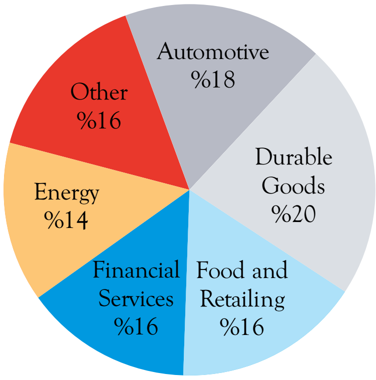
Financial Highlights

	2002 [1] (US$ in millions)	2001 [2] (US$ in millions)	2002 [1] (€ in millions)	2001 [2] (€ in millions)	2002 [4] (TL in billlions)	2001 [4] (TL in billlions)	Inc. (%) $	Inc. (%) €	Inc. (%) TL
Consolidated Revenues	**6,789**	**6,292**	**6,515**	**7,143**	**11,097,399**	**11,848,374**	**7.9**	**(8.8)**	**(6.3)**
Non-banking and financial services	5,676	4,585	5,446	5,205	9,277,447	8,633,588	**23.8**	**4.6**	**7.5**
Banking and financial services	1,113	1,707	1,068	1,938	1,819,952	3,214,786	**(34.8)**	**(44.9)**	**(43.4)**
Consolidated operating profit	**244**	**(287)**	**234**	**(326)**	**399,287**	**(540,610)**	**185.1**	**171.9**	**173.9**
Non-banking and financial services	144	50	138	57	234,591	94,667	**185.5**	**141.3**	**147.8**
Banking and financial services	101	(337)	97	(383)	164,696	(635,277)	**129.9**	**125.2**	**125.9**
Income / (Loss) before loss on net monetary position,	**219**	**(506)**	**210**	**(574)**	**357,175**	**(952,066)**	**143.2**	**136.5**	**137.5**
Net Income / (Loss) before minority interest	**120**	**(590)**	**115**	**(670)**	**196,701**	**(1,110,712)**	**120.4**	**117.2**	**117.7**
Net Income / (Loss) excluding minority interest	**25**	**(312)**	**24**	**(354)**	**40,648**	**(587,184)**	**108.0**	**106.7**	**106.9**
Short-term financial debt	**950**	**1,018**	**912**	**1,156**	**1,553,146**	**1,916,820**	**(6.7)**	**(21.1)**	**(19.0)**
Fixed Assets-Gross	**4,630**	**3,710**	**4,442**	**4,212**	**7,567,437**	**6,986,117**	**24.8**	**5.5**	**8.3**
Total Assets	**7,340**	**7,752**	**7,043**	**8,800**	**11,997,677**	**14,596,337**	**(5.3)**	**(20.0)**	**(17.8)**
Total Shareholders' equity excluding minority interest	**1,312**	**1,144**	**1,259**	**1,299**	**2,145,031**	**2,153,900**	**14.7**	**(3.0)**	**(0.4)**
Capital expenditure	**689**	**534**	**661**	**607**	**1,126,470**	**1,006,236**	**29.0**	**9.0**	**11.9**
Number of employees [3]			**50,019**	**43,134**					

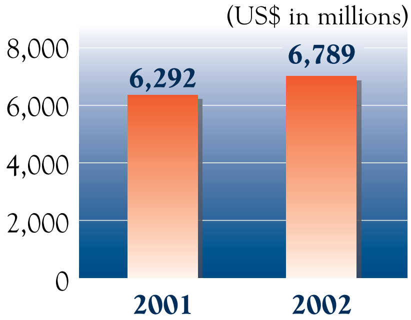
(1) Convenience translation with the year end of 2002 TL 1,634,501 = US$1.00 and TL 1,703,477 = €1.00 exchange rates
(2) Convenience translation with the year end of 2001 TL 1,439,567 = US$1.00 and TL 1,268,115 = €1.00 exchange rates
(3) For the companies included in the consolidation
(4) Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2002

Breakdown of Revenues by Segment



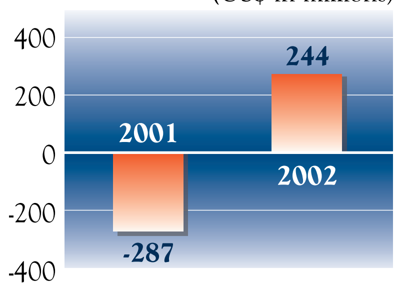
Consolidated Revenues

(US$ in millions)



Consolidated Operating Profit

(US$ in millions)

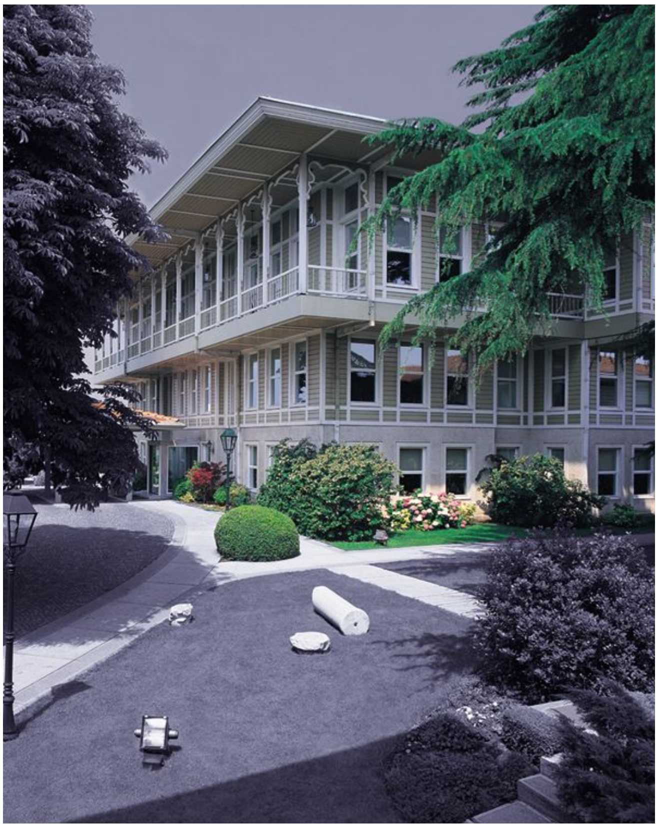


Consolidated Net Income

(US$ in millions)

Contents

A broad business portfolio based on closeness to the consumer



Koç Group, a multinational conglomerate established in 1926 by Vehbi Koç, is a leader in the automotive industry, household appliances and electronics, food, retailing, energy, financial services, hospitality and information technologies. In 2002, the Group proceeded to reshape its business portfolio in order to "be closest to the consumer by manufacturing, marketing and selling consumer products and services".

Earnings stability, sustainable growth, increasing shareholder value and long-term relationships with business partners characterize the Koç Group, which is majority owned by Koç family members. Shares in Koç Holding and 14 Koç Group company shares are traded on the Istanbul Stock Exchange. Koç is committed to providing value to all its stakeholders by applying the best international practices in corporate governance, social responsibility, environmental protection, customer satisfaction and human resource management.

At end-2002, Koç is comprised of 91 consolidated companies, 50,019 employees, a local distribution network of 11,000 dealers and an overseas presence that includes 23 companies and eight offices in 23 countries.

Koç Objectives

- Expand in global markets to earn a significant part of revenues from overseas operations.
- Focus on business areas where we have differential competitive advantage.
- Be the local market leader in every area in which we are active.
- Invest further in and leverage our own brands and technologies.

Koç Strategy

To restructure and optimize our portfolio around the common theme of "the Group closest to the consumer" in order to draw full benefit from the millions of people who use and trust Koç products and services on a daily basis.

This is my code:
I live and prosper with my country.

Values of the Koç Group:

The customer is the focus of everything we do. Our top priority is to create value for our customers; to respond steadily to their expectations with quality. It is our duty to take responsibility for our products for the long term.

To be "the best" is our ultimate goal.

To be the best in quality, service, supplier, and dealer relationships as an investment opportunity for our shareholders; and to sustain this public image are our primary goals. To achieve these goals we are committed to managing our businesses to be the leader in the market.

Our most important asset is our people.

The quality of our products and services is based on the quality of our people. For the continuity of the Koç Group, we follow a policy of recruiting the best people, and providing opportunities for development and advancement. To fully utilize the talents, strength, and creativity of our people, we create a work environment which nourishes increased productivity, cooperation and solidarity.

Creation of wealth for continuous development is our key objective.

Creation of value for our shareholders is a guiding principle to assure continuity of service, investment in our future, and contribution to the economic and social development of our people and our society. Therefore, creation of value, elimination of waste and efficient utilization of resources are key objectives.

Koç Ticaret A.Ş. - 1938

Honesty, integrity and superior business ethics are the foundations of our behavior.

The conduct of our business is pursued with good intentions, mutual benefit, and fair treatment in all our relationships. We are committed to conforming at all times to the highest ethical and legal standards. We are a leader in serving our society, and safeguarding the interests of future generations. Protection of the environment and promotion of a higher level of environmental awareness are our duty to both our country and the world.

We aspire to strengthen the Turkish economy from which we derive our own strength.

I would like to express a guiding principle of our Group with these words: "This is my code: I live and prosper with my country. As long as democracy exists and thrives, so do we. We shall do our utmost to strengthen our economy. As our economy prospers, so will democracy and our standing in the world"

Vehbi Koç

The successful performance of the Koç Group in 2002 was achieved against a background of domestic change and less than favorable external developments.

I am pleased to report that Koç Group surpassed its targets in 2002, making progress in many key areas--progress that will contribute to Koç Group's continuing growth and success. As a whole, the Group performed strongly, having recovered from depressed market conditions that began in late 2000. Consolidated sales revenues climbed by 8% to $ 6.7 billion, resulting in a consolidated net income of $ 25 million.

The successful performance of the Koç Group in 2002 was achieved against a background of domestic change and less than favorable external developments.

Adapting to changing conditions

Despite a high GNP growth rate of 7.9% created by exports and inventory building, domestic demand showed little signs of revival. Turkey –hard hit in 2001 by unstable financial markets and steep and sudden depreciation of the currency– was beset in 2002 by political uncertainty at home, threat of war on our border and reluctance of the European Union to accept Turkey as a full member. Consumer confidence remained low, as did purchasing power.

This situation highlighted the importance of exports and overseas operations, revealing starkly the pitfalls of heavy reliance on the unstable domestic market.

Koç's success in boosting export volumes and revenues reflect the efforts of the past 12 years, for the change from domestic to export production does not and cannot occur overnight.

In the protected economic system of the past, it was prudent to diversify into as many areas as possible. However, in today's competitive environment, we realized we needed to concentrate on expanding and improving our core businesses by maximizing our competitive advantages in terms of quality, reliability, price and service. This called for a consistent strategy and investment program; we have invested $ 6 billion since 1990 to improve our manufacturing capabilities. In 2002, despite the continuing downturn, we persisted with our investment program, pouring $ 689 million into our business. As a result, we proved that not only can we retain, and in some cases, enlarge our local market share in many of the sectors despite fierce competition from imports, but we can also compete successfully in overseas markets.

The culmination of years of effort

For the first time in its history, Koç Group derived one third of its revenues from exports and operations abroad. This is especially gratifying to me, as I have overseen the progress of the Group from a local powerhouse operating in a closed market to a truly multinational group operating very successfully under free market conditions.

The health of the Koç Group in 2002 represents the culmination of years of effort. Across the board, in every area in which we are active, we have strengthened our product lineup and improved manufacturing processes for greater cost-efficiency. We have invested heavily in product quality, in facilities, in new markets and in customer satisfaction. Moreover, we have invested in our people through continuous training and development of a distinct corporate culture that emphasizes business ethics.

We have pinpointed specific opportunities worthy of investment by focusing on activities in which we have a sustainable competitive advantage and have already reached economies of scale. We have streamlined our activities in order to attain further growth in focused areas.

Sustainable competitive advantage

We have pursued the internationalization of our competitive and cost-efficient household appliance division. Arçelik, the largest private sector company in Turkey, has become the flagship of our push into Europe by acquiring both manufacturing facilities and brands. Beko has become the third largest television manufacturer in Europe, doubling production in 2002 to 4.2 million units.

In the highly cyclical, capital-intensive auto industry, we have chosen to pursue a flexible strategy based on cooperation with global players. Ford Otosan has been fully integrated into the global network of Ford as a manufacturer of Transit and Connect, light commercial vehicles. Tofaş has been selected as one of Fiat's four worldwide production centers and awarded marketing responsibility for Fiat products in 19 countries.

In retailing, our Ramstore supermarket and shopping center chain in Russia has proved a terrific success while in Turkey, our Migros supermarket chain continues to earn more than twice the revenues of its nearest competitor.

In the energy sector, long a mainstay of the Group through Aygaz, our LPG distribution company, we have set the stage for long-term growth by acquiring 50% of Turkey's fourth largest fuel distribution company OPET. As a result of this deal, Koç Energy Group's revenues will almost double to reach $ 2 billion.

By building Koçbank into a highly reputable financial institution that ranks as Turkey's fifth largest private sector bank, we achieved a highly beneficial partnership with Unicredito Italiano, Europe's most profitable bank. This means that Koç will at last gain prominence in the finance sector.

The e-transformation of Koç is well under way. We have made significant progress toward adapting and changing business processes, selecting and deploying internet business solutions, building the underlying technology architecture, and creating a web culture. This financial and cultural transformation has already created savings of nearly $30 million and promoted greater synergy between our various business units.

Strong momentum and sharp focus

In taking stock of who we are and where we are going, we reaffirmed the importance of our core beliefs and values: customer focus, continuous improvement, financial success and the reputation of Koç as a responsible company that stands by its customers.

The name Koç is much more than a family name; it is a symbol for all our employees, partners, dealers and suppliers. The confidence Koç Group has created among customers stems from this reputation for responsibility and quality.

Koç Group occupies a central role in the Turkish economy. As such, we are particularly concerned about the quality of the environment. Carelessness and ignorance have already polluted our air and water to an alarming degree. At Koç, we have moved to equip all our factories with environmentally sound wastewater and energy systems. We hope to set an example of corporate environmental responsibility to other enterprises and industrialists.

Koç Group believes very strongly in the responsibilities of corporate citizenship. Through the Vehbi Koç Foundation and the personal commitment of the Koç family, a significant contribution has been made to education, healthcare and cultural heritage.

A professionally managed family owned company

Despite the fact that Koç Group is predominantly family owned, it is the most professionally managed corporation in Turkey. I see this as the greatest achievement of my 19 years at the helm of Koç Group.

Thus, I have decided to stand down as chairman effective April 2003 in favor of Mustafa Koç, my eldest son. He has worked in various capacities in the Group since 1984, most recently as Vice Chairman of the Board of Directors, and is well prepared to take over as Chairman.

He will be ably assisted by the Board, which has been enriched by the addition of two new members – İnan Kıraç, a former CEO of the Group who is also a family member by marriage, and Alessandro Profumo, the CEO of Unicredito.

As honorary chairman of Koç Group as well as chairman of Temel Ticaret, Koç Holding's largest shareholder, I will continue to follow very closely the progress of the Group. In the new structure, Vice Chairman Temel Atay has been appointed to head up a Family Office, in addition to his other responsibilities, in order to convey the views of the Family to the Board of Directors.

A clear sense of direction and purpose

We enter the new year with a clear sense of direction and purpose. The achievements of 2002 provide a firm foundation for the challenges of the years ahead. The enthusiasm and hard work of our employees, the skill of our workers and the dedication of our managers enable the Koç Group to look to the future with confidence in our ability to successfully compete in an increasingly liberal world.

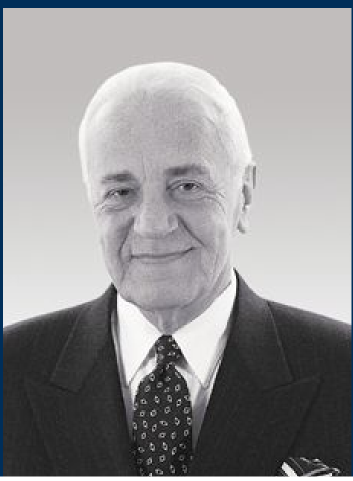
As we enter 2003, our momentum is strong and our focus is sharp. We have the impetus and flexibility to grow in Turkey and overseas as increasingly we operate as a multinational company with great strength in our home market.

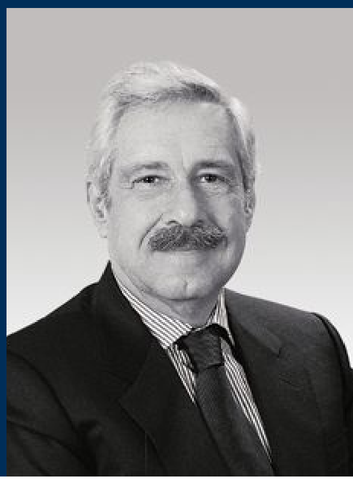
We believe the preservation and enhancement of our employees' knowledge, skills, experience and enthusiasm are essential for consolidating the Group's strength in the long term. We endeavor to make our dealers and suppliers partners in our enterprise in order to deliver value to everyone who works with us.

For in reality, Koç Group encompasses more than our 50,019 employees; it includes all our dealers, suppliers, customers and shareholders. The good results achieved in 2002 stem from the efforts of all these people and organizations and I offer them my sincerest thanks.

Rahmi M. Koç





Board of Directors 2002

Rahmi M. Koç / Chairman
Suna Kıraç / Vice Chairman
Temel Atay / Vice Chairman
Mustafa V. Koç / Vice Chairman
Semahat Arsel / Member
Sevgi Gönül / Member

Erdoğan Gönül / Member
F. Bülend Özaydınlı / Member - CEO
Hasan Subaşı / Member
Yavuz Alangoya, PhD / Member
W. Wayne Booker / Member
H. Oswald Maucher / Member
John H. McArthur / Member
Nevzat Tüfekçioğlu / Auditor

Focus, discipline and ingenuity produce results

In 2002, we embarked on an ambitious program aimed at creating shareholder value by generating aggressive growth through focus, discipline and ingenuity. Clear results have been achieved amidst fierce international competition and adverse economic conditions around the world:

- Consolidated revenues increased by 8% to $ 6.7 billion, despite the 34% decrease in banking and financial services revenues. This decline is caused by the decrease in nominal interest rates, and is more than offset by the 24% upsurge in other sectors' revenues.
- Exports increased by 50% to $ 2.2 billion.
- Total foreign exchange earnings including operations abroad rose 48% to $ 3.2 billion.
- Consolidated operating profit increased to $ 244 million, from a loss of $ 287 million previous year. The main contributor to this turnaround is banking and financial services, whose operating profits improved drastically despite the decrease in revenues.
- Consolidated net income improved to $ 25 million, from negative $ 312 million in 2001.

To reach our aggressive growth target, we continued our capital expenditures and spent $ 689 million. We were also able to provide employment for more people while at the same time streamlining our activities and cutting costs in order to enhance profits.

During the year, the value of the Turkish Lira (TL) against the US Dollar and Euro as well as the €/$ parity fluctuated considerably. As a consequence, comparisons with previous years results are dependent on the currency used. Hence, our financial highlights are given in each of the three currencies.

Moving closer to the consumer to create shareholder value

The restructuring plan that we began to implement in 2002, by identifying sectors to grow in, to divest from and to enter, has made Koç more focused and more efficient. Our successes during the year were many, reflecting efforts to reshape our portfolio around a central, defining theme of closeness to the consumer.

We seek growth in businesses in which we have a competitive advantage, have a tradition of success and are close to the consumer. Closeness to the consumer through a widespread, effective distribution network creates a competitive advantage in the domestic market. Koç Group is determined to take full advantage of our differential competitive advantages to grow in consumer-oriented businesses in which we have traditionally been successful. Major steps taken in line with our strategy include our 50-50% joint venture with Unicredito in the financial services sector, acquisition of a 50% stake in OPET in the energy sector, Düzey-BAT co-operation in distribution business and a new initiative in CRM business which has, by launching PARO, developed a unique platform to utilize promotional tools and customer base data in order to provide personalized sales solutions.

The strategic plan we have developed focuses on earning a significant portion of revenues from outside Turkey. Exports are essential for growth in the international arena and crucial for mitigating the negative impacts of increasing local competition and the instability of the Turkish market. In line with our international expansion strategy, Arçelik, Beko, Tofaş, Ford Otosan and Migros performed successfully, making solid progress towards generating significant revenues through overseas operations and exports. Information Technologies Group, entering a joint bid with Türk Telekom for a stake in Bulgarian Telecom Company, demonstrated our strong commitment to international growth. We will continue to increase our foreign exchange revenues through international operations while maintaining our competitive advantage in the domestic market.

We are committed to investing in and leveraging our own brands and creating or acquiring international brands. Maximizing value to our business can be achieved through effective brand management. To develop and own reputable brands that are well-known both in Turkey and the international arena will pave the way to become a global company. A major step was taken by Arçelik in that respect by increasing its number of brands to nine through acquisitions in Europe. We will continue to invest in our own brands while developing or acquiring new international brands.

Furthermore, we are keen to use new technologies for major business processes in order to strengthen our existing businesses and create new opportunities. The e-transformation of the Group is starting to make a decisive difference in how we do business.

We are withdrawing from sectors in which we are a minor player or those that have little potential for further growth. Wise use of financial and human resources is a prerequisite for tapping our development potential. Consequently, we are focusing on large scale businesses rather than small scale ones and divesting from sectors in which we are not a leader or which do not have growth potential. Combining our food companies under the Tat umbrella and the Fruehauf-Otokar merger will create significant operational efficiency through optimization of resources.

