFIT DISTRIBUTION RECOMMENDATION

1. Pursuant to the Capital Market Legislation, the Company's Articles of Association and other applicable laws, the net distributable profit for the period is TL 48.716.660,- after setting aside TL 1.137.040,- for first order legal reserves and TL 1.536.506,- for shares with no control power from TL 51.390.206,- representing the profit for the year 2009 as shown in the consolidated financial statements for the period.

We propose:

- Calculating TL 9.743.612,- as first dividend (gross) corresponding to 20 % of TL 48.718.060,- representing donations amounting to TL 1.400,- added to the net distributable profit for the period; distributing TL 2.015.867,- (gross) amount of this dividend to shareholders as dividend in cash, and adding the remaining sum to extraordinary legal reserves,
 - And the remaining sum to be added to the extraordinary legal reserves,
2. Distributing TL 1.553.493,- (gross) from the amount set aside for extraordinary legal reserves from the profit of 2008 to shareholders as dividend in cash,
 3. Deducting the necessary amount out of the dividend subject to withholding tax,
 4. Starting distribution of dividends on 31 May 2010.

Board of Directors



STATUTORY AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING OF ALARKO HOLDİNG A.Ş. THE COMPANY'S

* NAME	: ALARKO HOLDİNG A.Ş.
* HEADQUARTERS	: Muallim Naci Cad. No: 69 34347 Ortaköy - İstanbul
* CAPITAL	: Registered : TL 500.000.000 Issued : TL 223.467.000
* PRINCIPLE BUSINESS ACTIVITY	: As indicated in the articles of incorporation

NAMES, TERMS OF OFFICE AND SHAREHOLDER/EMPLOYEE STATUS OF THE STATUTORY AUDITORS:

1. AHMET ZEYYAT HATİPOĞLU (Term of office: 11.05.2009 - 18.05.2010. He is not a company shareholder or employee.)
2. AYKUT BAYCAN (Term of office: 11.05.2009 - 18.05.2010. He is not a company shareholder or employee.)

NUMBER OF BOARD OF DIRECTORS' MEETINGS PARTICIPATED IN AND BOARD OF STATUTORY AUDITORS' MEETING HELD:

Three Board of Directors' meetings were participated in and two Board of Statutory Auditors' meetings were held.

SCOPE OF EXAMINATIONS PERFORMED ON COMPANY ACCOUNTS, BOOKS AND DOCUMENTS; DATES OF EXAMINATIONS; CONCLUSIONS REACHED:

The company's legal books of accounts and documents were examined twice for compliance with the provisions of the Turkish Commercial Code, of laws and regulations, of the company's articles of incorporation and of the general assembly and board of director regulations. The first examination occurred on July 27 - 28, 2009 for the first six months of the year, and the second on January 28 - 29, 2010 for the second six months. The results of both inspections appeared to be satisfactory.

NUMBER OF COUNTS MADE AT THE COMPANY'S CASH OFFICE AS REQUIRED BY ARTICLE 353 PARAGRAPH 1 SUBPARAGRAPH 3 OF THE TURKISH COMMERCIAL CODE AND THE CONCLUSIONS REACHED:

The company's cash office was inspected and a count made four times.

DATES OF INSPECTIONS PERFORMED AS REQUIRED BY ARTICLE 353 PARAGRAPH 1 SUBPARAGRAPH 4 OF THE TURKISH COMMERCIAL CODE AND THE CONCLUSIONS REACHED:

The company's records were checked every month to see whether or not the instruments referred to in the Turkish Commercial Code Article 353/I-4 were present. The instruments were observed to be in accordance with the records.

COMPLAINTS AND IRREGULARITIES REFERRED TO THE STATUTORY AUDITORS AND ACTION TAKEN CONCERNING THEM:

No complaints or irregularities were referred to the statutory auditors from 11.05.2009, the date they assumed their duties, to the present. We have examined the accounts and transactions of the firm Alarko Holding A.Ş. for the period January 1, 2009 to December 31, 2009 in light of the requirements of the Turkish Commercial Code, the company's articles of incorporation and other laws and regulations as well as of generally accepted accounting principles and standards.

It is our opinion that the attached statement of financial position issued as of December 31, 2009, the contents of which we approve, realistically and accurately reflects the financial standing of the company on that date; that the statement of comprehensive income for the period January 1, 2009 to December 31, 2009 similarly reflects the results of its activities for the same period and that the proposal for profit distribution is in compliance with laws and the company's articles of incorporation.

We recommend a vote for the approval of the statement of financial position and statement of comprehensive income and for the acquittal of the Board of Directors.

THE BOARD OF AUDITORS

Prof Dr. Ahmet Zeyyat HATİPOĞLU

Aykut BAYCAN



CONCLUSION

Esteemed Shareholders,

We have tried to give a fairly long summary of our activities and have gone into detail at some instances.

We have also tried to minimize the possible effects of the Global Economic Crisis on our Group both in Turkey and abroad by focusing on our goals. We were notably successful in achieving our goal as a result of outstanding efforts.

Our objective in 2010 will be to take this achievement even further. Another difficult year is awaiting us. We are confident that we will overcome these difficulties.

The devotion of our employees, their confidence in success and most of all their marked contributions played an important role in our achievement. We owe them all heartfelt thanks.

Your close support and guiding remarks have been a great source of energy and motivation for us. Thank you very much.

With these thoughts in mind, we would like to extend our regards and respects to your esteemed assembly.

Board of Directors



A series of horizontal dotted lines for writing.



A series of horizontal dotted lines for writing.