Building on our momentum

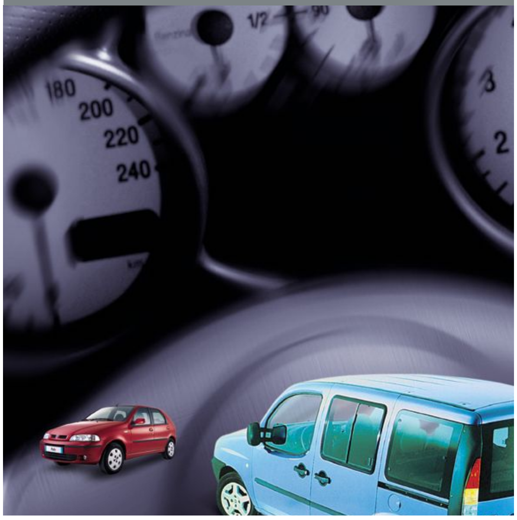
By exploiting new opportunities and enhancing efficiency in our core businesses and work processes we believe we can achieve growth of 14% per year. Shareholder value created by this growth will position Koç Group as a major European company in the years ahead, thus securing a prosperous future for all our stakeholders.

In elucidating clear strategies and criteria, we have made significant changes in internal processes. Internally, we have linked the strategic plan with a financing plan to ensure that all new initiatives and projects fit these criteria. We have totally redesigned our human resource management systems to motivate and reward managers for their performance.

We look forward to building on our momentum in 2003 to create greater value, serve our customers better and produce ever stronger growth despite prevailing uncertainties in the economic and political outlook.

F. Bülend Özaydınlı

Automotive



Durable Goods

Energy

Information Technologies

Food & Retailing

Financial Services

Tourism & Construction

International Trade

Tofaş is the biggest automotive exporter in Turkey as well as the largest producer.

The slump that affected the automotive industry in Turkey in 2001 continued throughout 2002. Total sales dropped to 176,460 vehicles, a decline of 12.7 % from the previous year, representing only 27 % of the total domestic demand in 2000. Passenger car sales skidded 69 % to 94,808 units from 137,800 of the previous year. However, contrary to the decline in passenger car sales, some improvements were experienced in the commercial vehicles segment. Light commercial vehicles sales increased by 21% to 67,410 units; medium commercial vehicles sales rose 34 % to 5,400 units; heavy commercial vehicles reached 8,550 units, 52% higher than the year before. Soft demand in the domestic market made exports imperative: Koç companies exported 46 % of Turkey's total exports of 257,744 vehicles.

Fiat Group

Tofaş focused on exports in 2002 while at the same time building market share in the domestic market. Exports totaled € 751 million in 2002, primarily the light commercial vehicle Fiat Doblo, which is sold in 52 countries around the world through Fiat Italia. This makes Tofaş the biggest automotive exporter in Turkey as well as the largest producer. In all, 108,336 vehicles were manufactured by Tofaş.

Tofaş was selected as one of Fiat's four worldwide production centers and awarded marketing responsibility for Fiat products in 19 countries in the Middle East and Commonwealth of Independent States (CIS). Exports to Middle Eastern markets started in small quantities in late 2002 and show good potential for growth in 2003. Exports of € 800 million are targeted for 2003.

In the domestic market, Tofaş led the domestic market in 2002 with a combined market share of 15.4% for light commercial vehicles and passenger cars. In total, 24,278 vehicles were sold in Turkey, mainly Doblo and Palio. The Bird series, Turkey's most popular vehicles for decades, has been gradually phased out. Marea is also being discontinued in line with Fiat's worldwide policies. All vehicles are now branded and sold as Fiat rather than Tofaş. Alfa Romeo was added to the product line as a separate brand sold through its own showrooms.

Tofaş launched the first "Made in Turkey" international race car, the Fiat Palio Super 1600 at the Anatolian Rally held in Antalya on 5-8 September. The car is the result of a long-term research and development effort, know-how and technological infrastructure.

Otoyol, a joint venture with Iveco, Fiat's commercial vehicle subsidiary, commenced production of the mid-size Iveco Eurobus, developed by Turkish designers and engineers. The company is trying to negotiate a new agreement to manufacture the entire range of Euro cargo trucks.

Türk Traktör successfully launched a new series of blue tractors for Europe and red tractors for the U.S. market. Developed in cooperation with Case New Holland, the New Holland TD/JX Series meets European Union standards, is economical to operate and easy to use and maintain. Sales got off to a good start in 2002 and large orders have been received for 2003 from Australia, China, Canada and the United States.

Birmot, a wholly owned subsidiary of Koç, markets 48% of Fiat cars and light commercial vehicles in Turkey and 15% of Iveco-Otoyol products. Birmot was formed in July 2001 as a result of the merger of 11 distribution companies.


180
200
220
240
1/2
90

Transit Connect was chosen International Van of the Year in Europe.

Ford Otosan

Ford Otosan boosted exports five-fold in 2002 to 30,800 vehicles, fueled by the success of the Transit, the all-new Transit Connect and Tourneo Connect. Export sales reached € 354 million, representing half of total revenues, evidence of the transformation of Ford Otosan from a domestic sales and manufacturing company to one increasingly focused on exports to Europe. The Transit Connect, a van type commercial vehicle under development by Turkish, American and European engineers since 1998, won prestigious international awards, notably the International Van of the Year in Europe Award and the Designers Award at the Brussels Auto Show. Following the introduction of a new engine for the Transit in 2001, Ford Otosan worked on a truck engine for a new truck that is scheduled to be introduced in 2003.

In the local market, Ford Otosan and the Ford brand achieved total domestic market leadership for the first time ever. As total domestic sales advanced to 24,175 units in a shrinking market, market share increased to 13.7%. In the light commercial vehicle range, the Transit Connect and Tourneo Connect lifted Ford Otosan to the #2 position in the market, capturing an 18.3% market share in just four months.

As the new Kocaeli facility came fully online, a capacity expansion from 140,000 to 200,000 vehicles per year was initiated that will enable Ford Otosan to take over Transit production from Ford's Belgium plant. By 2004, Ford Otosan will have completed a $950 million investment in facilities, new products and tooling for vehicles. Plans call for exporting 70-80% of production.

In the passenger car segment, Ford Otosan introduced the new Fiesta and diesel versions of Focus, Fiesta and Mondeo.

Otokoç boosted its share in Ford sales from 28% to 30% in 2002 while reducing the number of showrooms to 14. During the year, the 3S concept (sales, spare parts and service) was extended to all showrooms.

Fiesta
Ford
Transit
Connect

Exports increased as the local market slumped.

The further weakening of the domestic automotive market sharpened our focus on exports, which rose 13% from € 122 million to € 138 million. Koç Group revised its portfolio in this area by swapping its shares in Goodyear Turkey with Goodyear Tire and Rubber Company and its 50% interest in Sachs Beldesan to its joint venture partner ZF Sachs of Germany, thus ending the involvement of Koç in manufacturing both tires and shock absorbers. In 2003, mergers and development of exit strategies for minority shareholdings will continue with importance given to expanding in exports and retailing.

Döktaş raised exports by 11% to € 82 million. Ford Motor Company honored Döktaş with the "World Excellency Award" given to it best suppliers on the basis of quality, delivery and price. Döktaş supplies alloy wheels to Ford.

Mako was named a global supplier for Ford Motor Company, opening up the prospect of more export business. Production of stop lamps for the German-manufactured Fiesta started in 2002.

Beldeyama became the sole moped manufacturer of Yamaha Group. Beldeyama exported 50% of its total production of Yamaha motorcycles, mopeds and bicycles in 2002.

Tekersan produced Michelin Kronprinz light commercial wheel rims for the European market as well as rims for Tofaş, Ford Otosan and Michelin.

Takosan worked on a contract in Romania and sought more export markets for its products.

Matay supplied exhaust systems and catalytic converters to local customers.

Oltaş began distributing Continental brand tires in 2002 after discontinuing Fulda. Although the business is very new, the company achieved a satisfactory market share.

Fruehauf was merged into **Otokar** to create a more efficient corporate structure and grow in the trailer business. Fruehauf exported 100 tankers to Iraq, half of the volume of a contract signed in 2001. Declining military budgets adversely affected Otokar's prospects; in light of this, the company boosted exports to € 27 million and introduced a new midibus.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Acquisitions in Europe transformed Arçelik into a multinational.

Beko became the #3 television producer in Europe.

Arçelik progressed rapidly in 2002 with its acquisitions of Blomberg in Germany, Elektra Bregenz and its Tirolia brand in Austria, Arctic in Romania and Leisure and Flavel brands in the United Kingdom. These acquisitions make Arçelik a truly multinational company, with annual sales of € 250 million in Europe. With consolidated worldwide net sales of € 1.6 billion in 2002, Arçelik products are marketed in more than 85 countries, mainly under the Beko brand. Exports from Turkey increased by 40% to € 410 million, representing 33% of total sales. The local market continued to languish, gaining back just 6% of the 40% decline in consumption experienced in 2001. Nevertheless, Arçelik grew by 11% in the local market and boosted total production of major household appliances to four million units, 44% over the previous year. The company targets growth of 11% in euros in 2003.

A new logo introduced in December signals the transition of the company from an industrial enterprise to a consumer-focused global technology company. Arçelik continues to rank as Turkey's best known brand and most admired household appliance manufacturer in 2002, bolstered by the selection of its Çayırova facility as the "Best Washing Machine Factory in the World" by the Japanese Institute of Plant Maintenance (JIPM) which also awarded the company the TPM Excellence Award.

Beko Elektronik the leading Turkish television producer, invested $25 million to expand annual manufacturing capacity to 5.5 million sets. Working round the clock, Beko doubled production in 2002 to 4.2 million TV sets, making it the third largest television manufacturer in Europe. The € 50 million loan secured from International Finance Corporation (IFC) in November will help Beko increase exports to 5.25 million TV sets in 2003. In early 2003, Beko established Fusion Digital Ltd in the U.K. with a local partner to produce and sell set top boxes for digital TV broadcasting.

Arçelik LG Klima captured 54% of Turkey's air conditioning market in 2002 while exporting 30% of production to eight countries, a remarkable achievement in its first operating year despite adverse market conditions.

Putting forward a sensible working strategy for Food and Retailing.

Koç is determined to continue to lead the Turkish retail market and use its first mover advantage in regional markets, targeting aggressive growth, enhanced efficiency and productivity and sustainable competitive advantage.

The prolonged impact of the economic crisis in Turkey has decreased consumer purchasing power and changed shopping habits, contributing to a very difficult trading environment. Despite this, **Migros**, grew by 8.5% and maintained its position as the leading retailer in Turkey. Its revenues are more than double the nearest competitor and it demonstrated a sustainable profit performance whereas most competitors announced significant losses in 2002. Objective criteria has been applied to the Migros store network in Turkey in order to improve sales and profit per square meter. 16,000 square meters of new area was opened, including shopping centers in Gaziantep and Diyarbakır in the east, while more than 40 non-performing small stores were closed. More growth is targeted for 2003, both organically through opening of new outlets and through the acquisition of 11,500 square meters of space in 11 stores from Oyak, the pension fund for active and retired officers and non-commissioned officers of the Turkish Armed Forces. In 2003, more focus will be given to customer relationship management in order to increase the number of loyal customers. **Kangurum**, under the umbrella of Migros, is the leading B2C player in Turkey. The site hosts more than 60 different on-line merchants selling a wide variety of goods and services.

Abroad, **Ramstore** has achieved a very significant success. 24,000 square meters of space was added, representing growth of 90% in one year, with further growth of 50% planned for 2003. Four stores and two shopping centers were opened in Moscow, bringing the total number of outlets in the Russian capital to 15. Amidst increasing international competition in Russia, Ramstore leads the modern retail market in Moscow with more than 97 % awareness among Russian shoppers. Stores were also opened in Siberia and Tartaria as Ramstore broadened its network. The second Ramstore opened in Sofia, the Bulgarian capital. Profitability continued to increase as sales revenues reached € 255 million.

The process of creating one big food company was initiated by incorporating **Pastavilla**, **Maret** and **SEK** into **Tat** at year-end. This underlines efforts to pursue sustainable growth in selected categories, ensure stronger channel and brand management, optimize resources and improve innovation capability. Combining the four companies will create significant savings in production, marketing, finance, distribution and human resource management. By exploiting the scale, scope and cost saving opportunities, it is expected that the new combined food business will also maintain a strong competitive position in the Turkish FMCG market. Tat is also looking to expand into other categories such as bottled water. Maret added poultry to its line of fresh and delicatessen meat. Pastavilla made good progress in export sales and SEK managed to gain share in the dairy sector. Formation of a common export department, application of brand and channel management systems and redesign of business processes have already started with the target of doubling sales revenues in five years.

In a very fragmented market like Turkey's, a key success factor is distribution and management of sales outlets. Consequently, **Düzey**, a general distribution company that is the exclusive distributor for British American Tobacco (BAT) cigarettes, was revitalized and reorganized by channels. Effective utilization of information technology will enable Düzey to take advantage of its product portfolio and control distribution to 100,000 end points.

Koçtaş, which operates five Do-It-Yourself stores in Turkey with total selling space of 22,000 square meters, improved its performance and operational efficiency in 2002.


Maret
tat
ZEYTİNYAĞLI
tat
MISIR
Sütlü Tane Mısır

Unicredito Italiano SpA took a 50% stake in Koç Finansal Hizmetler A.Ş. in the largest international acquisition in Turkey in 2002.

Koç Holding and **Unicredito Italiano SpA** finalized a 50-50% partnership agreement in **Koç Finansal Hizmetler A.Ş. (KFH)** on October 21, a signal of growing international confidence in the Turkish banking system following a period of reform and consolidation in the industry.

Koç emerged as a front runner in the reshaping of the Turkish financial sector by its successful conclusion of negotiations with Unicredito. Indeed, Koç is the only institution in Turkey that was capable of winning a foreign partner for its banking and financial service operations.

The strategic partnership aims to merge the values and leadership of Koç Finansal Hizmetler with the strength of Unicredito in order to attain a larger presence in the Turkish financial industry. UCI and Koç Holding have equal representation in all key management positions in KFH and co-manage all KFH activities.

Koç Finansal Hizmetler includes Koç Yatırım, Koç Portföy, Koç Faktoring, Koç Lease, Koçbank Nederland N.V., Koçbank Azerbaijan, Koç Asset Management (Suisse) and Stiching Custody as well as Koçbank. A broad restructuring placed the subsidiary companies under the umbrella of KFH to streamline operations. The asset size of KFH at the end of 2002 totaled € 4.8 billion on a consolidated IAS basis.

The partnership envisions introduction of new technology and methodologies that will enable Koçbank to grow on the retail side. Unicredito's New Europe division has an excellent track record of improving results and return on assets.

Koçbank ranks as Turkey's fifth largest private sector bank. In 2002, the branch network increased from 106 to 135. The Bank provides corporate, commercial, retail and private banking services to some 1.4 million customers and had assets of € 3.9 billion as of year-end 2002 (IAS). The Bank's high degree of international esteem is demonstrated by the signing of a $200 million one year syndicated loan facility in London in early May, the first syndication for a Turkish bank in 2002. Furthermore, Koçbank executed a second international syndication of $ 180 million in November 2002. **Koçbank Nederland N.V.**, operating from Amsterdam and Frankfurt, continued to emphasize asset quality, profitability and efficient liquidity management in 2002 and posted assets of € 571 million at year-end.

The investment portfolio and customers of Koç Yatırım was transferred to **Koç Portföy** as of October 2002. **Koçlease** maintained its position as Turkey's biggest leasing company in 2002. With assets of € 96.7 million, **Koç Faktoring** ranks as the top factoring company with a commanding 59% share of export factoring.

Koç Allianz worked on new systems and technologies in 2002. **Koç Allianz Hayat** was one of the first five companies in Turkey to be granted a license to convert its life insurance operations to pension plans and is expected to be a market leader in this area. **Koçfinans** extended 222,823 consumer loans in 2002 and continued to refine its internet platform.


Koçbank
Tüketici Kredileri
Vergi ödemelerinizi
şubelerimizde
yapabilirsiniz.

Koç entered the fuel retailing business in a strategically important acquisition.

Koç's growth ambitions in the energy sector advanced significantly with the acquisition of 50% of Turkey's fourth largest fuel distribution company OPET. As a result of this deal, which includes subsidiaries of OPET in lubricants, bunkering, convenience stores and international operations, Koç Energy Group's revenues will almost double to reach € 1.8 billion. OPET currently holds a 10% share in the total fuel market of 20 million tons of black and white products in Turkey with a nationwide network of 1000 gasoline stations. OPET's 330,000 cubic meter storage capacity at three different locations is the second largest in Turkey, providing an important logistical advantage. One of OPET's subsidiaries, ROM, produces and markets lubricants and car care products. TBS Bunkering, a 50/50 joint venture company between OPET and OW Bunker of Denmark, provides fueling services to marine ships. OPET is also involved in trading of oil products via its international company based in London.

Aygaz, **Mogaz** and **Lipet** continued to produce good results in the core business of LPG distribution and marketing. Despite a 6% decline in the LPG market, Group companies obtained a 35.7 % market share by selling 1.28 million tons of cylinder, bulk and auto LPG. The biggest reduction in LPG sales both for Turkey and Aygaz Group was in bulk LPG, mainly due to the wider penetration of natural gas throughout Turkey. LPG1, an auto gas introduced by Aygaz in 2001 to comply with European Union EN-589 standards regarding environmental safety and fuel efficiency, increased the company's market share in the auto LPG segment. As of 2004, only auto LPG possessing the EN-589 norms will be used in Turkey. Aygaz imported 45% of its total marketed LPG directly from international markets. In 2002, in line with its ambition of expanding the activities internationally, Aygaz exported € 4.2 million worth of LPG as well as exporting € 12 million worth of LPG tanks, cylinders, valves and heating equipment.

Entek, Koç Group's cogeneration power plant in Bursa increased production by 3.3% to 850 million kwh of electricity. Sales amounted to € 60 million. Entek received the ISO 9001 and ISO 14001 certificates in 2002 and is the only autoproducer plant in Turkey holding both of these certificates. **BOS**, Koç Group's joint venture with BOC of UK, kept its market share of 20% in industrial and special gases. **Demir Export**, a long-established supplier, extractor and exporter of coal, iron ore, copper, zinc and manganese continued its activities at four different locations. In 2002, it produced 4.3 million tons of coal for State Electricity Production Company, selling the iron ore it produced to Erdemir and Isdemir iron and steel companies.

Retailing company **Bursa Gaz** continued to be active in LPG distribution, appliance sales, and oil products transportation and distribution. In line with its strategy of expanding to various locations, it opened a new appliance store in Izmir.

Koç has pursued business opportunities in Turkey's natural gas and electricity markets. Unfortunately, the procedure of opening up these markets to private entities by the authorities has been slower than expected due to the establishment of a new Energy Market Regulatory Agency and the delay in promulgating and applying necessary laws, rules and regulations. These delays have been discouraging, especially for the foreign companies that have showed interest in Turkey's energy sector. Nevertheless, Koç will continue to pursue and prepare for opportunities as they arise in both the natural gas and power sectors.


AYGAZ
204
OPET
OPET
OPET
JUMBO

Koç plays a key role in modernizing business processes of both the public and private sectors in Turkey.

Koç Information Technologies Group (ITG), which was formally established in early 2002, aspires to be the enabler of the e-transformation of Koç Group and become a regional leader in information technologies and telecoms sectors, acting as a catalyst for the transformation of Turkey from an industrial society to a knowledge based one.

In June, Koç entered a joint bid with Türk Telekom for a 65% stake in Bulgarian Telecom Company (BTC), the state owned Bulgarian telecommunications operator with near three million fixed line subscribers. For Türk Telekom, the tender is an opportunity to become a regional operator while for Koç, it represents a strategic step toward making telecommunications one of the Group's most important business lines. Koç-Türk Telekom consortium was recently invited for negotiations and believes its commitment to the long-term viability of BTC will be the decisive factor in the outcome of the tender.

The Koç e-Transformation Project, having established a culture of utilizing information technologies in work processes within the Group, moved on to the second phase of the project which focuses on redesigning main business processes around the effectiveness of the internet platform. Migros procurement project, which set up online connections with the companies' main suppliers, was selected as the best project for 2002.

Tanı, a new marketing and communication company, launched Paro, a patented business model that is one of Koç Group's most important investments. The digital marketing platform uses CRM techniques to design and implement targeted promotions. Both consumers and participating merchants will benefit from the win-win system presented by Paro, which tracks consumers' spending in order to offer personalized shopping opportunities and discounts. Koç Holding is investing in cutting edge marketing technology to implement Paro at all its sales points as well as expanding the number of non-Koç member merchants.

KoçSistem, the largest system integrator in Turkey, emphasizes outsourcing and hosting solutions in IT services. Another area of focus is software development with the medium term goal of becoming the leading software provider in Turkey. KoçSistem continued to deliver important e-government projects for the Census Bureau and Customs. **Koç.net**, the leading "e-business enabler", is preparing for the liberalization of the telecom sector in Turkey in 2004 with an alternative operator vision. Koç.net is offering different service packages to small and medium size companies via Kobiline, a full range e-business platform generating very good growth. **Bilkom** broadened its product offer beyond Apple computers for creative media sector.

Ultra Kablo TV is preparing for the liberalization of the market and aims at acquiring a national cable TV license once the government monopoly comes to an end in order to begin to offer voice, data and TV services. **Biletix** has a high inventory of contracts for live events and movie theaters and led the market in both areas. **BookInTurkey**, the leading tourism portal, posted excellent sales in the B2B segment. It will be merged with Setur in 2003. **GVZ** won important projects from Turkish Airlines and GSM operators for speech recognition and text-to-speech synthesis. **Koç Bryce** is a strong player in IT training and continues to invest in e-learning projects. Trade volume through **Promena** procurement platform reached $16 million, confirming optimism that demand for e-procurement and e-tender is growing.


ENTR
CHANNEL
CTS
KoçSistem

Turkish tourism industry recovered to host 12.5 million visitors in 2002.

New initiatives in radiators.

RMK Marine became the biggest privately owned shipyard in Turkey.

Setur posted good results from in-flight duty free sales on Turkish Airlines, Sun Express and charter airlines. Setur further expanded in this segment by opening a Duty Free shop at the Ipsala border with Greece, Marmaris Harbor and Trabzon airport and harbor, boosting sales by 49% in euros. The biggest ticketing agency for Turkish Airlines, Setur was once again voted the most admired tourism company in Turkey by Capital, a monthly business magazine.

Setur Marinas is the only marina operation chain in Turkey. Its seven marinas in Istanbul and popular spots on the Aegean and Mediterranean provide 3252 berths, accounting for 34% of Turkey's total capacity. In 2002, the agreement for the Antalya Marina was extended for another five years.

The occupancy of hotels in the Divan Group developed satisfactorily. In Antalya, **Talya** was chosen by German tour operator TUI as one of the best 100 hotels in the world. Development and growth strategies centered on the Convention Center. **Mares** increased revenues by 33%. The seaside resort in Marmaris on the southern Aegean coast received the "Customer Satisfaction and Service Excellence" award in the five star hotel category from English tour operators. In Istanbul, **Taxim Suites** enjoy a high occupancy rate. **Divan Hotel** targets growth in Food & Beverage and Catering. **Divan Patisserie** exported Turkish Delight and entered mass production very strongly with packaged sales to supermarkets. **Avis** enriched its rental fleet, earning $5.2 million.

Demirdöküm sought to increase exports to Europe by spinning off its panel radiator business into a new company, Panel Radiator A.S. and by setting up DD Heating Ltd in the United Kingdom to import and sell its products in European markets. The company exported 75% of panel radiator production in 2002. Furthermore, Demirdöküm entered into a strategic partnership in China with Chung Mei to manufacture electrical oil-filled radiators. In the domestic market, Demirdöküm remains a major player with a 75% share in water heaters, 45% share in radiators and 34% in combustion boilers.

Izocam invested $ 10 million to increase production capacity for glass wool, rock wool and foamboard in 2002. Exports were up by 11% to $ 15.5 million. The company received the "Customer Satisfaction" award from the General Directorate for Protection of Consumers and Competition, an agency of the Ministry of Industry and Trade .

Tekiz had good success exporting prefabricated buildings to 14 countries while general contractor **Ark İnşaat** expanded considerably.

RMK Marine, which doubled capacity in 2002, now ranks as the biggest privately owned shipyard in Turkey and one of the largest in the eastern Mediterranean with a yacht lifting capacity of 320 tons and the ability to build ships up to 30,000 dwt. During the year RMK Marine exported vessels to the Netherlands, Denmark and Italy and received orders from Spain and the USA.

New targets and goals for international trade.

Ram International Trade Co., founded as the foreign trade company of the Koç Group in 1970, adopted a new mission in 2002. With each business unit now handling its own exports, Ram will represent the Koç Group in Turkey's natural markets, act as an international business provider for both non-Koç and Koç Group companies focusing on developing and facilitating business in the Balkans, Russia, Central Asian Republics, the Middle East and North Africa.

Ram-Man, a joint venture with ED&F Man of U.K., ceased its activities in sugar trading in March 2002 in line with Koç Group's strategy of exiting from commodity businesses.

Ram Pacific, Koç Group's gateway to the Asia-Pacific Rim, promoted new investment opportunities for Koç Group in Asia. With Ram Pacific's involvement and efforts, Türk Demir Döküm finalized a joint venture with Chung Mei to manufacture electrical oil-filled radiators in China for export to global markets.

Kofisa recreated itself as a trade finance company that provides structured trade finance, pre-export and post-import financing. Working in a niche market of structured trade finance based on asset securitization, Kofisa generated successful results, generating € 300 million in business volume in 2002. The company works with a growing number of customers in Turkey, South America, Europe and the Far East.

TNT Lojistik, a joint venture with TNT Post Group of the Netherlands, following its merger with Cargotech, continued to provide services to the logistics sector in Turkey with a portfolio of multinationals, Migros and Ford Otosan. The company is one of the four main players in the logistics sector in Turkey.

Adopting a whole new way of thinking on a group-wide basis.

Launched in the beginning of 2001, Koç e-Transformation Project is dedicated to cascading the learning and efficiency of e-business initiatives throughout the entire Koç Group.

The project has a far-reaching yet achievable set of objectives, namely to:

- Adapt and change business processes,
- Select and deploy internet business solutions rapidly,
- Build the underlying technology architecture; and
- Create a web culture.

The e-Transformation Project has challenged Koç Group, a decentralized conglomerate with 71 consolidated companies. Established in 1926, Koç adopted a conglomerate structure as the best way to grow in a relatively closed economy with extreme volatilities and fragmented markets. Traditionally, individual company managers have been given as much responsibility as possible to give them incentives to outperform in their own marketplaces. It became apparent, however, that this decentralized model had its drawbacks when trying to adopt a whole new way of thinking on a group-wide basis. The understandable temptation is to address immediate problems at the expense of the broader picture. Thus, it was decided to lead and coordinate the critical e-Transformation Project from the center.

As end of 2002, Koç Group has achieved most of the financial and cultural transformation targets as defined for the 1st Phase of the project. In addition to 100 company projects, 10 central projects have been completed at a total cost of $5 million, creating savings of nearly $30 million.

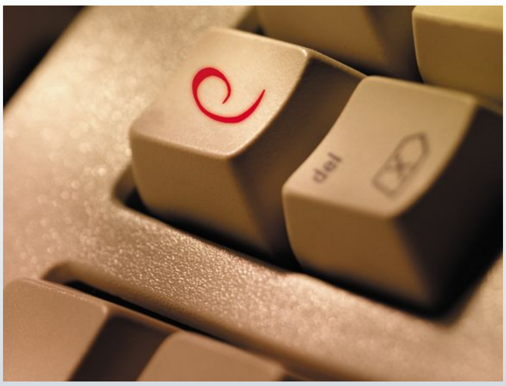
Fifteen companies in seven strategic business units -- Durable Goods (Arçelik and Beko), Food & Retailing (Migros & Kangurum), Tourism & Construction (Setur Travel Agencies, Duty Free Shops, Divan Hotels & Demir Döküm), Energy (Aygaz), Financial Services (Koçfinans), Information Technologies (KoçSistem, Koç.net, Bilkom & Ultra TV) and Components & Other Commercial Vehicles (Otokar) -- led the e-business process.

e-Procurement Project, one of the Koç e-Transformation projects, has achieved time savings of 275 working days during 55 tenders of Koç companies conducted in 2002 using Promena's internet based platform. Annual procurement of Koç Group amounts to $1.5 billion; any improvement in the procurement process thus results in significant financial savings.

Establishment of Koç Group Integrated Human Resources System is another notable success. 14,000 white collar positions were evaluated and ranked relatively throughout the entire Group. 1,809 employees, including 1,384 managers, were evaluated for performance and assessment for future promotion potential based on 40 attributes by a team of at least three professionals selected from their superiors, peers and subordinates.

The full commitment of top management was the key success factor in these projects, helping to manage the change at every level.

The 2nd Phase of the project is currently in progress, and is planned to last until the end of 2003. During the first quarter of 2003, the two major automotive business units, Fiat Group and Ford Otosan, have joined the project, with Koçbank and Koç Allianz next in line, thus securing the full cooperation of all Koç Group strategic business units in this ambitious plan to transform a large conglomerate into a leaner, more efficient and more coordinated entity, a process that will create important synergies and cost savings across the board.



Koç Group takes a leading role in raising the quality of life in Turkey by establishing model institutions in education, healthcare and cultural heritage.

The concept of corporate citizenship institutionalized in Koç Group since the foundation of Vehbi Koç Foundation in 1969, flourishes today through a variety of programs and foundations.

Fulfilling its responsibilities to the community has always been a fundamental part of the way Koç does business.

Education

The Koç Elementary School graduated its first class in June. The Koç School started a pilot project for teacher training, holding a seminar for teachers from various public schools. **Koç University** granted honorary doctorates for the first time in 2002, honoring Professor Ekrem Akurgal for his contributions to the study of archaeology and art in Anatolia and Richard Holbrooke, a former U.S. Assistant Secretary of State who served as special envoy to Bosnia and Cyprus, for his contribution to world peace.

Healthcare

American Hospital, received accreditation from the Joint Commission International (JCI) in December. It is one of two healthcare facilities in Turkey to earn accreditation as a universally valid healthcare provider. The **Vehbi Koç Foundation** underwrote the renovation of a building at **Haydarpaşa Numune Hospital** as an emergency care unit. The hospital is the largest public hospital on the Asian side of Istanbul. **Koç University School of Health Sciences**, operating from its new premises in the Semahat – Dr. Nüsret Arsel Building next to American Hospital, continued to make a valuable contribution to nursing education in Turkey.

Cultural Heritage

One of the important aims of Vehbi Koç Foundation is to promote and support individuals and institutions that have devoted themselves to developing Turkey in different fields.

In 2002, in a new initiative, the Foundation presented the first annual Vehbi Koç Award to Topkapı Palace Museum for achievement in the preservation and exhibition of the Ottoman palace and its priceless collections. The award will be presented each year for extraordinary achievement in the fields of cultural heritage, education or healthcare.

Sadberk Hanım Museum opened various exhibits in Japan which are continuing in 2003, to coincide with Turkish Year events. Over 140,000 visitors toured **Rahmi M. Koç Museum** which hosted numerous special exhibits, including "Halfdan was Here" (after the famous runic graffito in Haghia Sophia written by a bored Viking Guard a millennium ago) exploring the relationship between Byzantium and the Vikings, and Images of the Sea in Art. The Museum welcomed several additions to its permanent collections, including the Uluç Ali Reis Submarine, which was built for the U.S. Navy in 1944 and used in the Pacific during World War II. **Suna & İnan Kıraç Resarch Institute on Mediterranean Civilizations** supports research projects and helps to preserve heritage sites.

Civic Involvement

Koç sponsored the April 23, Children's Day festivities for the fifth consecutive year. In 2002, children from 16 countries traveled to Turkey to participate in the event.

Rahmi M. Koç	Honorary Chairman

Board of Directors

Mustafa V. Koç	Chairman
Suna Kıraç	Vice Chairman
Temel Atay	Vice Chairman
Hasan Subaşı	Member
Semahat Arsel	Member
Sevgi Gönül	Member
Erdoğan Gönül	Member
F. Bülend Özaydınlı	Member - Chief Executive Officer
İnan Kıraç	Member
Yavuz Alangoya, PhD	Member
John H. McArthur	Member
W. Wayne Booker	Member
H. Oswald Maucher	Member
Alessandro Profumo	Member
Nevzat Tüfekçioğlu	Auditor

Group Presidents*

Auditing and Accounting Group	Nadir Özşahin
Corporate Communications & Foreign Relations Group	Hasan Bengü
Durable Goods Group	Cengiz Solakoğlu
Energy Group	Ömer M. Koç
Fiat Group	Aydın İ. Çubukçu
Chief Executive Officer	F. Bülend Özaydınlı
Financial Services Group	Rüşdü Saraçoğlu, PhD
Food and Retailing Group	H. Hasan Yılmaz
Information Technologies Group	Ali Y. Koç
Strategic Planning & Human Resources Group	Mehmet Ali Berkman
Supplies and Other Automotive Companies Group	Selçuk Gezdur
Tourism and Construction Group	Bülent Bulgurlu, PhD

* The Group Presidents are listed in alphabetical order from left to right.

Financial Statements

PRICEWATERHOUSECOOPERS

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AUDITORS' REPORT

To the Board of Directors of Koç Holding A.Ş.

1. We have audited the accompanying consolidated balance sheet of Koç Holding A.Ş. ("Koç Holding" or "the Group") at 31 December 2002 and the related consolidated statement of income and cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish Lira as at 31 December 2002. These consolidated financial statements are the responsibility of Koç Holding's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We did not audit the financial statements of a number of Subsidiaries and Joint Ventures of the Group, the financial statements of which reflect total assets of TL1,207,087 billion (7% of total assets before consolidation adjustments) at 31 December 2002, and total net income of TL27,850 billion (8% of total net income before consolidation adjustments) for the year ended 31 December 2002. These statements were audited by other auditors, whose respective reports thereon were made available to us, and our opinion expressed herein, insofar as it relates to the amounts included for those Subsidiaries and Joint Ventures, is based solely on the respective reports of other auditors.
3. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.
4. In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Koç Holding A.Ş. at 31 December 2002 and the consolidated results of its operations, and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

   Without qualifying our opinion, we also draw attention to the following issues:

5. As explained in Note 3 to the consolidated financial statements, the statements include the accounts of the parent company, its Subsidiaries, Joint Ventures and the Associate. Subsidiaries are companies in which Koç Holding has power to control the financial and operating policies for the benefit of Koç Holding through the exercise of voting power relating to shares held by Koç Holding and its Subsidiaries together with voting power which Koç Holding effectively exercises relating to shares held by Koç family members and enterprises controlled by them (the "control basis"). Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and its Subsidiaries (through the "control basis") and one or more other parties. In effect the Koç family members allow Koç Holding to exercise the voting power in respect of their shares held in these companies. In the consolidated financial statements, the shares held by Koç family members are treated as minority interest.
6. As explained in Note 2.b to the consolidated financial statements, Euro ("EUR") and US Dollar ("USD") amounts shown in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of Turkey at 31 December 2002. Such translation should not be construed as a representation that the TL amounts have been or could be converted into EUR and USD at these or any other rates.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers

Zeynep Uras, SMMM
Istanbul, 16 May 2003

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

	Notes	2002 EUR'000 (*)	2002 USD'000 (*)	2002 TL billion	2001 TL billion
ASSETS					
Current assets:					
Cash and cash equivalents	6	931,463	970,771	1,586,726	2,568,957
Investments:	7				
-held-for-trading	7.a	505	526	860	110,255
-available-for-sale	7.b	218,353	227,567	371,959	566,259
-held-to-maturity	7.c	83,691	87,223	142,566	307,932
Reserve deposits with the Central Banks	8	127,111	132,475	216,530	447,415
Loans and advances to customers	9	837,535	872,879	1,426,721	1,866,360
Trade receivables	10	966,988	1,007,794	1,647,241	1,218,983
Due from related parties	11	155,635	162,203	265,121	228,851
Inventories	12	596,776	621,960	1,016,595	849,617
Other current assets	13	178,208	185,730	303,573	653,253
Total current assets		**4,096,265**	**4,269,128**	**6,977,892**	**8,817,882**
Non-current assets:					
Loans and advances to customers	9	244,031	254,330	415,702	1,502,780
Investments:	7				
-available-for-sale	7.b	124,226	129,468	211,614	310,736
-held-to-maturity	7.c	354,227	369,175	603,417	392,944
Investment in associated undertaking	14	953	993	1,623	1,387
Investment property	17	36,397	37,933	62,001	30,594
Property, plant and equipment	15	1,914,622	1,995,419	3,261,515	3,221,224
Intangible assets	16	212,606	221,578	362,169	239,242
Other non-current assets	18	59,727	62,246	101,744	79,548
Total non-current assets		**2,946,789**	**3,071,142**	**5,019,785**	**5,778,455**
Total assets		**7,043,054**	**7,340,270**	**11,997,677**	**14,596,337**

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2002, and therefore form part of these consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") (Note 2.b).

These consolidated financial statements as at and for the year ended 31 December 2002 have been approved for issue by the Board of Directors on 16 May 2003 and signed on its behalf by Nadir Özşahin, President of Auditing and Financial Control Group and by Emine Alangoya, Accounting Manager.

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

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

	Notes	2002 EUR'000 (*)	2002 USD'000 (*)	2002 TL billion	2001 TL billion
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Customer deposits	19	1,370,363	1,428,192	2,334,382	4,798,158
Bank borrowings	20	911,750	950,226	1,553,146	1,916,820
Bonds issued	26	2,874	2,995	4,896	25,138
Insurance technical reserves	22	87,576	91,272	149,184	154,366
Trade payables	21	601,355	626,732	1,024,394	786,896
Due to related parties	11	260,691	271,692	444,081	192,756
Taxes on income	25	46,514	48,477	79,235	67,651
Other current liabilities	23	407,992	425,210	695,006	785,929
Total current liabilities		**3,689,115**	**3,844,796**	**6,284,324**	**8,727,714**
Non-current liabilities:					
Customer deposits	19	89,057	92,815	151,707	305,745
Bank borrowings	20	604,999	630,531	1,030,603	1,199,763
Insurance technical reserves	22	96,863	100,951	165,004	142,177
Provision for employment termination benefits	27	59,671	62,189	101,648	88,648
Deferred tax liabilities	25	91,092	94,936	155,173	251,275
Other non-current liabilities	24	42,691	44,493	72,722	52,370
Total non-current liabilities		**984,373**	**1,025,915**	**1,676,857**	**2,039,978**
Total liabilities		**4,673,488**	**4,870,711**	**7,961,181**	**10,767,692**
Minority interest - Koç family members	5	489,310	509,959	833,528	733,383
- Other	5	621,047	647,254	1,057,937	941,362
Minority interest	**5**	**1,110,357**	**1,157,213**	**1,891,465**	**1,674,745**
Shareholders' equity:					
- Share capital	28	119,260	124,292	203,156	101,578
- Adjustment to share capital	28	458,842	478,205	781,626	859,538
Total paid-in share capital		578,102	602,497	984,782	961,116
Translation reserve	4.q	1,016	1,058	1,730	41,915
Cumulative loss on hedging	33	(22,786)	(23,747)	(38,815)	(27,738)
Retained earnings	29	702,877	732,538	1,197,334	1,178,607
Total shareholders' equity		**1,259,209**	**1,312,346**	**2,145,031**	**2,153,900**
Total liabilities and shareholders' equity		**7,043,054**	**7,340,270**	**11,997,677**	**14,596,337**
Commitments and contingent liabilities	33				

(*) Euro and US Dollar amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2002, and therefore form part of these consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") (Note 2.b).

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

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

	Notes	2002 EUR'000 (*)	2002 USD'000 (*)	2002 TL billion	2001 TL billion
Revenues:					
Non-banking and financial services	5	5,446,183	5,676,012	9,277,447	8,633,588
Banking and financial services	5	1,068,375	1,113,460	1,819,952	3,214,786
		6,514,558	**6,789,472**	**11,097,399**	**11,848,374**
Operating costs:					
Non-banking and financial services	5	(5,308,470)	(5,532,487)	(9,042,856)	(8,538,921)
Banking and financial services	5	(971,693)	(1,012,698)	(1,655,256)	(3,850,063)
		(6,280,163)	**(6,545,185)**	**(10,698,112)**	**(12,388,984)**
Operating profit/(loss):					
Non-banking and financial services	5	137,713	143,525	234,591	94,667
Banking and financial services	5	96,682	100,762	164,696	(635,277)
		234,395	**244,287**	**399,287**	**(540,610)**
Share of result of associate	14	(1)	(1)	(2)	(364)
Financial income/(expense)-net	30	12,173	12,686	20,736	(345,996)
Other expense-net	37	(36,893)	(38,450)	(62,846)	(65,096)
Loss on net monetary position	2	(57,131)	(59,542)	(97,322)	(112,403)
Income/(loss) before taxes on income and minority interest		**152,543**	**158,980**	**259,853**	**(1,064,469)**
Taxes on income	25	(37,072)	(38,637)	(63,152)	(46,244)
Income/(loss) before minority interest		**115,471**	**120,343**	**196,701**	**(1,110,713)**
(Income)/loss attributable to minority interest					
- Koç family members	5	(26,124)	(27,227)	(44,502)	246,587
- Other	5	(65,484)	(68,248)	(111,551)	276,942
Net income/(loss)		**23,863**	**24,868**	**40,648**	**(587,184)**
Weighted average number (000's) of shares with face value of TL1,000 value each	4.ae	**163,467,288**	**163,467,288**	**163,467,288**	**163,467,288**
Basic and diluted earnings/(loss) per share in full EUR and USD and in TL	4.ae	**146**	**152**	**249**	**(3,592)**

(*) Euro and US Dollar amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2002, and therefore do not form part of these consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") (Note 2.b).

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

					Retained Earnings			
	Share capital	Adjustment to share capital	Translation reserve	Cumulative loss on hedging	General and legal reserves	Unappropriated net income/(loss)	Retained earnings total	Shareholders' equity total
Balances at 1 January 2001								
- as previously reported	**64,102**	**683,706**	**(3,687)**	**-**	**1,618,325**	**167,086**	**1,785,411**	**2,529,532**
- effect of adopting IAS 39	-	-	-	-	-	6,840	6,840	6,840
- as restated	**64,102**	**683,706**	**(3,687)**	**-**	**1,618,325**	**173,926**	**1,792,251**	**2,536,372**
Dividends paid	-	-	-	-	-	(80,660)	(80,660)	(80,660)
Increase in retained earnings due to additions from scope of consolidation	-	-	-	-	-	54,200	54,200	54,200
Transfers	-	-	-	-	147,466	(147,466)	-	-
Increase in share capital	37,476	175,832	-	-	-	-	-	213,308
Currency translation differences	-	-	45,602	-	-	-	-	45,602
Cumulative loss on hedging	-	-	-	(27,738)	-	-	-	(27,738)
Income for the year	-	-	-	-	-	(587,184)	(587,184)	(587,184)
Balances at 31 December 2001	**101,578**	**859,538**	**41,915**	**(27,738)**	**1,765,791**	**(587,184)**	**1,178,607**	**2,153,900**
Increase in retained earnings due to additions to scope of consolidation	-	-	-	-	(2,468)	-	(2,468)	(2,468)
Decrease in retained earnings due to disposals from scope of consolidation	-	-	-	-	4,213	-	4,213	4,213
Transfers	-	-	-	-	(587,184)	587,184	-	-
Increase in share capital	101,578	(77,912)	-	-	(23,666)	-	(23,666)	-
Currency translation differences	-	-	(40,185)	-	-	-	-	(40,185)
Cumulative loss on hedging	-	-	-	(11,077)	-	-	-	(11,077)
Income for the year	-	-	-	-	-	40,648	40,648	40,648
Balances at 31 December 2002	**203,156**	**781,626**	**1,730**	**(38,815)**	**1,156,686**	**40,648**	**1,197,334**	**2,145,031**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AT 31 DECEMBER

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

	Notes	2002 EUR'000 (*)	2002 USD'000 (*)	2002 TL billion	2001 TL billion
Operating activities:					
Net income/(loss)		23,862	24,869	40,648	(587,184)
Adjustments to reconcile net income to net cash provided by operating activities:					
Minority interest	5	91,608	95,474	156,053	(523,528)
Dilution loss	37	33,086	34,482	56,361	-
Depreciation and amortisation-net		425,489	443,444	724,810	516,305
Changes in reserves and provisions	4.ab	(25,185)	(26,248)	(42,903)	72,864
Loss on sale of property, plant and equipment		(1,515)	(1,579)	(2,581)	(17,727)
Add back net interest income	4.ab	(331,717)	(345,715)	(565,072)	(140,315)
Impairment charge for inventories		5,591	5,827	9,524	26,801
Fair value loss on equity securities		13,073	13,624	22,269	1,248
Finance segment interest received		1,101,821	1,148,317	1,876,926	3,355,195
Finance segment interest paid		(818,100)	(852,624)	(1,393,614)	(3,342,166)
Cumulative loss on hedging		(6,503)	(6,777)	(11,077)	(27,738)
Effect of adopting IAS 39		-	-	-	12,871
Translation reserve		(23,590)	(24,586)	(40,186)	45,606
Add back taxation expenses		37,072	38,637	63,152	46,244
Add back dividend income		(364)	(379)	(620)	(372)
Net cash provided by / (used in) operating activities before changes in operating assets and liabilities		**524,628**	**546,766**	**893,690**	**(561,896)**
Changes in operating assets and liabilities net effect from acquisitions of companies:					
Changes in operating assets and liabilities	4.ab	(677,287)	(705,868)	(1,153,742)	2,425,651
Income taxes paid		(27,103)	(28,247)	(46,170)	(173,189)
Net change in operating assets and liabilities		**(704,390)**	**(734,115)**	**(1,199,912)**	**2,252,462**
Net cash (used in) / provided by operating activities		**(179,762)**	**(187,349)**	**(306,222)**	**1,690,566**
Investing activities:					
Purchase of property, plant and equipment		(620,193)	(646,366)	(1,056,485)	(1,010,959)
Proceeds from sale of property, plant and equipment and other investments		54,270	56,560	92,448	644,128
Change in other non-current assets and liabilities	4.ab	62,630	65,252	106,554	(84,130)
Net effect of changes in minority shares	5	(1,263)	(1,316)	(2,151)	(177,394)
Effect of restructuring in finance segment		(596,795)	(621,980)	(1,016,627)	-
Acquisition of subsidiaries	34	(135,715)	(141,442)	(231,187)	(43,218)
Non-finance segment interest received		284,614	296,624	484,833	1,041,703
Dividends received	11	364	379	620	372
Net cash (used in) / provided by investing activities		**(952,109)**	**(992,289)**	**(1,621,895)**	**370,502**
Financing activities:					
Proceeds of issuance of share capital in Koç Holding		-	-	-	213,308
Proceeds of issuance of share capital to minority interest	5	730,019	760,826	1,243,571	89,177
Dividends paid by Koç Holding		-	-	-	(80,660)
Dividends paid to minority interest	5	(61,729)	(64,334)	(105,154)	(125,674)
Net increase in short-term borrowings		(130,202)	(135,697)	(221,796)	(279,171)
Net increase in long-term borrowings		247,405	257,845	421,447	(217,880)
Proceeds from issuance of bonds		5,748	5,990	9,792	25,134
Repayment of bonds		(14,757)	(15,380)	(25,138)	(34,769)
Non-finance segment interest paid		(236,617)	(246,602)	(403,072)	(914,414)
Net cash provided by / (used in) financing activities		**539,867**	**562,648**	**919,650**	**(1,324,949)**
Net (decrease) / increase in cash and cash equivalents		**(592,004)**	**(616,990)**	**(1,008,467)**	**736,119**
Cash and cash equivalents at beginning of year		1,508,066	1,571,707	2,568,957	1,832,838
Cash and cash equivalents at end of year	6	**916,062**	**954,717**	**1,560,490**	**2,568,957**

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

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding" or "the Group") was established on 11 December 1963 as a corporation to coordinate the activities of, and liaise between, companies operating in different fields including trade, manufacturing, agriculture, finance and retailing, and is registered in Turkey. The number of people employed by the Group in 2002 is 50,019 (2001: 43,134).

The address of the registered office is as follows:

Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk-İSTANBUL

Koç Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange since 10 January 1986. At 31 December 2002, the shares quoted on the Istanbul Stock Exchange represent some 22.24% of the total shares. At 31 December 2002, the principal shareholders and their respective shareholdings in the Company are as follows (Note 28).

	%
Companies owned by Koç Family members	36.57
Koç Family	30.88
Vehbi Koç Vakfı	8.08
Other	24.47
	100.00

Koç Holding is organised mainly in Turkey into six main business segments:

- Automotive
- Finance
- Consumer durable
- Food and retailing
- Energy
- Other (*)

(*) Other operations of Koç Holding mainly comprise foreign trade, tourism and construction, none of which is of a sufficient size to be reported separately.

Geographical segment information has not been included in the consolidated financial statements since geographical segments other than Turkey are not material enough to be reported separately.

Subsidiary undertakings

Koç Holding has the following subsidiaries ("the Subsidiaries") (see also Note 3.b). The nature of the business of the Subsidiaries, and, for the purpose of the consolidated financial statements, their respective business segments, are as follows:

Subsidiary	Country of incorporation	Nature of business	Segment
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş. ("Beldesan")	Turkey	Production	Automotive
Beldeyama Motorlu Vasıtalar San. A.Ş. ("Beldeyama")	Turkey	Production	Automotive

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiary	Country of incorporation	Nature of business	Segment
Birmot Birleşik Motor Sanayi ve Tic. A.Ş. ("Birmot")	Turkey	Trading	Automotive
Döktaş Ticaret ve San. A.Ş. ("Döktaş")	Turkey	Production	Automotive
Mako Elektrik Sanayi ve Ticaret A.Ş. ("Mako")	Turkey	Production	Automotive
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	Turkey	Production	Automotive
Otokoç Otomotiv Tic. Ve San. A.Ş. ("Otokoç")	Turkey	Trading	Automotive
Otomotiv Lastikleri Tevzi A.Ş. ("Otomotiv Lastikleri")	Turkey	Trading	Automotive
Otoyol Pazarlama A.Ş. ("Otoyol Pazarlama")	Turkey	Trading	Automotive
Otoyol Sanayi A.Ş. ("Otoyol")	Turkey	Production	Automotive
Tekersan Jant Sanayi A.Ş. ("Tekersan")	Turkey	Production	Automotive
Trakmak Traktör ve Ziraat Makinaları A.Ş. ("Trakmak")	Turkey	Trading	Automotive
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	Turkey	Production	Automotive
Koç Allianz Hayat Sigorta A.Ş. ("Koç Allianz Hayat")	Turkey	Life insurance	Finance
Koç Allianz Sigorta T.A.Ş. ("Koç Allianz Sigorta")	Turkey	Insurance	Finance
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş. ("Koç Finans")	Turkey	Consumer finance	Finance
Arçelik A.Ş. ("Arçelik")	Turkey	Production	Consumer durable
Ardutch B.V. ("Ardutch")	The Netherlands	Finance	Consumer durable
Artesis Teknoloji Sistemleri A.Ş. ("Artesis")	Turkey	Research and development	Consumer durable
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Trading	Consumer durable
Beko Electronics Espana S.L. ("Beko Espana")	Spain	Trading	Consumer durable
Beko Elektronik A.Ş. ("Beko Elektronik")	Turkey	Production	Consumer durable
Beko France S.A.("Beko France")	France	Foreign trade	Consumer durable
Beko Polska S.A. ("Beko Polska")	Poland	Trading	Consumer durable
Beko Ticaret A.Ş. ("Beko Ticaret")	Turkey	Trading	Consumer durable
Beko UK Ltd. ("Beko UK")	The U.K.	Trading	Consumer durable
Blomberg Werke GmbH ("Blomberg GmbH")	Austria	Production	Consumer durable
Blomberg Vertriebsgesellschaft mbH ("Blomberg mbH")	Germany	Distribution	Consumer durable
Demrad Döküm Ürünleri Sınai ve Tic. A.Ş. ("Demrad")	Turkey	Production	Consumer durable
Elektra Bregenz AG ("Elektra AG")	Austria	Trading	Consumer durable
Elektra Bregenz Produktion GmbH ("Elektra Produktion")	Austria	Production	Consumer durable
Raupach Wollert GmbH ("Raupach")			
SC Arctic SA ("Arctic")	Romania	Production	Consumer durable
Sherbrook International Ltd. ("Sherbrook")	The U.K.	Trading development	Consumer durable
Tunusdan S.A. ("Tunusdan")	Tunisia	Production	Consumer durable
Türk Demir Döküm Fabrikaları A.Ş. ("TDDF")	Turkey	Production	Consumer durable
Düzey Tüketim Malları Pazarlama A.Ş. ("Düzey")	Turkey	Trading	Food and retailing
Rambutya LLP ("Rambutya")	Kazakhstan	Retail	Food and retailing
Maret Marmara Besicilik ve Et San. ve Ticaret A.Ş. ("Maret")	Turkey	Food and beverage	Food and retailing
Migros Türk T.A.Ş. ("Migros")	Turkey	Retail	Food and retailing
Pastavilla Kartal Makarnacılık San. ve Ticaret A.Ş. ("Pastavilla")	Turkey	Food and beverage	Food and retailing
Ramstore Bulgaria A.D. ("Ramstore Bulgaria")	Bulgaria	Retail	Food and retailing
Ramstore Sınırlı Sorumlu Türk Gıda Müessesesi ("Ramstore")	Azerbaijan	Retail	Food and retailing
Sek Süt Endüstrisi Kurumu San. ve Tic. A.Ş. ("Sek")	Turkey	Food and beverage	Food and retailing
Tat Konserve Sanayi A.Ş. ("Tat Konserve")	Turkey	Food and beverage	Food and retailing
Tat Tohumculuk A.Ş. ("Tat Tohumculuk")	Turkey	Agriculture	Food and retailing

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiary	Country of incorporation	Nature of business	Segment
Aygaz A.Ş. ("Aygaz")	Turkey	LPG supplies	Energy
Bursa Gaz ve Ticaret A.Ş. ("Bursa Gaz")	Turkey	Trade	Energy
Entek Elektrik Üretimi Otoprodüktör A.Ş. ("Entek")	Turkey	Power generation	Energy
Lipet Petrol Gazı ve Yakıt Ticaret A.Ş. ("Lipet")	Turkey	LPG supplies	Energy
Mogaz Petrol Gazları A.Ş. ("Mogaz")	Turkey	LPG supplies	Energy
Zinerji Enerji San. ve Tic. A.Ş. ("Zinerji")	Turkey	Energy	Energy
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism	Other
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Technology	Other
Bozkurt Tarım ve Gıda San. A.Ş. ("Bozkurt")	Turkey	Agriculture	Other
İzocam Ticaret ve Sanayi A.Ş. ("İzocam")	Turkey	Production	Other
Kav Danışmanlık Pazarlama ve Ticaret A.Ş. ("Kav Danışmanlık")	Turkey	Consultancy	Other
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş. ("Koçnet")	Turkey	Information Technology	Other
Koç Sistem A.Ş. ("Koç Sistem")	Turkey	Technology	Other
Koçtaş Yapı Malzemeleri Ticaret A.Ş. ("Koçtaş")	Turkey	Trade	Other
Marmaris Altınyunus Turistik Tesisleri A.Ş. ("Mares")	Turkey	Tourism	Other
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign trade	Other
Ram Pacific Ltd.("Ram Pacific")	China	Foreign trade	Other
RMK Gemi Yapım Sanayi A.Ş. ("RMK Marine")	Turkey	Production	Other
Set Oto Ticaret ve Turizm A.Ş. ("Setoto-Avis")	Turkey	Car Rental	Other
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism	Other
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism	Other
Tek-iz İzolasyon ve Yapı Elemanları San. A.Ş.("Tek-iz")	Turkey	Production	Other
Tütaş Türk Turizm A.Ş. (Talya Oteli) ("Tütaş")	Turkey	Tourism	Other

For the purposes of segment information in these consolidated financial statements, Koç Holding's own unconsolidated stand-alone financial statements were included within the "other" segment (Note 5).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint ventures

Koç Holding has interests in joint ventures ("the Joint Ventures") (see also Note 3.c). The nature of their business and, for the purpose of these consolidated financial statements, their respective business segments and joint venture partners, are as follows:

Joint ventures	Nature of business	Segment	Joint Venture Partner
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Production	Automotive	Ford Motor Co.
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Production	Automotive	Fiat Auto S.p.A
Koç Asset Management SA. ("KAM Swiss")	management	Finance	UniCreditoItaliano
Koçbank A.Ş. ("Koçbank")	Banking	Finance	UniCreditoItaliano
Koçbank Azerbaijan Ltd. ("Koçbank Azerbaijan")	Banking	Finance	UniCreditoItaliano
Koç Faktoring Hizmetleri A.Ş. ("Koç Faktoring")	Factoring	Finance	UniCreditoItaliano
Koç Fiat Kredi Tüketici Finansmanı A.Ş. ("Fiat Finans")	Finance	Finance	Fiat Auto S.p.A.
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	Financial Services	Finance	UniCreditoItaliano
Koç Finansal Kiralama A.Ş. ("Koç Lease")	Leasing	Finance	UniCreditoItaliano
Koçbank Nederland N.V. ("Koçbank Nederland")	Banking	Finance	UniCreditoItaliano
Koç Portföy Yönetimi A.Ş. ("Koç Portföy")	Portfolio management	Finance	UniCreditoItaliano
Koç Yatırım Menkul Değerler A.Ş. ("Koç Menkul")	Brokerage	Finance	UniCreditoItaliano
Stiching Custody Services KBN ("Stiching Custody")	Portfolio Custody	Finance	UniCreditoItaliano
Arçelik LG Klima Production San. ve Tic. A.Ş. ("Arçelik LG Klima")	Production of air conditioners	Consumer durable	LG Electronics Inc.
Limited Liability Company Ramenka ("Ramenka")	Retail	Food and retailing	Enka İnş. ve San. A.Ş.
Birleşik Oksijen Sanayi Gazlar A.Ş. ("BOS")	Chemicals	Energy	BOC Group
Opet Petrolcülük ("Opet")	Petroleum products	Energy	Öztürk Family
Garanti Balfour Beatty İnşaat Sanayi ve Ticaret A.Ş. ("Garanti Balfour")	Construction	Other	Balfour Beatty Overseas Limited
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş ("Koçtaş Yapı Market")	Construction and housing equipment	Other	B & Q Holding BV
Kofisa Trading Company S.A. ("Kofisa Trading")	Foreign trade	Other	Koratrade S.A.
TNT Lojistik ve Dağıtım Hizmetleri A.Ş. ("TNT")	Logistic	Other	TNT Group
Ultra Kablo Televizyon ve Telekomünikasyon San. ve Tic. A.Ş. ("Ultra Kablo")	Media and Communication	Other	Doğan Yayın Holding A.Ş.

All Joint Ventures are registered in Turkey except for Kofisa Trading and KAM Swiss which are registered in Switzerland, Koçbank Azerbaijan which is registered in Azerbaijan, Koçbank Nederland and Stiching Custody which are registered in the Netherlands, and Ramenka which is registered in the Russian Federation.

The Group went under a significant restructuring process in its finance segment in years 2001 and 2002 where all major financial service subsidiaries, namely, Koçbank A.Ş., Koç Finansal Kiralama A.Ş., Koç Faktoring Hizmetleri A.Ş., Koç Yatırım Menkul Değerler A.Ş., Koç Asset Management S.A., Stiching Custody Services KBN, Koçbank Nederland N.V. and Koçbank Azerbaijan Ltd. have been combined under Koç Finansal Hizmetler A.Ş. ("KFS"). On 12 October 2002, the Group entered into a joint strategic partnersip with Unicredito Italino SPA ("UCI") in KFS (Note 37).

On 17 December 2002, the Group acquired 45.33% of the issued capital of Opet and entered joint strategic partnership with the Öztürk family. The Koç family also acquired 4.67% of Opet in the same deal (Notes 11 and 34).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 2 - BASIS OF PREPARATION

a) Turkish Lira financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). Koç Holding and its Subsidiaries, Joint Ventures and Associate registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in Turkish Lira in accordance with the Turkish Commercial Code (the "TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and Banking law and accounting principles promulgated by the Banking Regulation and Supervision Agency for banks; and for listed Subsidiaries only, accounting principles issued by the Capital Market Board of Turkey ("CMB Principles"). The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These consolidated financial statements are based on the statutory records, which are maintained under the historical cost convention (except for the statutory revaluation of property, plant and equipment as discussed in Note 15), with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish Lira, for the purpose of fair presentation in accordance with IFRS.

The Group adopted IAS 39 "Financial Instruments: Recognition and Measurement" in 2001. The financial effects of adopting IAS 39 were reported in the previous year's consolidated financial statements.

The restatement for the changes in the general purchasing power of the Turkish Lira at 31 December 2002 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Such indices and conversion factors used to restate the financial statements at 31 December are given below:

Dates	Index	Conversion factors
31 December 2002	**6,478.8**	**1.000**
31 December 2001	4,951.7	1.308
31 December 2000	2,626.0	2.467

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

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.

NOTE 2 - BASIS OF PREPARATION (Continued)

- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant monthly conversion factors.

- Comparative financial statements are restated using general inflation indices at the currency purchasing power at the latest balance sheet date.

- All items in the statements of loss and income are restated by applying the relevant (monthly, yearly average, year-end) conversion factors.

- The effect of inflation on the net monetary asset position of Koç Holding, the Subsidiaries and Joint Ventures operating in hyperinflationary economies is included in the statements of loss and income as loss on net monetary position.

The result of the Group's foreign undertakings are translated into Turkish Lira at the average rate for the year, except for foreign joint-venture reporting in the currency of a hyperinflationary economy for which closing rates are applied to local currency amounts. The assets and liabilities of Group's foreign undertakings are translated into Turkish Lira at the closing rate for the year. Exchange differences arising on retranslating of the opening net assets of foreign undertakings and differences between the average and year-end rates are included in the translation reserve.

b) Euro ("EUR") and US Dollar ("USD") translation

EUR and USD amounts shown in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated statements, and are translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of Turkey on 31 December 2002 of TL1,703,477=EUR1 and TL1,634,501=USD1, respectively. Such translation should not be construed as a representation that the TL amounts have been or could be converted into EUR and USD at these or any other rates.

NOTE 3 - GROUP ACCOUNTING

a) The consolidated financial statements include the accounts of the parent company, Koç Holding A.Ş., its Subsidiaries, its Joint Ventures and its Associate (collectively referred as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records, which are maintained under the historical cost convention (except for the statutory revaluation of property, plant and equipment as discussed in Note 15), with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish Lira, for the purpose of fair presentations in accordance with IFRS and applying uniform accounting policies and presentation.

b) Subsidiaries are companies over which Koç Holding has power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself, and/or as a result of agreements by certain Koç family members and companies whereby Koç Holding exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise has power to exercise control over the financial and operating policies.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 3 - GROUP ACCOUNTING (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation in 2002 and shows their shareholding structure at 31 December 2002:

Subsidiary	Direct and indirect control by Koç Holding and its Subsidiaries (%)	Control through shares held by Koç family members (%)	Total controlling interest (%)	
Beldesan	79.13	14.28	93.41	
Beldeyama	63.30	16.70	80.00	
Birmot	99.10	0.90	100.00	
Döktaş	51.10	3.86	54.96	
Mako	40.00	11.00	51.00	
Otokar	44.02	25.16	69.18	
Otokoç	99.10	0.90	100.00	
Otomotiv Lastikleri	46.42	31.21	77.63	
Otoyol Pazarlama	40.00	17.09	57.09	
Otoyol	60.00	9.33	69.33	
Tekersan	51.28	11.38	62.66	
Trakmak	39.38	17.49	56.87	
Türk Traktor	62.50	-	62.50	
Koç Allianz Hayat	49.87	1.13	51.00	
Koç Allianz Sigorta	43.41	3.68	47.09	(*)
Koç Finans	64.62	35.38	100.00	
Arçelik	39.14	18.17	57.31	
Ardutch	39.14	60.86	100.00	(**)
Artesis	25.44	39.56	65.00	
Beko Deutschland	39.14	60.86	100.00	(***)
Beko Espana	39.13	60.87	100.00	
Beko Elektronik	46.47	33.58	80.05	
Beko France	39.12	60.82	99.94	
Beko Polska	39.14	60.86	100.00	
Beko Ticaret	39.00	60.00	99.00	
Beko UK	19.57	80.43	100.00	
Bloomberg GmbH	39.14	60.86	100.00	(***)
Bloomberg mbH	39.14	60.86	100.00	(***)
Demrad	46.10	53.90	100.00	
Elektra AG	39.14	60.86	100.00	(***)
Elektra Produktion	39.14	60.86	100.00	(***)
Raupach	39.14	60.86	100.00	(***)
Arctic	35.67	16.56	52.23	(***)
Sherbrook	23.54	56.46	80.00	(**)
Tunusdan	38.88	60.45	99.33	
TDDF	46.10	27.78	73.88	
Düzey	31.67	62.25	93.92	
Rambutya	0.13	50.87	51.00	
Maret	32.10	22.84	54.94	
Migros	0.25	50.83	51.08	
Pastavilla	46.91	36.42	83.33	
Ramstore Bulgaria	0.25	99.75	100.00	
Ramstore	0.20	79.55	79.75	
Sek	59.33	12.91	72.24	
Tat Konserve	46.35	15.70	62.05	
Tat Tohumculuk	16.91	19.09	36.00	(*)
Aygaz	40.68	11.84	52.52	
Bursa Gaz	65.78	32.59	98.37	
Entek	26.38	37.84	64.22	
Lipet	32.50	29.20	61.70	
Mogaz	40.68	59.32	100.00	
Zinerji	62.91	37.09	100.00	

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 3 - GROUP ACCOUNTING (Continued)

Subsidiary	Direct and indirect control by Koç Holding and its Subsidiaries (%)	Control through shares held by Koç family members (%)	Total controlling interest (%)	
Ayvalık Marina	48.60	51.40	100.00	
Bilkom	82.28	17.72	100.00	(**)
Bozkurt	73.92	26.08	100.00	
İzocam	20.36	42.21	62.57	
Kav Danışmanlık	18.98	37.41	56.39	
Koçnet	86.06	13.94	100.00	
Koç Sistem	41.14	51.00	92.14	
Koçtaş	43.18	46.34	89.52	
Mares	38.35	36.10	74.45	
Ram Dış Ticaret	42.54	55.56	98.10	
Ram Pacific	35.99	48.63	84.62	
RMK Marine	47.48	52.52	100.00	
Setoto-Avis	35.69	64.31	100.00	
Setur	46.54	53.19	99.73	
Tek-Art Marina	26.31	70.21	96.52	(**)
Tek-iz	6.54	46.47	53.01	
Tütaş	45.57	30.11	75.68	

(*) The controlling interest in these subsidiaries is less than 50%; however, Koç Holding has power to exercise control over financial and operating policies of these companies.

(**) These subsidiaries were among the investments of Koç Holding at 31 December 2001 and have been included in the scope of consolidation at 31 December 2002 on the grounds of increased materiality.

(***) These subsidiaries were acquired during 2002 and have been included in the scope of consolidation at 31 December 2002.

İdea Eğitim Danışmanlık A.Ş. ("İDEA") has been considered as an available-for-sale investment and excluded from scope of consolidation at 31 December 2002 on the grounds of materiality.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated in consolidation. The cost of, and the dividends arising from, shares held by Koç Holding in its Subsidiaries are eliminated from shareholders' equity and income for the year, respectively.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or as a result of written agreements by certain Koç family members and companies, whereby Koç Holding exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. According to this method the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 3 - GROUP ACCOUNTING (Continued)

The table below sets out the Joint Ventures and shows their shareholding structure at 31 December 2002:

Name	Group's share i.e. direct and indirect interest by Koç Holding and its Subsidiaries (%)	Interest through shares held by Koç family members (%)	Total controlling interest (%)	
Ford Otosan	38.01	3.03	41.04	
Tofaş	37.59	0.51	38.10	
KAM Swiss	30.37	19.63	50.00	
Koçbank	30.09	19.91	50.00	
Koçbank Azerbaijan	22.93	27.07	50.00	
Koç Faktoring	30.35	19.65	50.00	
Fiat Finans	63.22	4.95	68.17	(**)
Koç Finansal Hizmetler	30.37	19.63	50.00	
Koç Lease	30.46	19.54	50.00	
Koçbank Nederland	30.37	19.63	50.00	
Koç Portföy	30.31	19.69	50.00	
Koç Menkul	30.32	19.68	50.00	(*)
Stiching Custody	30.32	19.68	50.00	
Arçelik LG Klima	22.61	27.39	50.00	
Ramenka	0.13	49.87	50.00	
BOS	20.81	29.19	50.00	
Opet	18.92	31.08	50.00	
Garanti Balfour	40.75	9.25	50.00	
Koçtaş Yapı Market	35.66	14.34	50.00	
Kofisa Trading	50.00	-	50.00	
TNT	46.13	3.87	50.00	(*)
Ultra Kablo	26.72	23.28	50.00	

(*) These joint ventures were among the investments of Koç Holding at 31 December 2001, and have been included in the scope of consolidation at 31 December 2002 on the grounds of their increased materiality.

(**) Fiat Finans is controlled by Tofaş which is jointly controlled by the Group and Fiat Auto S.p.A..

Sachs Beldesan Süspansiyon Sistemleri San. ve Tic. A.Ş. was sold in 2002 and has been excluded from the scope of consolidation at the date that joint control ceases.

d) Available-for-sale investments, in which Koç Holding and its Subsidiaries, together with Koç family members, have controlling interests of above 20% except for the investment in the associated undertaking, Takosan Otomobil Göstergeleri Sanayii ve Ticaret A.Ş. (“Takosan”), over which either the Holding does not exercise a significant influence or which are immaterial and that do not have quoted market prices in active markets and whose fair values cannot be reliably measured, are carried at cost and restated to the equivalent purchasing power at 31 December 2002, less any provision for diminution in value (Note 7).

Investment in Takosan is accounted for by the equity method of accounting at 31 December 2002 and 2001 (Note 14).

Available-for-sale investments, in which Koç Holding and its Subsidiaries, together with Koç family members, have controlling interests below 20%, or over which the Group does not exercise a significant influence and that have quoted market prices in active markets and whose fair values can be reliably measured, are carried at fair value.

NOTE 3 - GROUP ACCOUNTING (Continued)

e) The results of the foreign Subsidiaries and Joint Ventures are translated into Turkish Lira at the average exchange rate for the year (except for foreign subsidiaries and joint-ventures reporting in the currency of a hyperinflationary economy, for which closing rates are used). The assets and liabilities of foreign undertakings of the Group are translated into Turkish Lira at the closing rate for the year. Exchange differences arising on retranslation of the opening net assets of foreign Subsidiaries and Joint Ventures and differences between the average and year-end rates are included in reserves.

f) The minority shareholders' share in the net assets and in the results for the year for Subsidiaries are separately classified in the consolidated balance sheet and statement of income as “minority interest”. Certain Koç family members and companies controlled by them who are shareholders of Koç Holding A.Ş. have interests in the share capital of certain Subsidiaries. In the consolidated financial statements their interests are treated as minority interest and are not included in the Group's net assets and profits attributable to shareholders of Koç Holding A.Ş..

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Where necessary, accounting policies for Subsidiaries and Joint Ventures have been changed to ensure consistency with the policies adopted by the Group. The significant accounting policies, other than Group accounting which is described in Note 3, followed in the preparation of these consolidated financial statements are summarised below:

a) Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, investments and joint venture partners are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business. These transactions are priced predominantly at market rates (Note 11).

b) Investments

At 1 January 2001, Koç Holding and its Subsidiaries, Joint Ventures and Associate adopted IAS 39 “Financial Instruments: Recognition and Measurement” and classified their investments in debt and equity securities into the following categories: trading, held-to-maturity and available-for-sale. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in the non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading investments and available-for-sale investments that have quoted market prices in active markets and whose fair values can be reliably measured are subsequently carried at fair value, whilst held-to-maturity investments are carried at amortised cost using the effective yield method. Available-for-sale investments that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power at 31 December 2002. Realised and unrealised gains and losses arising from changes in the fair value of trading investments and of available-for-sale investments are included in the statement of income in the period in which they arise.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to adoption of IAS 39, marketable securities were held either for investment or trading purposes. In the finance segment, trading securities were stated at market value and investment securities were stated at cost plus amortisation of any discount or premium. Other marketable securities in other segments were stated at value.

c) Repurchase and resale transactions

Securities sold subject to linked repurchase agreements are retained in the consolidated financial statements as held-to-maturity or available-for-sale investments and the counter party liability is included in customer deposits. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repurchase agreement. Securities purchased under agreements to resell ("reverse repurchase agreements") are recorded as loans to banks. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement.

d) Trade receivables

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

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

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

e) Loans and advances to customers originated by the Group and provisions for loan impairment

Loans originated by the Group by providing money directly to the borrower are categorised as loans originated by the Group and are carried at amortised cost, less any provision for loan losses.

All loans and advances to customers are recognized when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all the amounts due. The amount of the provision for impaired loans and loans under legal follow-up is the difference between the carrying amount and the recoverable amount, being the net present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at inception.

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the internal credit risk rating of the borrowers and current economic climate in which the borrowers operate. The level of provision is also based on applicable banking regulations.

The movement in provision is charged against the income for the year. When a loan is deemed uncollectable, it is written off against the related provision for impairment. The loan is written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Subsequent recoveries are credited to the income statement if previously written off. Provisions are reversed, in part or as a whole, if the reason that originated them ceases to exist.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Factoring receivables / Factoring fees and commissions

Receivables from factoring are recorded net of provisions and are carried at amortised cost. The level of the provision is based on management's evaluation of the portfolio including such factors as the volume and character of receivables, past pattern of losses and general economic conditions. The movement in provision made during the year is charged against the income for the year. Receivables that cannot be recovered are written off and charged against the provision for losses. These receivables are written off after all the necessary legal proceedings have been completed and the amount of the loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction of the charge for provision for factoring receivables for the year.

g) Credit finance income/charges

Credit finance income/charges represent imputed finance charges on credit sales and purchases. Such income/charges are recognised on a straight-line basis over the period of credit sales and purchases, and included under financial income and expenses (Note 30).

h) Inventories

Inventories are valued at the lower of cost, restated to equivalent purchasing power at 31 December 2002 or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads (based on normal operating capacities). The cost of inventories is determined by the moving average, whereas the merchandise stocks is determined by the weighted average and the lubricants inventory is determined by the first-in first-out ("FIFO") method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 12).

i) Investment property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method (Note 17).

j) Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation in each case restated to equivalent purchasing power at 31 December 2002. Depreciation is provided on the restated amounts for property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	4-50
Buildings	10-50
Machinery and equipment	4-20
Motor vehicles	4-10
Furniture and fixtures	4-16
Leasehold improvements	Shorter of lease period or useful lives

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 15).

Repairs and maintenance are charged to the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

Property, plant and equipment and other non-current assets including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use.

k) Leases

(1) The Group as the lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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

(2) The Group as the lessor

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

l) Intangible assets including goodwill

Goodwill arising on consolidation, which represents the difference between the acquisition price and the attributable share of Koç Holding and its Subsidiaries and Joint Ventures in the fair value of the underlying net assets of the company acquired, is capitalised and amortised. Goodwill is amortised using the straight-line method over its estimated useful life, generally 5 to 20 years, and is included in intangible assets. The carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary (Note 16).

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other intangible assets comprise acquired intellectual property, trademarks and other identified rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period not exceeding 10 years from date of acquisition (Note 16). Where an indication of impairment exists, the carrying amount of any intangible assets including goodwill is assessed and written down immediately to its recoverable amount.

m) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax. When different tax rates apply to different levels of taxable income, an average tax rate is used for measuring deferred tax liabilities and assets.

The principal temporary differences arise from the restatement of property, plant and equipment and inventory over their historical cost, unused tax credits, provision for employment termination benefits and carry forward tax losses.

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

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

n) Bonds issued

Floating rate coupon bonds issued are stated at nominal values less discounts representing the principal obligation of the Group. Their interest, which is the annual change in the WPI plus a spread, is paid per annum. Such interest relating to bonds issued is accrued monthly based on the WPI estimates of management. Companies have the option of redeeming the bonds issued one month before their maturity (Note 26).

o) Employment termination benefits

Employment termination benefits are recognized in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Group arising from the retirement of its employees (Note 27).

p) Deposits taken with respect to liquid petroleum gas ("LPG") cylinders

LPG cylinders are deposited with vendors. These cylinders are included in property, plant and equipment and the related deposits are stated as payable to vendors. Deposits are paid back to the vendors in the original amount upon the return of the LPG cylinders (Note 24).

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Foreign currency transactions and translation reserve

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

The results of the Group's foreign undertakings are translated into Turkish Lira at the average rate for the period except for foreign subsidiaries and joint-ventures reporting in the currency of a hyperinflationary economy, for which closing rates are applied to local currency amounts. The assets and liabilities of the Group's foreign undertakings are translated into Turkish Lira at the closing rate for the year. Exchange differences arising on retranslation of the opening net assets of foreign undertakings and differences between the average and year-end rates are included in translation reserve.

r) Provisions

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

s) Revenue recognition

Finance

Banking

Interest income and expense are recognised in the income statement on an accrual basis using the effective yield method based on the actual purchase price. Interest income is suspended when loans become doubtful of collection in management's estimates and judgments. Such income is excluded from interest income until received. Interest income includes coupons earned on fixed income investment securities and amortised discount and premium on treasury bills and government bonds.

Fee and commission income and expense on banking services are recorded as income or expense at the time of effecting the transactions to which they relate.

Insurance

Premium income represents premiums on policies written during the year, net of cancellations.

Unearned premiums, except for maritime policies, set aside to provide of the period of risk extending beyond the end of the financial year, are determined from premiums written during the year, less reinsurance, on the basis that premiums are written on the middle day of each month (the twenty-fourth basis) (Note 22).

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, at the invoiced values for Subsidiaries operating in the automotive, consumer durables, food and retailing, energy and other segments. Net sales represent the invoiced value of goods shipped less sales returns and commission, and excluding sales taxes.

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

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

t) Recognition of revenue and costs relating to construction contracts

Revenue and costs associated with construction contracts are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date when the outcome of the contract is estimated reliably. Any expected loss on the construction contract is recognised as an expense immediately.

Revenue from construction contracts is recognised on the percentage of completion method measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

u) Insurance reserves

Life assurance provision

Subsidiaries dealing in life assurance are required to establish benefit reserves which in the aggregate must be sufficient to provide for future guaranteed benefits as they become due. The life assurance provision is based on the level of premiums (as adjusted by commission), and administrative expenses and risk premiums that are computed on the basis of worldwide actuarial mortality assumptions applicable for Turkish insurance companies as approved by the Insurance Supervisory Office. The life assurance provision also takes account of the net rate of return on investments.

Claims and claim provisions

Non-life insurance claims are recorded in the period in which they occur, based on reported claims or on the basis of estimates when not reported. Differences between estimates at the end of successive accounting periods are recognised in claims expenses for the periods in which these differences are identified.

Full provision is made for outstanding claims, including claim settlements, reported at year-end.

Incurred but not reported ("IBNR") claims are included under claim provisions.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Share capital and dividends

Ordinary shares are classified as equity. Pro-rata capital increases to existing shareholders are accounted for at par value as approved. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

w) Research and development costs

Research and development costs are recognised and expensed in the statement of income in the period in which they are incurred.

x) Licence fees

Licence fees paid to joint venture partners for certain products are recognised in accordance with the substance of the agreement and expensed over the useful life of the agreement, which is estimated by management to be five years.

y) Warranties

Warranty costs are recorded at amounts estimated by management based on relevant past experience.

z) Government grants

Turkish government investment grants in the form of Resource Utilisation Support Premium ("RUSP") are accounted for on an accrual basis for estimated amounts expected to be realised under grant claims filed by the Group. These grants are accounted for as deferred income and amortised over the depreciation period of the relevant assets on a straight-line basis (Note 32).

aa) Borrowing costs

Borrowing costs are charged to the statement of income as they are incurred and recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

ab) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost (Note 6).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Analysis of cash and cash equivalents included in the consolidated statements of cash flows for the years ended 31 December is as follows:

	2002	2001
Changes in reserves and provisions:		
Changes in deferred taxes	(146,567)	(138,350)
Changes in provision for diminution in value	20,731	(589)
Changes in provision for doubtful receivables	42,350	9,342
Changes in provision for loan losses	25,541	268,712
Changes in warranty provision	(15,007)	4,124
Changes in provision for employment termination benefits	12,404	(29,992)
Changes in insurance reserves	17,645	(40,382)
	(42,903)	**72,864**
Add back net interest income:		
Non-finance segment interest income	(484,832)	(1,041,704)
Finance segment interest income	(1,876,926)	(3,355,195)
Non-finance segment interest expenses	403,072	914,417
Finance segment interest expenses	1,393,614	3,342,167
	(565,072)	**(140,315)**
Changes in operating assets and liabilities:		
Inventories	(130,531)	245,235
Trade receivables	(303,378)	871,626
Other current assets	485,680	(212,061)
Trade payables	185,702	(482,201)
Other current liabilities	58,815	(142,894)
Balances with related parties	126,322	(101,708)
Investments	(973,832)	1,582,159
Changes in finance segment operating assets and liabilities:		
Cash and cash equivalents with original maturities of more than three months	(52,472)	-
Reserve deposits with the Central Banks	14,356	(204,498)
Loans and advances to customers: current portion	(1,026,902)	1,018,183
Loans and advances to customers: non-current portion	411,292	(613,429)
Customer deposits	51,206	465,239
	(1,153,742)	**2,425,651**
Changes in other non-current asset and liabilities:		
Changes in other non-current assets	89,235	(48,246)
Changes in other non-current liabilities	17,419	(35,884)
	106,654	**(84,130)**

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ac) Accounting for derivative financial instruments, embedded derivatives and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are remeasured at their fair value. The Banking Group enters into derivative financial instruments including forward exchange contracts and currency and interest rate swap instruments, and are classified as held for trading. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in the income statement. On the date a derivative contract is entered into, the Group designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge) or (2) a hedge of a forecasted transaction or of a firm commitment (cash flow hedge). The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

Changes in the fair value of derivatives that are designated as being and qualify as cash flow hedges and that are highly effective, are recognised in equity as cash flow hedge reserve. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously booked under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts booked under equity are transferred to the statement of income and classified as revenue or expense in the period in which the hedged firm commitment or forecasted transaction affects the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the statement of income. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

Derivative instruments embedded in a purchase or sales contract that requires payments denominated in (i) a currency other than the currency of the primary economic environment in which any substantial party to that contract operates, or (ii) the currency other than the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in international commerce, are treated as embedded foreign currency forward contracts.

ad) Financial instruments and financial risk management

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

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies approved by their Board of Directors.

Interest rate risk

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

Funding risk

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases and their dispersion across many different industries.

Foreign currency risk

The Group is exposed to foreign currency risk through the impact of rate changes on the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analysis of the foreign currency position.

Fair value of financial instruments

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

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

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

Monetary assets

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

The fair values of certain financial assets carried at cost, including cash and cash equivalents and marketable securities plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The fair values of loans and advances to customers are also considered to approximate carrying values and the fair value of the loan portfolio is estimated by assessing the risk components of the portfolio.

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

The fair values of marketable securities, which have been determined by reference to market value, approximate carrying values.

Monetary liabilities

The fair values of customer deposits, funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Trading liabilities, derivatives and foreign exchange instruments have been estimated at their fair values.

Long-term borrowings which are denominated in foreign currencies at variable rates are translated at year-end exchange rates and accordingly their fair values approximate their carrying values. The carrying values of long-term borrowings in Turkish Lira along with the related accrued interest are estimated to be their fair values.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ae) Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus (Note 15). For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year. Bonus shares issued during the year were as follows:

	Number of shares issued attributable to transfers to share capital from:		
Year	Retained earnings	Revaluation surplus	Total
2002	**7,778,630,137**	**7,239,361,644**	**15,017,991,781**
2001	24,000,620,115	424,809,000	24,425,429,115

There was no difference between basic and diluted earnings per share for any class of shares for any of these years.

af) Offsetting

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

ag) Legal mergers

Legal mergers represent transactions between subsidiaries of the Group and are not dealt with in accordance with IAS 22 “Business Combinations”.

Consequently, there is no recognition of any new goodwill or negative goodwill. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are eliminated in preparing the consolidated financial statements (Note 35).

ah) Comparatives

Where necessary, comparative figures are reclassified to conform with changes in presentation in the current year so that the reclassification will result in a more appropriate presentation of events or transactions.

ai) Change in accounting estimate

For the periods ending prior to 1 January 2002, Koç Allianz Sigorta, an insurance segment subsidiary of the Group, accounted for the equalisation provision against earthquake risk in its financial statements prepared in accordance with IFRS. In 2002, Koç Allianz Sigorta’s management decided to reverse this equalisation provision as it proved to be the case that it has retained no significant risks for which cover was provided under the respective equalisation provision as a result as the earthquakes occurring in prior periods. Accordingly, the Group recorded a reversal of TL 12,227 billion of equalisation expense in the determination of net profit for the current year.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 5 - SEGMENT INFORMATION

a) External revenues

	2002	2001
Automotive	2,012,939	1,872,856
Consumer durable	2,223,150	1,437,687
Food and retailing	1,801,428	1,816,662
Finance	1,819,952	3,214,786
Energy	1,527,685	1,676,283
Other	1,712,245	1,830,100
	11,097,399	**11,848,374**

b) Operating profit/(loss)

	2002	2001
Automotive	(74,031)	(69,925)
Consumer durable	214,130	64,285
Food and retailing	51,912	26,293
Finance	164,696	(635,277)
Energy	105,824	116,696
Other	(63,244)	(42,682)
	399,287	**(540,610)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2002

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 5 - SEGMENT INFORMATION (Continued)

c) Segmental analysis for the year ended 31 December 2002

				Finance								
	Automotive	Consumer Durables	Food and retail	Banking	Insurance	Consumer Finance	Intra segment	Total Finance	Energy	Other	Inter Segment Elimination	Consolidated Total
External revenues	2,012,939	2,223,150	1,801,428	1,409,245	350,418	60,289	-	1,819,952	1,527,685	1,712,245	-	11,097,399
Intra segment revenues	415,021	276,322	206,700	41,474	6,454	9,046	-	56,974	142,110	48,454	-	1,145,581
Inter segment revenues	110,685	1,382,195	15,838	14,732	28,972	3,422	-	47,126	88,770	777,990	-	2,422,604
Combined revenues	**2,538,645**	**3,881,667**	**2,023,966**	**1,465,451**	**385,844**	**72,757**	**-**	**1,924,052**	**1,758,565**	**2,538,689**	**-**	**14,665,584**
External revenues	2,012,939	2,223,150	1,801,428	1,409,245	350,418	60,289	-	1,819,952	1,527,685	1,712,245	-	11,097,399
Inter segment revenues	110,685	1,382,195	15,838	14,732	28,972	3,422	-	47,126	88,770	777,990	(2,422,604)	-
Revenues	**2,123,624**	**3,605,345**	**1,817,266**	**1,423,977**	**379,390**	**63,711**	**-**	**1,867,078**	**1,616,455**	**2,490,235**	**(2,422,604)**	**11,097,399**
Cost of sales	**(1,930,715)**	**(2,749,830)**	**(1,415,931)**	**(1,029,362)**	**(308,306)**	**(55,946)**	**62,608**	**(1,331,006)**	**(1,397,467)**	**(2,262,971)**	**2,422,604**	**(8,665,316)**
Gross Profit	**192,909**	**855,515**	**401,335**	**394,615**	**71,084**	**7,765**	**62,608**	**536,072**	**218,988**	**227,264**	**-**	**2,432,083**
Administrative expenses	(151,711)	(255,570)	(278,247)	(316,720)	(54,058)	(24,422)	-	(395,200)	(57,756)	(184,454)	-	(1,322,938)
Selling & distribution expenses	(125,563)	(350,991)	(86,888)	-	-	-	-	-	(67,146)	(74,626)	-	(705,214)
Research & development expenses	(10,788)	(40,345)	(10)	-	-	-	-	-	-	(7)	-	(51,150)
	(95,153)	208,609	36,190					140,872	94,086	(31,823)	-	352,781
Inter segment profit elimination	21,122	5,521	15,722	-	-	-	-	23,824	11,738	(31,421)	-	46,506
Operating (loss)/profit	**(74,031)**	**214,130**	**51,912**	**-**	**-**	**-**	**-**	**164,696**	**105,824**	**(63,244)**	**-**	**399,287**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2002

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 5 - SEGMENT INFORMATION (Continued)

c) Segmental analysis for the year ended 31 December 2001

				Finance								
	Automotive	Consumer Durables	Food and retail	Banking	Insurance	Consumer Finance	Intra Sub-segment	Total Finance	Energy	Other	Inter Segment Elimination	Consolidated Total
External revenues	1,872,856	1,437,687	1,816,662	2,636,403	177,373	401,010	-	3,214,786	1,676,283	1,830,100	-	11,848,374
Intra segment revenues	382,009	343,528	214,952	66,635	-	3,569	-	70,204	96,340	190,211	-	1,297,244
Inter segment revenues	170,301	1,193,268	41,493	213,621	21,090	15,096	-	249,807	84,441	580,975	-	2,320,285
Combined revenues	**2,425,166**	**2,974,483**	**2,073,107**	**2,916,659**	**198,463**	**419,675**	**-**	**3,534,797**	**1,857,064**	**2,601,286**	**-**	**15,465,903**
External revenues	1,872,856	1,437,687	1,816,662	2,636,403	177,373	401,010	-	3,214,786	1,676,283	1,830,100	-	11,848,374
Inter segment revenues	170,301	1,193,268	41,493	213,621	21,090	15,096	-	249,807	84,441	580,975	(2,320,285)	-
Revenues	**2,043,157**	**2,630,955**	**1,858,155**	**2,850,024**	**198,463**	**416,106**	**-**	**3,464,593**	**1,760,724**	**2,411,075**	**(2,320,285)**	**11,848,374**
Cost of sales	**(1,831,797)**	**(1,963,479)**	**(1,441,907)**	**(3,233,994)**	**(178,378)**	**(556,314)**	**70,206**	**(3,898,480)**	**(1,514,200)**	**(2,175,804)**	**2,320,285**	**(10,505,382)**
Gross Profit	**211,360**	**667,476**	**416,248**	**(383,970)**	**20,085**	**(140,208)**	**70,206**	**(433,887)**	**246,524**	**235,271**	**-**	**1,342,992**
Administrative expenses	(136,674)	(386,181)	(309,798)	(116,222)	(7,092)	(18,557)	-	(141,871)	(66,078)	(201,234)	-	(1,241,836)
Selling & distribution expenses	(139,255)	(178,315)	(85,315)	-	-	-	-	-	(68,561)	(80,488)	-	(551,934)
Research & development expenses	(17,905)	(34,098)	(65)	-	-	-	-	-	-	(4)	-	(52,072)
	(82,474)	68,882	21,070					(575,758)	111,885	(46,455)	-	(502,850)
Inter segment profit elimination	12,549	(4,597)	5,223	-	-	-	-	(59,519)	4,811	3,773	-	(37,760)
Operating (loss)/profit	**(69,925)**	**64,285**	**26,293**	**-**	**-**	**-**	**-**	**(635,277)**	**116,696**	**(42,682)**	**-**	**(540,610)**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 5 - SEGMENT INFORMATION (Continued)

d) Segment assets employed

	2002	**2001**
Total assets		
Automotive	2,198,853	2,122,910
Consumer durable	3,174,972	2,603,610
Food and retailing	1,327,124	1,334,737
Finance	5,318,037	8,696,355
Energy	1,368,829	1,127,642
Other	3,626,947	3,559,895
Total combined	17,014,762	19,445,149
Less: inter segment elimination	(5,017,085)	(4,848,812)
Total assets as per these consolidated financial statements	**11,997,677**	**14,596,337**
Net assets		
Automotive	1,015,697	1,375,591
Consumer durable	1,525,778	1,362,636
Food and retailing	696,502	666,217
Finance	1,074,854	607,988
Energy	748,828	628,289
Other	2,741,301	2,347,319
Total combined	7,802,960	6,988,040
Less: inter segment elimination	(5,657,929)	(4,834,140)
Shareholders' equity	**2,145,031**	**2,153,900**
Minority interest	**1,891,465**	**1,674,745**
Total net assets as per these consolidated financial statements	**4,036,496**	**3,828,645**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 5 - SEGMENT INFORMATION (Continued)

e) Capital expenditures and depreciation and amortization

	2002	**2001**
Capital expenditures		
Automotive	299,731	361,219
Consumer durable	202,337	142,142
Food and retailing	419,476	177,089
Finance	36,270	57,830
Energy	91,301	186,269
Other	77,355	81,687
	1,126,470	**1,006,236**
Depreciation and amortization		
Automotive	197,022	127,002
Consumer durable	172,708	143,347
Food and retailing	143,418	84,029
Finance	45,298	63,398
Energy	89,979	51,068
Other	48,362	34,327
	696,787	**503,171**

f) Minority interest

	2002			**2001**		
	Koç family members	**Other**	**Total**	**Koç family members**	**Other**	**Total**
Automotive	163,380	225,781	389,161	143,347	201,594	344,941
Consumer durable	245,236	352,866	598,102	217,733	329,265	546,998
Food and retailing	188,379	170,930	359,309	174,007	164,250	338,257
Finance	31,565	9,600	41,165	34,408	29,381	63,789
Energy	64,436	180,952	245,388	52,834	169,174	222,008
Other	140,532	117,808	258,340	111,054	47,698	158,752
	833,528	**1,057,937**	**1,891,465**	**733,383**	**941,362**	**1,674,745**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 5 - SEGMENT INFORMATION (Continued)

Changes in minority interest during the year are as follows:

	2002	2001
1 January	**1,674,745**	**2,460,332**
Effect of adopting IAS 39	-	6,032
Increase in share capital	1,243,571	89,177
Increase in minority interest due to subsidiaries and joint ventures added to scope of consolidation	(2,902)	275,915
Decrease in minority interest due to subsidiaries excluded from scope of consolidation	162	-
Effect of legal mergers (Note 35)	589	(507,509)
Effect of restructuring in finance segment (*)	(1,075,599)	-
Payments of dividends	(105,154)	(125,674)
Net income/(loss) attributable to minority interest	156,053	(523,528)
31 December	**1,891,465**	**1,674,745**

(*) Effect of restructuring in finance segment represents the decrease in minority interests due to the finance segment subsidiaries that have become joint ventures in the current year (Note 37).

NOTE 6 - CASH AND CASH EQUIVALENTS

	2002			2001		
	Banking	Other companies	Total	Banking	Other companies	Total
Cash in hand	33,988	31,638	65,626	171,273	27,763	199,036
Cheques received	402	64,575	64,977	458	35,311	35,769
Balances with the Central Banks other than reserve requirements	13,712	-	13,712	38,930	-	38,930
Due from banks:						
- Demand deposits	76,148	168,377	244,525	236,349	29,418	265,767
- Time deposits	563,661	325,075	888,736	867,324	317,042	1,184,366
- Reverse repurchase agreements	1,437	10,556	11,993	-	8,556	8,556
Interbank money market placements	297,157	-	297,157	836,533	-	836,533
	986,505	**600,221**	**1,586,726**	**2,150,867**	**418,090**	**2,568,957**

At 31 December 2002 time deposits included foreign currency denominated balances of USD323,085,624, EUR91,656,740, GBP1,571,930, CHF 1,831,434 (2001: USD229,586,688, EUR 63,582,704, GBP2,829,391). The interest rates of foreign currency time deposits were between 1.3% and 11.7% per annum ("p.a.") (2001: 2% - 12% p.a.).

Reverse repurchase agreements are all short-term with periods of less than three months. Weighted average interest rates are between 34% - 48% (2001: 50% - 63% p.a.).

At 31 December 2002, time deposits with maturities over one year amount to TL26,236 billion (2001: -).

Short-term placements with banks earn interest between 1.3% - 3.8% p.a. (2001: 1.9% - 17% p.a.) for various foreign currencies and between 50% - 55% p.a. (2001: 56% - 66% p.a.) for Turkish Lira placements.

Balances with the Central Banks other than reserve requirements represent funds deposited with Central Bank in an interest free demand account in the Central Bank for liquidity requirements.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 7 - INVESTMENTS

a) Held-for-trading

	2002			2001		
	Banking	Other companies	Total	Banking	Other companies	Total
Debt securities:						
-Treasury bills	-	860	860	-	5,370	5,370
-Government bonds	-	-	-	-	99,351	99,351
-Mutual funds	-	-	-	-	5,426	5,426
-Others	-	-	-	-	108	108
Total	**-**	**860**	**860**	**-**	**110,255**	**110,255**

Analysis of held-for-trading investments based on the remaining period at balance sheet date to the contractual maturity date:

	2002			2001		
	Banking	Other companies	Total	Banking	Other companies	Total
Investment share certificates and investment funds	-	-	-	-	5,426	5,426
1-30 days	-	-	-	-	108	108
30-90 days	-	860	860	-	101,757	101,757
90-180 days	-	-	-	-	2,964	2,964
Total	**-**	**860**	**860**	**-**	**110,255**	**110,255**

Interest rates of treasury bills and government bonds held for trading at 31 December 2002 are between 48% and 53% p.a. (2001: 64% and 94% p.a.). There are no foreign currency denominated held-for-trading investments at 31 December 2002 (2001: 7% and 12% p.a.).

b) Available-for-sale investments

	2002			2001		
	Banking	Other companies	Total	Banking	Other companies	Total
Debt securities:						
- Treasury bills	28,667	185,261	213,928	48,747	141,695	190,442
- Government bonds:						
- TL	20,236	140,701	160,937	270,344	104,401	374,745
- Foreign currency indexed	6,205	-	6,205	-	-	-
- Eurobonds	14,787	79,662	94,449	-	57,180	57,180
- Foreign government bonds	402	21,398	21,800	-	51,306	51,306
- Other	4,639	13,973	18,612	20,395	32,427	52,822
	74,936	440,995	515,931	339,486	387,009	726,495
Equity securities:						
- Listed	-	10,239	10,239	-	27,824	27,824
- Unlisted	3,501	53,902	57,403	42,292	80,384	122,676
	3,501	64,141	67,642	42,292	108,208	150,500
Total	**78,437**	**505,136**	**583,573**	**381,778**	**495,217**	**876,995**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 7 - INVESTMENTS (Continued)

There are securities of TL342 billion pledged under repurchase agreements as of 31 December 2002 (2001: TL31,019 billion).

Interest rates of treasury bills and government bonds held as available-for-sale at 31 December 2002 are between 44% and 69% p.a. (2001: 49% and 98% p.a.). Interest rates of Eurobonds, foreign currency bonds and marketable securities in foreign currency held at 31 December 2002 are between 6.5% and 12.4% p.a. (2001: 7% and 12% p.a.).

At 31 December 2002, government bonds, treasury bills, foreign government bonds, investment funds and Eurobonds amount to TL76,011 billion (2001: TL42,616 billion), TL70,641 billion (2001: TL52,741 billion), TL10,041 billion (2001: TL150 billion), TL1,118 billion (2001: TL1,599 billion) and TL27,779 billion (2001: TL43,110 billion), respectively represent investments that the subsidiaries in the insurance sector are required to deposit in a blocked account in favour of the Treasury and Foreign Trade Department for two months following the end of the year, based on year-end net premiums written.

Analysis of available-for-sale investments by maturity at 31 December is as follows:

	2002			**2001**		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Investment share certificates and investment funds	-	332	332	-	27,925	27,925
1-30 days	4,426	61,597	66,023	1,157	37,771	38,928
30-90 days	20,613	73,415	94,028	205,141	56,736	261,877
90-180 days	16,682	92,115	108,797	26,578	105,450	132,028
180 days-1 year	13,252	89,527	102,779	16,767	88,734	105,501
	54,973	316,986	371,959	249,643	316,616	566,259
Over 1 year	19,961	124,011	143,972	89,843	70,393	160,236
No maturity	3,501	64,141	67,642	42,292	108,208	150,500
	23,462	188,152	211,614	132,135	178,601	310,736
	78,435	**505,138**	**583,573**	**381,778**	**495,217**	**876,995**

The principal available for sale equity securities at 31 December are as follows:

	2002		**2001**	
	TL billion	**Shareholding (%)**	**TL billion**	**Shareholding (%)**
Listed entities:				
Goodyear Tyre and Rubber Company	5,295	0.83	-	-
Çeşme Altınyunus Turizm Tes. A.Ş.	4,219	30.00	8,036	30.00
Karsan Otomotiv Sanayi ve Ticaret A.Ş.	716	4.00	2,080	4.00
Metaş İzmir Metalurji Fabrikaları A.Ş.	9	0.41	20	0.41
Goodyear Lastikleri T.A.Ş.	-	-	15,390	10.60
T. İş Bankası A.Ş.	-	-	2,298	0.03
	10,239		**27,824**	

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 7 - INVESTMENTS (Continued)

	2002		2001	
	TL billion	**Shareholding (%)**	**TL billion**	**Shareholding (%)**
Unlisted entities:				
Sam Koç Auto CJSC	10,409	10.00	10,409	10.00
Koç Ata Besi ve Tarım Ürünleri A.Ş. ("Koç Ata Besi")	6,942	49.50	10,825	49.50
Basic Int. Investments Ltd.	5,768	48.00	10,005	48.00
Comsat İletişim Hizmetleri Tic. A.Ş.	4,650	24.50	-	-
British American Tobacco Export BV	4,642	5.00	1,885	10.00
Tanı Pazarlama ve İletişim A.Ş.	3,877	99.00	-	-
Matay Otomotiv Yan San. ve Tic. A.Ş.	3,866	28.00	6,009	28.00
Hür Emlak İnş. ve Tic. A.Ş.	2,797	100.00	9,161	100.00
Sanal Merkez Ticaret A.Ş.	1,693	99.99	1,693	99.99
GVZ Ses Tanıma Teknolojileri Yazılım ve Hizmet A.Ş.	1,647	85.00	1,647	85.00
İDEA (**)	1,498	84.17	-	-
İnternet Rezervasyon Sistemleri	1,487	78.65	542	95.00
Kumsan Döküm Malzemeleri Sanayi ve Tic. A.Ş.	1,480	50.10	1,480	50.10
Koç Menkul (*)	-	-	33,114	87.00
Ardutch BV (*)	-	-	9,566	100.00
Sherbrook (*)	-	-	4,316	100.00
Tek Art Marina (*)	-	-	3,878	29.06
TNT (*)	-	-	1,635	49.00
Other	6,647		16,511	
	57,403		**122,676**	
	67,642		**150,500**	

(*) Koç Menkul, Ardutch BV, Sherbrook, Tek Art Marina and TNT which were among available-for-sale investments of the Koç Holding at 31 December 2001, have been considered as subsidiaries and joint ventures at 31 December 2002 on the grounds of increased materiality, and have been included in the scope of consolidation.

(**) İDEA has been considered as an available-for-sale investment and excluded from the scope of consolidation at 31 December 2002 on the grounds of materiality.

Available-for-sale investments, in which Koç Holding and its Subsidiaries and Joint Ventures, together with Koç family members, have attributable interests of 20% or more, which are either immaterial, or where a significant influence is not exercised by Koç Holding, are carried at cost less a provision for diminution in value and restated to equivalent purchasing power at 31 December 2002. These companies have neither been accounted for using the equity method nor consolidated line-by-line due to the insignificance of their combined impact on the net worth, financial position and results of Koç Holding.

Listed available-for-sale investments are traded in active markets and fair value is determined by reference to the Istanbul Stock Exchange and New York Stock Exchange quoted bid price at 31 December 2002. Fair value loss recognised for listed investments amount to TL23,517 billion (2001: TL1,248 billion).

Unlisted available-for-sale investments do not have a quoted market and their fair values cannot be reliably measured, so they are stated at cost and restated to the equivalent purchasing power at 31 December 2002 less provision for diminution in value, if any. Provision for diminution in value for unlisted investments amount to TL31,363 billion (2001: TL15,465 billion).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 7 - INVESTMENTS (Continued)

c) Held-to-maturity investments

	2002			2001		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Debt securities:						
- Eurobonds	443,934	19,882	463,816	498,255	-	498,255
- Government bonds:						
- TL	111,401	-	111,401	139,670	5,338	145,008
- Foreign currency indexed	127,477	-	127,477	-	-	-
- Treasury bills	-	32,633	32,633	44,431	10,382	54,813
- Foreign government bonds	-	10,649	10,649	1,543	-	1,543
- Other	7	-	7	250	1,007	1,257
Total	**682,819**	**63,164**	**745,983**	**684,149**	**16,727**	**700,876**

There are securities of TL58,343 billion pledged under repurchase agreements as of 31 December 2002 (2001: TL75,124 billion).

Interest rates of treasury bills and government bonds held-to-maturity investments at 31 December 2002 are between 44% and 63% p.a. (2001: 49% and 98%)

Eurobonds are EUR and USD denominated discount and coupon securities issued by the Government of the Republic of Turkey. These bonds earn interest between 9.03% and 10.86% p.a.

Analysis of held-to-maturity investments by maturity at 31 December is as follows:

	2002			2001		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Investment share certificates and investment funds	-	-	-	250	-	250
1-30 days	-	715	715	124	335	459
30-90 days	2,458	22,362	24,820	126,477	4,479	130,956
90-180 days	91,060	17,168	108,228	56,469	6,912	63,381
180 days-1 year	5,766	3,037	8,803	110,558	2,328	112,886
	99,284	43,282	142,566	293,878	14,054	307,932
Over 1 year	583,535	19,882	603,417	390,271	2,673	392,944
	583,535	19,882	603,417	390,271	2,673	392,944
	682,819	**63,164**	**745,983**	**684,149**	**16,727**	**700,876**

At 31 December 2002, held-to-maturity investment securities amounting to TL391,366 billion were pledged to third parties namely, the Central Bank of Turkey for legal requirement and İstanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.Ş. as a guarantee for stock exchange and money market operations (2001: TL687,576 billion).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 8 - RESERVE DEPOSITS WITH THE CENTRAL BANKS

	2002	2001
Foreign currency deposits	204,162	415,584
Turkish Lira deposits	12,368	31,831
	216,530	**447,415**

Reserve requirements of Central Bank of Turkey ("CBT") represent the minimum deposits, as required by the Turkish Banking Law, calculated on the basis of customer deposits taken at the rates determined by the CBT. In accordance with the current legislation, the mandatory reserve deposit rates for Turkish Lira and foreign currency deposits are 6% (31 December 2001: 4%) and 11% (31 December 2001: 11%), respectively. The mandatory reserve deposit rates are applicable to both time and demand deposits.

Reserve requirements of the Central Bank of Azerbaijan, represent reserve deposits equivalent to 10% (2001: 10%) of the statutory balances of customer accounts, due to banks and other funds borrowed.

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS

	2002			2001		
	Up to 1 year	**Over 1 year**	**Total**	**Up to 1 year**	**Over 1 year**	**Total**
Marketable securities purchased directly from Turkish Treasury	30,667	115,229	145,896	46,728	327,423	374,151
Commercial and industrial loans	416,177	122,059	538,236	530,097	391,981	922,078
Export loans	408,171	22,436	430,607	546,527	257,840	804,367
Investment loans	116,753	93,735	210,488	109,145	204,968	314,113
Net investment in finance leases	65,733	53,056	118,789	139,347	131,762	271,109
Consumer loans	201,778	8,070	209,848	295,889	131,365	427,254
Factoring receivables	44,022	1,117	45,139	107,116	16,365	123,481
Other	-	-	-	-	41,076	41,076
Total	**1,283,301**	**415,702**	**1,699,003**	**1,774,849**	**1,502,780**	**3,277,629**
Loans under legal follow-up	194,881	-	194,881	105,634	-	105,634
Other impaired loans	96,171	-	96,171	255,150	-	255,150
Total impaired loans	291,052	-	291,052	360,784	-	360,784
Gross loans and advances	**1,574,353**	**415,702**	**1,990,055**	**2,135,633**	**1,502,780**	**3,638,413**
Less: Provision for loan losses	(147,632)	-	(147,632)	(269,273)	-	(269,273)
Net loans and advances to customers	**1,426,721**	**415,702**	**1,842,423**	**1,866,360**	**1,502,780**	**3,369,140**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Movements in the provision for loan losses during the years were as follows:

	2002	2001
Balance at the beginning of the year	269,273	79,002
Loan impairment expense during the year	87,215	334,461
Recoveries of amounts previously provided	(14,356)	(41,888)
Write-off during the year as uncollectible	(34,111)	-
Effect of restructuring in finance segment (*)	(130,296)	-
Monetary loss	(30,093)	(102,302)
Balance at the end of the year	**147,632**	**269,273**

(*) Effect of restructuring in finance segment represents the decrease due to the finance segment subsidiaries that have become joint ventures in the current year (Note 37).

The loans and advances to customers include net investment in finance leases as shown below:

	2002	2001
Gross investment in finance leases	148,433	356,588
Less: Unearned finance income	(29,644)	(85,479)
Net investment in finance leases	**118,789**	**271,109**

The allowance for losses on finance lease receivable included in the provision for loan losses amounts to TL 8,236 billion at 31 December 2002 (2001: TL 10,345 billion).

Lease payments receivable consists of rentals over the terms of leases. The rentals according to maturity are as follows:

	2002	2001
2002	-	170,767
2003	80,735	92,711
2004	30,876	43,279
2005	24,304	28,279
2006 and over	12,518	21,552
Less: Unearned finance income	(29,644)	(85,479)
	118,789	**271,109**

The loans and advances to customers include factoring receivables, as shown below:

	2002	2001
Domestic transactions	16,030	45,062
Export transactions	29,109	78,419
Gross factoring receivables	**45,139**	**123,481**
Factoring receivables under legal follow-up	3,232	1,487
Less: Provision for factoring receivables	(1,432)	(1,487)
Factoring receivables - net	**46,939**	**123,481**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

At 31 December 2002, TL111,024 billion (2001: TL182,696 billion) of the consumer loans are given by consumer finance companies. The collaterals obtained for these loans amount to TL78,612 billion (2001: TL171,590 billion). The allowance for losses on consumer loans given by consumer finance companies included in the provision for loan losses amounts to TL9,185 billion at 31 December 2002 (2001: TL10,009 billion).

Economic sector risk concentrations for performing loans were as follows:

	2002	%	**2001**	%
Textiles	279,921	16	600,042	18
Financial institutions	165,496	9	232,531	7
Marketable securities purchased directly from the Turkish treasury	145,895	9	374,151	11
Food, beverage and tobacco	144,969	9	159,472	5
Metal processing	142,038	8	200,012	6
Automotive	124,922	7	224,881	7
Construction and cement	106,088	6	226,693	7
Retail and consumer	99,880	6	225,010	7
Trade	97,605	6	235,927	7
Petrochemical industry	81,635	5	82,273	3
Durable goods	62,678	4	237,103	7
Tourism	44,044	3	81,405	2
Other	203,832	12	398,129	13
	1,699,003	**100**	**3,277,629**	**100**

NOTE 10 - TRADE RECEIVABLES

	2002	**2001**
Trade receivables - net of unearned credit finance income	1,068,319	678,842
Notes receivable - net of unearned credit finance income	633,123	560,461
Other	14,992	6,523
Trade receivables	**1,716,434**	**1,245,826**
Less: provision for doubtful receivables	(69,193)	(26,843)
Trade receivables, net	**1,647,241**	**1,218,983**

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed, in the manufacturing and distribution sector and have a variety of end markets in which they sell. The Group's historical experience in collection of account receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 11 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	2002	2001
Due from related parties:		
Fiat Auto S.p.A. (“FIAT”)	93,320	93,203
LG Electronics Inc.	46,357	33,928
Iveco Fiat S.p.A (“Iveco”)	21,395	15,533
Vehbi Koç Vakfı	19,363	38,432
New Holland Trade N.V. (“New Holland”)	15,264	8,575
Ram Sigorta Aracılık Hizmetleri A.Ş. (“Ram Sigorta”)	8,501	4,097
Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (“Tanı”)	3,985	-
Milli Reasürans T.A.Ş. (“Milli Reasürans”)	3,506	-
Koç Ata Besi	2,878	8
Koç Auto Invest Ltd. (“Koç Auto”)	2,554	1,442
Ram Auto Operations B.V.	2,523	327
Enka İnşaat ve Sanayi A.Ş. (“Enka”)	2,376	25
Allianz AG (“Allianz”)	1,654	453
Other	41,445	32,828
	265,121	**228,851**

	2002	2001
Due to related parties:		
Öztürk Family (*)	158,219	-
FIAT	104,141	84,116
Iveco	46,771	13,695
Ford Motor Company Ltd. (“Ford”)	43,453	36,871
Allianz	13,873	13,537
Riunione Adriatica Di Sigurta (“RAS”)	11,522	10,707
Milli Reasürans	10,336	8,905
Enka	9,567	-
Ram Sigorta	6,288	938
Other	39,911	23,987
	444,081	**192,756**

(*) Öztürk family is the Joint Venture Partner in Opet, in which the Group acquired interest in 2002 (Notes 1 and 34).

The original amounts denominated in foreign currency, TL equivalent and the redemption schedule of payables to the Öztürk family related to the acquisitions of Opet are as follows:

Payment year	Original currency USD	TL billion
2003	79,200,000	129,452
2004	17,600,000	28,767
	96,800,000	**158,219**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 11 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2002	**2001**
Service sales:		
Allianz	31,480	24,050
RAS	21,617	18,660
Tokyo Marine and Fire Insurance Co. Ltd. ("Tokyo Marine")	4,541	7,914
Tanı	1,965	-
Koç Üniversitesi A.Ş.	1,771	1,158
Demir Export A.Ş.	1,279	638
Other	12,969	4,468
	75,622	**56,888**

	2002	**2001**
Product sales:		
FIAT	462,804	542,169
Ford	221,897	52,803
Öztürkler Petrol	54,232	-
Demir Export A.Ş.	12,371	14,550
Michelin Kronprinzwerke GmbH	14,085	24,335
Koç Auto Invest Ltd.	11,587	10,304
Türk Pirelli A.Ş.	4,351	4,779
Other	77,872	128,432
	859,199	**777,372**

	2002	**2001**
Property, plant and equipment sales:		
Vehbi Koç Vakfı	7,979	-
Tanı	1,464	-
Koç Ata Besi	838	-
Koç Üniversitesi A.Ş.	735	7,879
V.K.V. Amerikan Hastanesi	146	7,085
Other	223	482
	11,385	**15,446**
Total sales to related parties	**946,206**	**849,706**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 11 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2002	**2001**
Product purchases:		
FIAT	233,044	208,189
Matay	22,922	19,956
Öztürkler Petrol	14,844	-
New Holland	5,837	2,008
Other	36,005	36,378
	312,652	**266,531**

	2002	**2001**
Property, plant and equipment purchases:		
Enka	42,526	26,258
Ark İnşaat Sanayi ve Ticaret A.Ş.	953	2,520
Other	778	2,108
	44,257	**30,886**

	2002	**2001**
Service purchases:		
Allianz	50,630	46,878
RAS	29,446	22,249
Tokyo Marine	6,576	5,186
Ram Sigorta A.Ş.	4,940	151
Koç Bilgi Grubu Iletişim ve Teknoloji Hizmetleri A.Ş.	4,784	-
Ford	4,686	6,458
Koç Ece Proje Yönetimi ve Ticaret A.Ş.	4,512	2,248
Koç Ata Besi	4,189	777
Temel Ticaret ve Yatırım A.Ş.	3,686	1,324
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	2,488	576
Destek Reasürans A.Ş.	2,135	5,763
Other	13,409	16,938
	131,481	**108,548**
Total purchases from related parties	**488,390**	**405,965**

Dividend income from equity investments for the year ended 31 December were as follows:

	2002	**2001**
Ram Man Gıda Tic. A.Ş.	263	-
Çeşme Altınyunus Turizm Tes. A.Ş.	124	23
Kumsan Döküm Malzemeleri San. ve Tic. A.Ş.	93	71
Matay	71	112
Other	69	166
	620	**372**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 12 - INVENTORIES

	2002	2001
Raw materials and supplies (at cost)	303,440	252,627
Work in progress (at cost)	40,806	70,852
Finished goods and merchandise (at cost)	350,496	385,904
Finished goods and merchandise (at net realisable value)	148,939	26,802
Spares, supplies and advances (at cost)	66,398	55,588
Goods-in-transit	106,516	57,844
	1,016,595	**849,617**

NOTE 13 - OTHER CURRENT ASSETS

	2002	2001
Value added tax ("VAT") receivable	96,818	69,140
Prepaid expenses	67,066	44,019
Deposits and other payments for imports	23,834	12,265
Taxes and funds deductible	19,558	27,722
Receivable from oil price stability fund (*)	12,632	19,215
Advances given	9,632	8,978
Deferred VAT	6,409	61
Accrued supplier rebates	6,332	3
Income accrual from construction work in progress	5,660	286
Receivable from recoverable claims	5,655	7,153
Prepaid taxes and funds	4,440	33,050
Derivative financial instruments (Note 33)	3,680	280,119
VAT of exported goods	3,277	8,562
Credit card receivables	3,173	41,120
Other	35,407	101,560
	303,573	**653,253**

(*) The fund is derived from the difference between the ceiling price of Tüpraş A.Ş. and selling price of Liquid Petroleum Gas ("LPG") importing companies based on decision no: 2000/306 of the Council of Ministers.

NOTE 14 - INVESTMENT IN ASSOCIATED UNDERTAKING

The Group's investment in associate, Takosan Otomobil Göstergeleri Sanayii ve Ticaret A.Ş. ("Takosan"), amounted to TL 1,623 billion (2001: TL 1,387 billion) at 31 December 2002, is accounted for with the equity method as required by IAS 28 "Accounting for Investments in Associates". The Group's shareholding in Takosan is 28.12% (2001: 27.42%) and loss from the associate for the year ended 31 December 2002 amounted to TL 2 billion (2001: TL 364 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2002

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2002	Additions to scope of consolidation	Disposals from scope of consolidation	Additions	Disposals	Foreign currency translation difference	Closing 31 December 2002
Cost							
Land and land improvements	165,185	27,575	(4,328)	28,241	(6,634)	-	210,039
Buildings	1,275,926	73,479	(35,822)	38,880	(28,515)	(5,750)	1,318,198
Leasehold improvements	76,110	1,351	(21,982)	265,616	(11,371)	-	309,724
Machinery and equipment	4,580,308	277,054	(16,479)	395,650	(332,824)	(727)	4,902,982
Motor vehicles	158,784	27,495	(10,885)	16,165	(14,623)	2	176,938
Furniture and fixtures	480,262	29,601	(81,966)	44,193	(34,626)	(254)	437,210
Construction in progress	249,542	17,653	-	246,809	(301,319)	(339)	212,346
	6,986,117	**454,208**	**(171,462)**	**1,035,554**	**(729,912)**	**(7,068)**	**7,567,437**
Accumulated depreciation							
Land and land improvements	(40,997)	(2,191)	2,146	(4,878)	2,589	-	(43,331)
Buildings	(351,836)	(29,281)	12,908	(51,488)	16,285	358	(403,054)
Leasehold improvements	(67,113)	(370)	22,933	(104,830)	5,090	-	(144,290)
Machinery and equipment	(2,868,284)	(168,207)	8,513	(414,692)	172,045	178	(3,270,447)
Motor vehicles	(68,397)	(20,560)	3,504	(18,270)	11,300	12	(92,411)
Furniture and fixtures	(368,266)	(10,712)	52,355	(54,977)	29,108	103	(352,389)
	(3,764,893)	**(231,321)**	**102,359**	**(649,135)**	**236,417**	**651**	**(4,305,922)**
Net book value							
Land and land improvements	124,188	25,384	(2,182)	23,363	(4,045)	-	166,708
Buildings	924,090	44,198	(22,914)	(12,608)	(12,230)	(5,392)	915,144
Leasehold improvements	8,997	981	951	160,786	(6,281)	-	165,434
Machinery and equipment	1,712,024	108,847	(7,966)	(19,042)	(160,779)	(549)	1,632,535
Motor vehicles	90,387	6,935	(7,381)	(2,105)	(3,323)	14	84,527
Furniture and fixtures	111,996	18,889	(29,611)	(10,784)	(5,518)	(151)	84,821
Construction in progress	249,542	17,653	-	246,809	(301,319)	(339)	212,346
	3,221,224	**222,887**	**(69,103)**	**386,419**	**(493,495)**	**(6,417)**	**3,261,515**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2002, there are mortgages amounting to TL106,738 billion (2001: TL67,082 billion) on property, plant and equipment.

Since 1984, using an option granted under Turkish tax legislation, the Group has revalued in its statutory books of account, its property, plant and equipment in use for more than one year (excluding land, which cannot be revalued), and the related accumulated depreciation at each year-end, by using the rates and procedures prescribed by the legislation. The resulting increases in the net book values of the assets are included under shareholders' equity as revaluation surplus in the statutory records. The Group may use the revaluation surplus for issuance of free capital shares to existing shareholders.

However, if the revaluation increment is included in an account other than the revaluation surplus account, the amount is subject to corporation tax. At 31 December, the historical amounts of revaluation surplus included in share capital and revaluation surplus of Koç Holding (parent company only) are:

	Historical amount of revaluation surplus in share capital	Historical amount of revaluation surplus
31 December 2002	**89,286**	**50,646**
31 December 2001	7,787	47,856

In the Group’s statutory books of account, depreciation is provided on revalued amounts, except for the net revaluation increment applicable to buildings, and such depreciation is deductible in the computation of income subject to corporation tax.

All entries related to such revaluation, which were recorded in the statutory books of account of the Group, have been eliminated in the consolidated financial statements as part of the restatement process referred to in Note 2.

Leased assets:

Leased assets included in the property, plant and equipment, where the Group is the lessor, are as follows:

	Buildings	**Machinery and equipment**	**Furniture and fixtures**	**Motor vehicles**	**Total**
Cost	71,163	60,042	92,582	4,850	228,637
Accumulated depreciation	(18,803)	(22,150)	(43,538)	(3,080)	(87,571)
Net book amount	**52,360**	**37,892**	**49,044**	**1,770**	**141,066**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 16 - INTANGIBLE ASSETS

	1 January 2002	Addition to scope of consolidation	Disposal from scope of consolidation	Additions	Disposals	Foreign currency translation difference	31 December 2002
Cost	333,398	30,314	(19,057)	55,452	(14,632)	(20)	385,455
Accumulated amortization	(121,462)	(9,038)	16,915	(45,055)	14,497	7	(144,136)
Net book value	211,936	21,276	(2,142)	10,397	(135)	(13)	241,319
Goodwill (Note 34)	78,047	5,489	-	139,184	-	-	222,720
Accumulated amortization	(50,741)	(1,968)	-	(8,743)	-	-	(61,452)
Net book value	27,306	3,521		130,441			161,268
Negative Goodwill (Note 34)	-	-	-	(42,799)	-	-	(42,799)
Accumulated amortization	-	-	-	2,381	-	-	2,381
Net book value	-	-	-	(40,418)	-	-	(40,418)
Total net book value	**239,242**						**362,169**

NOTE 17 - INVESTMENT PROPERTY

	1 January 2002	Additions	Disposals	Foreign currency translation difference	31 December 2002
Cost	33,093	35,464	-	(1,542)	67,015
Accumulated depreciation	(2,499)	(2,597)	-	82	(5,014)
Net book value	**30,594**				**62,001**

NOTE 18- OTHER NON-CURRENT ASSETS

	2002	2001
Notes receivable	47,320	62,255
Prepaid expenses	44,850	13,385
Advances given	1,391	50
Other	8,183	3,858
	101,744	**79,548**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 19 - CUSTOMER DEPOSITS

	2002			2001		
	Demand	**Term**	**Total**	**Demand**	**Term**	**Total**
Foreign currency deposits:						
Saving deposits	218,512	1,575,499	1,794,011	97,548	1,609,696	1,707,244
Commercial deposits	149,536	125,335	274,871	382,310	1,825,988	2,208,298
	368,048	**1,700,834**	**2,068,882**	**479,858**	**3,435,684**	**3,915,542**
Turkish Lira deposits:						
Saving deposits	21,674	221,690	243,364	34,544	363,170	397,714
Commercial deposits	56,576	62,331	118,907	135,385	411,967	547,352
Funds deposited under repurchase agreements	-	54,936	54,936	-	243,295	243,295
	78,250	**338,957**	**417,207**	**169,929**	**1,018,432**	**1,188,361**
	446,298	**2,039,791**	**2,486,089**	**649,787**	**4,454,116**	**5,103,903**

Saving deposits at 31 December 2002 include long-term foreign currency time deposits of TL151,707 billion (2001: TL 305,745 billion); the interest rates for time deposits vary between 2.71%-4.48% p.a. (2001: 0.78%-19.50% p.a.) for foreign currency deposits and 43.55%-51.95% p.a. (2001: 37.00%-75.00% p.a.) for Turkish Lira deposits and 40.61%-48.71%. p.a. (53%-59% p.a.) for reverse repurchase commitments.

NOTE 20 - BANK BORROWINGS

	2002	2001
Short-term bank borrowings:		
Short term bank borrowings	1,283,720	1,721,860
Short-term portion of long-term bank borrowings	269,426	194,960
Total short-term bank borrowings	**1,553,146**	**1,916,820**
Long-term bank borrowings:		
Long term bank borrowings	1,030,603	1,199,763
Total bank borrowings	**2,583,749**	**3,116,583**

Effective interest rates of foreign currency, mainly USD, EUR denominated and TL bank borrowings range between 2.2%-13.0% (2001: 3.5%-14.5%), 2.95%-7.25% (2001:3.9%-10.3%) and 14.0%-75.5% (2001: 28.0%-78.0%), respectively.

At 31 December 2002, there are two syndication loans of TL159,360 billion (USD 100 million) obtained from Sumitomo Mitsui Banking Corporation and TL143,424 billion (USD 90 million) from Dresdner Bank Luxembourg S.A. which bear interest rates of 6 months Libor plus of 0.80% and 0.75%, respectively.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 20 - BANK BORROWINGS (Continued)

On 15 December 2000, Koçbank A.Ş., a joint venture of the Group, obtained a long-term facility with an original maturity of December 2005 through a structured finance deal ("the Deal") totalling TL139,796 billion (USD 75 million) by securitizing its present and future cross border payment rights. Koçbank sold certain present and future payment rights (including but not limited to cash against goods transactions, workers' transfers, checks, remittances, letter of credit transactions and cash against document transactions) due or to become due to Koçbank with a sales price of USD 75 million to K.S.F. Ltd., a Special Purpose Company (the "SPC") incorporated under the laws of Jersey, Channel Islands pursuant to the Amended and Restated Purchase Agreement dated 15 December 2000 between the SPC, Koçbank (as Seller) and Westdeutsche Landesbank Girozentrale (as security agent and cash administrator). The SPC borrowed USD 75 million, secured on a revolving portfolio of payment rights originated by Koçbank, from Westdeutsche Landesbank Girozentrale pursuant to the Facility agreement dated 27 November 2000. The off-shore cash reserve account and payment account at Westdeutsche Landesbank Girozentrale are pledged by the SPC in favour of Westdeutsche Landesbank Girozentrale, as security agent. In 2001, the original maturity was shortened to March 2004 pursuant to the terms of the original transaction after discussions with the lending group.

Ford Otosan, a joint venture of the Group, has foreign currency denominated long-term borrowings under two OPIC-insured private placements totalling USD40,276,884 and USD9,181,898 and borrowings from Citibank and US Export-Import Bank amounting to USD1,037,032 and USD3,895,806 respectively. These borrowings amounting to USD59,279,816 were obtained to finance investments for new projects. Under the terms of the related loan agreements, the Company has to comply with certain financial covenants. As of 31 December 2001, the Company was in violation of the Consolidated Tangible Net Worth and Interest Coverage Ratio covenants. As a result of this breach and discussions with the related lending organizations, on 12 December 2001, at quarterly Board of Directors meeting, the Company's managing shareholders, Ford Motor Company and Koç Holding A.Ş. agreed to provide parent guarantees of 50% each to the lenders in exchange for revised covenant levels to correct the above-mentioned breach.

The Group has loans from International Corporation ("IFC") in the amount of TL371,762 billion (USD86,562,500, EUR102,894,876, GBP21,000,000) which is being used for the purchasing of equipment and other fixed assets for production and modernization, research and development, as well as acquisitions and increased working capital requirements.

The redemption schedule of long-term bank borrowings at 31 December is as follows:

	2002	**2001**
2003	-	408,003
2004	378,045	332,320
2005	211,307	170,780
2006	165,161	222,327
2007 and over	276,090	66,333
	1,030,603	**1,199,763**

NOTE 21 - TRADE PAYABLES

	2002	**2001**
Trade payables - net of unincurred credit finance charges	996,269	757,294
Notes payable - net of unincurred credit finance charges	23,475	25,451
Other payables	4,650	4,151
	1,024,394	**786,896**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 22 - INSURANCE TECHNICAL RESERVES

	2002	2001
Unearned premiums reserve - net of reinsurance	100,758	107,490
Claim provisions - net of reinsurance	29,658	29,008
Deferred commission income	18,768	17,868
Insurance technical reserves - current	**149,184**	**154,366**
Life assurance provision	165,004	129,950
Equalisation provision (*)	-	12,227
Insurance technical reserves - non-current	**165,004**	**142,177**

(*) For the periods ending prior to 1 January 2002, the subsidiary in the insurance segment accounted for an equalisation provision against its earthquake risks derived from the portion of net retained fire and engineering premiums. In 2002, the Group decided to reverse this equalisation provision as it proved to be the case that it has retained no significant risks for which cover was provided under the respective equalisation provision as a result of the earthquakes occurring in prior periods. Accordingly, the Group recorded a reversal of TL12,227 million of equalisation expense in the determination of net profit for the current year (Note 4).

NOTE 23 - OTHER CURRENT LIABILITIES

	2002	2001
Taxes and funds payable	141,896	177,874
Advances from customers	109,453	60,472
Provision for costs	98,332	80,409
Import transfers and payment orders	84,095	64,440
Payable to personnel	72,787	70,037
Warranty provision	47,299	23,945
Blocked accounts	22,082	126,971
Contracted loans (*)	21,447	4,898
Leasing obligations	18,296	20,790
Cheques at clearing	13,927	24,192
Deferred income	10,748	4,218
Derivative financial instruments (Note 33)	5,594	61,720
Other	49,050	65,963
	695,006	**785,929**

(*) Loans for which the contracts were signed, but fund transfers for which to take place in the following year are included in the accompanying balance sheet. The principal amount of such loans is included under "Loans and advances to customers" in assets and "other current liabilities" in liabilities.

NOTE 24 - OTHER NON-CURRENT LIABILITIES

	2002	2001
Deposits taken with respect to LPG cylinders	20,187	21,862
Provision for costs	15,550	-
Long-term leasing obligation	14,984	10,223
Deferred income on RUSP (Note 32)	10,350	2,100
Deposits and guarantees received	4,423	8,533
Deferred income	1,379	3,958
Other	5,849	5,694
	72,722	**52,370**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 25 - TAXES ON INCOME

	2002	2001
Turkish:		
Corporation and income taxes currently payable	74,930	64,307
Deferred tax liabilities	137,949	241,486
	212,879	**305,793**
Foreign:		
Corporation and income taxes currently payable	4,305	3,344
Deferred tax liabilities	17,224	9,789
	21,529	**13,133**
	234,408	**318,926**

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

Corporation tax is payable at a rate of 33% on the total income of the Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Income exempt from corporation tax (except dividend income received from Turkish companies) is subject to withholding tax at the rate of 16.5%, regardless of whether the profits are distributed.

Dividends paid by the Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey are subject to a withholding tax calculated on the gross dividend to be paid at the rate of 16.5% for private companies and 5.5% for public (listed) companies. An increase in capital using distributable profit or by issuing bonus shares is not considered as a profit distribution and thus there is no withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 15^{th} of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax calculated on their annual corporation tax liability. The balance of the advance tax paid may be refunded or used to be set off against other liabilities to the government.

Interest income on Turkish government bonds and treasury bills is subject to corporation tax.

Capital gains derived from the sale of equity investments and immovable assets held for not less than two years are tax exempt if such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures and projected capital expenditures for the following year are eligible for investment allowance incentives. Such allowance is available to companies for specific capital investment and is deductible from taxable income prior to the calculation of the corporate income tax. Investment allowance incentives utilised are subject to withholding tax at the rate of 19.8% (2001: 19.8%).

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

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 25 - TAXES ON INCOME (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Taxes on income for the year ended 31 December, expressed in terms of the purchasing power of the Turkish Lira at 31 December 2002, is summarised as follows:

	2002	**2001**
Provision for taxes per consolidated statements of income as expressed in terms of the purchasing power of TL at 31 December		
- Current	(241,646)	(172,507)
- Deferred	178,494	126,263
	(63,152)	**(46,244)**

The total provision for taxes reflected in the consolidated financial statements is different from the amounts computed by applying the above-mentioned effective/combined tax rates. The principal reasons for such differences are:

i) Permanent differences arising from:

a) Dividends from equity participations that are either exempt from tax or taxable at reduced rates, and
b) Non-tax deductible expenses

ii) The separate-entity tax basis for Koç Holding, the Subsidiaries and Joint Ventures.

Deferred taxes

Koç Holding, its Subsidiaries and Joint Ventures recognize deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for IFRS purposes and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes.

Deferred taxes calculated by using the principal tax rates of the tax authorities of each country the Group operates in at 31 December 2002, are as follows:

Country of incorporation	**Tax rate (%)**
Turkey	33.0
The Netherlands	35.0
Azerbaijan	27.0
Switzerland	54.4
Bulgaria	23.5
Kazakhstan	30.0
Russia	24.0
China	16.0

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NOTE 25 - TAXES ON INCOME (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided at 31 December, using principal tax rates, were as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	2002	**2001**	**2002**	**2001**
Effects of restatement of property, plant and equipment	1,403,790	1,571,283	(457,682)	(507,889)
Effects of restatement of inventory	142,939	195,946	(46,089)	(63,108)
Deferred acquisition cost	37,211	36,173	(12,280)	(11,938)
Leasing adjustment differences	30,256	21,696	(2,854)	(7,076)
Income accruals	14,564	225,877	(4,802)	(74,539)
Difference between market value and statutory values for investment securities	4,597	(22,838)	(1,556)	7,536
Unused tax credits (Note 32)	(1,408,848)	(960,521)	185,968	126,789
Tax losses carried forward	(274,417)	(476,214)	87,795	155,395
Provision for employment termination benefits	(95,558)	(81,413)	30,688	25,863
Provision for loan losses	(57,734)	(295,911)	19,052	97,651
Unearned premium reserve	(54,340)	(68,512)	17,932	22,609
Equalisation provision (Note 22)	-	(12,227)	-	4,035
Effect of adopting IAS 39	(40,086)	(8,580)	13,218	2,706
Effects of restatement of deferred income	(28,289)	(9,640)	9,336	3,182
Other-net	(22,031)	115,022	6,101	(32,491)
	(347,946)	**230,141**	**(155,173)**	**(251,275)**

Movements in deferred taxes can be analysed as follows:

	2002	**2001**
At 1 January	(251,275)	(389,626)
Effect of adopting IAS 39	-	(6,338)
Deferred tax liability arising through addition of new subsidiaries and joint ventures to scope of consolidation	(21,954)	(7,107)
Deferred tax liability reduction through effect of legal merger	312	25,533
Deferred tax liability reduction due to subsidiaries excluded from scope of consolidation	565	-
Effect of restructuring in finance segment (*)	(61,315)	-
Charge for the year	178,494	126,263
At 31 December	**(155,173)**	**(251,275)**

(*) Effect of restructuring in finance segment represents the decrease due to the finance segment subsidiaries that have become joint ventures in the current year (Note 37).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 26 - BONDS ISSUED

	31 December 2002				
	Nominal issuance value		Book	Average	
		Foreign	value	interest	
Types of security		currency	TL billions	rate p.a. %	Maturity
Bonds	USD	1,904,878	3,035	2.97	January-September 2003
Bonds	EUR	1,500,000	1,861	3.00	January 2003
			4,896		

	31 December 2001				
	Nominal issuance value		Book	Average	
		Foreign	value	interest	
Types of security		currency	TL billions	rate p.a. %	Maturity
Bonds	USD	10,617,873	20,153	3.50	January 2002
Bonds	EUR	2,638,446	4,333	3.25-4.00	January 2002
Bonds	GBP	241,491	652	4.00	January 2002
			25,138		

NOTE 27 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2002	2001
Reserve for employment termination benefits:		
- domestic	95,929	88,567
- foreign	5,719	81
	101,648	**88,648**

Under the Turkish Labour Law, the parent and its domestic subsidiaries are required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL1,260,150,000 (31 December 2001: TL978,020,000 in terms of the purchasing power of TL at 31 December 2001) for each year of service.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey arising from the retirement of employees.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 27 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Additionally, the principal actuarial assumption is that the maximum liability of TL1,260,150,000 for each year of service would increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL1,323,950,000 which is effective from 1 January 2003 has been taken into consideration in calculating the reserve for employment termination benefit of the parent and its domestic subsidiaries.

International Financial Reporting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability.

IAS 19 (revised) "Employment Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability as at 31 December:

	2002	**2001**
Discount rate	6%	7%
Turnover rate to estimate the probability of retirement	4%	5%

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

	2002	**2001**
1 January	88,648	118,642
Charge for the year-net of monetary gain	35,762	13,925
Disposals	(22,762)	(43,919)
31 December	**101,648**	**88,648**

The number of personnel at 31 December 2002 is 50,019 (31 December 2001: 43,134).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 28 - SHARE CAPITAL

Koç Holding adopted the registered share capital system available to companies registered with the Capital Market Board ("CMB") and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1,000. Koç Holding's historical authorised and paid-in share capital at 31 December was as follows:

	2002	**2001**
Limit on registered share capital (historical)	250,000	250,000
Historical authorised and paid-in share capital	203,156	101,578

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

The composition of shareholders is as follows:

	Share %	**2002**	**Share** %	**2001**
Temel Ticaret ve Yatırım A.Ş.	36.06	73,254	36.06	36,627
Suna Kıraç	7.02	14,268	7.02	7,134
Sevgi Gönül	6.88	13,959	7.48	7,593
Semahat Arsel	6.86	13,944	7.47	7,586
Rahmi M. Koç	6.08	12,360	6.08	6,180
Mustafa Koç	1.09	2,223	1.30	1,325
Ali Koç	1.09	2,223	1.30	1,325
Ömer Koç	1.07	2,166	1.07	1,083
İpek Kıraç	0.79	1,606	1.29	1,310
Nazar Dayanıklı ve Dayanıksız Sınai Mallar Paz. A.Ş	0.39	793	0.39	397
R.M.K. Mahdumları	0.12	241	0.12	120
Total Koç family and companies owned by Koç family members	67.45	137,037	69.58	70,680
Vehbi Koç Vakfı	8.08	16,420	8.08	8,210
Koç Holding Foundation for Pensions and Assistance	2.22	4,519	2.22	2,259
Koç Allianz Sigorta A.Ş.	-	-	0.02	21
Other - non-Koç family	22.25	45,180	20.10	20,408
	100.00	**203,156**	**100.00**	**101,578**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 28 - SHARE CAPITAL (Continued)

Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power. It also includes the difference between the nominal value of shares issued by Koç Holding and the fair value of the purchased minority interest of Koç Yatırım.

The Articles of Association ("the Articles") of Koç Holding set out the following privileges for A-type shares:

1. In accordance with Article 11, A-type shareholders receive pre-emptive rights not used by B-type shareholders.

2. In accordance with Article 25, A-type shareholders have two voting rights for each share owned at the General Assembly meeting (except for meetings with an agenda to change the Articles).

The Articles of Koç Holding established 100 usufruct shares, which were granted to Vehbi Koç. These are bearer shares and can be transferred to others.

The holders of usufruct shares are entitled to receive 3% of the distributable profits remaining after legal reserves and taxes minus 5% of the paid capital. However, this cannot be higher than 10% of the amount obtained after deducting legal reserves, taxes and first dividend from distributable profit. Usufruct shares do not have any interest in the capital of Koç Holding and do not have any voting rights associated with them. In the event of liquidation, usufruct shareholders are not entitled to receive any portion of the liquidation proceeds.

The analysis of shares by type is as follows:

Group	Unit of shares	TL billions	Nature of shares
A	61,440,000,000	61,440	Registered
B	96,565,716,308	96,566	Registered
B	45,150,289,692	45,150	Bearer
		203,156	

NOTE 29 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Dividend distributions are made by Koç Holding in Turkish Lira in accordance with its Articles, after deducting taxes and setting aside the legal reserves as discussed above. In accordance with the Articles, dividends are paid to "Koç Holding Foundation for Pensions and Assistance" up to 2% but not less than 1% of the distributable profits remaining after deducting taxes, legal reserves and the first dividend. The holders of the usufruct shares are currently entitled to receive dividends out of distributable profits as explained in Note 28.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 29 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

According to CMB regulations quoted companies have the following two options; they may either distribute dividends in cash or they may elect not to distribute any dividends at all. However, the CMB may require the company to distribute dividends in cash. If the company makes a decision to distribute any dividends, distribution should be made in the five months following the year-end.

Composition of prior periods' earnings (per Statutory Financial Statements of Koç Holding, Subsidiaries and Joint Ventures) at 31 December (not adjusted for inflation):

	2002	2001
- Legal reserves	247,154	159,378
- Undistributed general reserve	470,555	428,818
	717,709	**588,196**

	2002	2001
Historical amounts of dividends distributed during the year from previous periods' net income per statutory financial statements of parent company only	-	27,476
Historical amounts of dividends of parent company proposed after the balance sheet date	7,771	-

NOTE 30 - FINANCIAL EXPENSE - NET

	2002	2001
Interest income	261,429	583,338
Interest expense	(267,796)	(635,406)
Credit finance income, net	88,128	223,255
Foreign exchange losses, net	(40,482)	(467,504)
Other	(20,543)	(49,679)
Financial income/(expense) - net	**20,736**	**(345,996)**

NOTE 31 - FOREIGN CURRENCY POSITION

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments in equivalent billion in Turkish Lira at 31 December are as follows:

	2002	2001
Assets	4,275,535	6,821,162
Liabilities	(5,297,428)	(8,107,692)
Net balance sheet position	**(1,021,893)**	**(1,286,530)**
Off-balance sheet derivative instruments net position	**8,244**	**38,654**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 31 - FOREIGN CURRENCY POSITION (Continued)

	2002			
	USD	**EUR**	**Other**	**Total**
Cash and cash equivalents	889,870	234,460	23,464	1,147,794
Investments:				
-available-for-sale	50,723	53,761	849	105,333
-held-to-maturity	59,987	486	3,089	63,562
Reserve deposits with Central Bank	164,100	40,062	-	204,162
Loans and advances to customers	489,482	142,022	35,110	666,614
Trade receivables	72,221	423,512	122,290	618,023
Due from related parties	34,103	236,561	23,190	293,854
Inventories	1,199	22,422	138	23,759
Other current assets	33,814	33,875	31,971	99,660
	1,795,499	1,187,161	240,101	3,222,761
Loans and advances to customers	380,805	73,106	-	453,911
Investments:				
-available-for-sale	11,922	5,760	-	17,682
-held-to-maturity	462,545	75,839	-	538,384
Property, plant and equipment	355	-	-	355
Other non-current assets	-	10,845	31,597	42,442
	855,627	165,550	31,597	1,052,774
Total foreign currency denominated assets	**2,651,126**	**1,352,711**	**271,698**	**4,275,535**
Customer deposits	1,514,720	448,560	58,020	2,021,300
Bank borrowings	661,155	278,164	38,352	977,671
Bonds issued	3,035	1,861	-	4,896
Insurance technical reserves	42,786	7,266	-	50,052
Trade payables	94,765	217,186	11,005	322,956
Due to related parties	195,656	84,476	93	280,225
Other current liabilities	279,889	82,768	32,370	395,027
	2,792,006	1,120,281	139,840	4,052,127
Customer deposits	94,608	28,017	3,624	126,249
Bank borrowings	528,187	447,997	64,339	1,040,523
Insurance technical reserves	23,126	704	-	23,830
Other non-current liabilities	42,586	7,098	5,015	54,699
	688,507	483,816	72,978	1,245,301
Total foreign currency denominated liabilities	**3,480,513**	**1,604,097**	**212,818**	**5,297,428**
Net foreign currency position	**(829,387)**	**(251,386)**	**58,880**	**(1,021,893)**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 31 - FOREIGN CURRENCY POSITION (Continued)

	2001			
	USD	**EUR**	**Other**	**Total**
Cash and cash equivalents	1,331,132	394,496	136,852	1,862,480
Investments:				
-available-for-sale	91,506	20,971	6,685	119,162
-held-to-maturity	211,728	50,084	6,950	268,762
Reserve deposits with Central Bank	352,593	62,211	780	415,584
Loans and advances to customers	1,275,332	426,276	36,865	1,738,473
Trade receivables	366,676	445,799	173,844	986,319
Due from related parties	45,997	213,061	259,484	518,542
Inventories	2,506	-	-	2,506
Other current assets	161,943	206,871	72,288	441,102
	3,839,413	1,819,769	693,748	6,352,930
Investments:				
-available-for-sale	93,916	12,856	-	106,772
-held-to-maturity	280,663	66,389	-	347,052
Property, plant and equipment	13,448	960	-	14,408
Other non-current assets	-	-	-	-
	388,027	80,205	-	468,232
Total foreign currency denominated assets	**4,227,440**	**1,899,974**	**693,748**	**6,821,162**
Customer deposits	3,042,364	652,755	92,019	3,787,138
Bank borrowings	1,727,322	313,847	62,170	2,103,339
Bonds issued	20,153	4,333	652	25,138
Insurance technical reserves	5,075	1,243	141	6,459
Trade payables	139,692	170,721	92,862	403,275
Due to related parties	41,389	179,615	183,534	404,538
Other current liabilities	151,940	139,091	40,067	331,098
	5,127,935	1,461,605	471,445	7,060,985
Customer deposits	193,864	41,594	5,864	241,322
Bank borrowings	535,034	172,587	82,214	789,835
Insurance technical reserves	13,551	1,984	15	15,550
Other non-current liabilities	-	-	-	-
	742,449	216,165	88,093	1,046,707
Total foreign currency denominated liabilities	**5,870,384**	**1,677,770**	**559,538**	**8,107,692**
Net foreign currency position	**(1,642,944)**	**222,204**	**134,210**	**(1,286,530)**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 32 - GOVERNMENT GRANTS

Certain Subsidiaries have obtained investment incentive certificates from the Turkish Government Authorities in connection with certain major capital expenditures, which entitle the companies, among other things, to:

i) a 100% exemption from customs duty on machinery and equipment to be imported,

ii) investment allowance of 100% and 200% on approved capital expenditures,

iii) incentive premiums varying between 17% and 26% on the cost of the local content of the facilities,

iv) resource utilisation support premium (RUSP - an investment grant in the form of cost reimbursement) varying from 25% to 40% on a portion of the total approved capital expenditures.

The investment allowance indicated in (ii) above is deductible from current or future taxable profit for the purposes of corporation tax and is exempt from both corporation and minimum tax, but is subject to income tax of 19.8%. The total amount of investment incentive allowance for the year ended 31 December 2002 is TL1,408,848 billion (2001: TL 960,521 billion) (Note 25).

As permitted by Turkish tax legislation, RUSP is recognised in the statutory accounts as income upon its receipt. The consolidated financial statements are adjusted and restated to account for RUSP on an accrual basis for estimated amounts to be received under grant claims filed and to reflect it as deferred income to be amortised over the depreciation period of the related assets on a straight-line basis.

The accrued RUSP receivables are included in other receivables and current assets in the consolidated balance sheets, while the recognised portions of deferred income are included in other income in the consolidated statements of income.

The movement of deferred income is as follows:

	2002	**2001**
At 1 January	2,100	4,210
Addition to scope of consolidation	9,455	-
Deferred income recognised	(1,205)	(2,110)
At 31 December (Note 24)	**10,350**	**2,100**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and contingencies, from which the management does not anticipate any significant losses or liabilities are summarised below:

	2002	2001
Guarantees given:		
Letters of guarantee	738,733	870,640
Guarantee notes	26,503	46,058
Guarantees taken:		
Letters of guarantee	445,144	327,579
Guarantee notes	22,637	14,935
Marketable securities given as guarantee	551	-

Commitments - given:

(a) Commitments - Banking

In the banking segment, normal course of banking activities requires to undertake various commitments and incurs certain contingent liabilities that are not presented in the accompanying financial statements, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The Group does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities at 31 December 2002 and 2001:

Credit related commitments:

The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The following table shows the outstanding credit related commitments of the Group:

	2002	2001
Letters of guarantee		
- Foreign currency	469,143	1,043,784
- TL	377,296	540,403
Letters of credit	385,331	528,580
Acceptance credits	48,885	55,504
Other commitments and contingencies	53,688	223,727
	1,334,343	**2,391,998**
Less: provision for losses on credit related commitments	(13,708)	(79,119)
	1,320,635	**2,312,879**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The economic sector risk concentrations for outstanding credit related commitments of the Group is as follows:

	2002	%	2001	%
Textiles	207,522	16	284,561	12
Metal processing	171,013	13	355,701	15
Construction and cement	148,921	11	152,022	6
Petrochemical industry	132,180	10	101,629	4
Financial institutions	133,174	10	287,102	12
Automotive	72,073	5	225,484	9
Durable goods	65,977	5	256,245	11
Food, beverage and tobacco	64,161	5	119,655	5
Trade	67,229	5	134,658	6
Tourism	16,397	1	28,422	1
Other	255,369	19	446,519	19
	1,334,016	**100**	**2,391,998**	**100**

Commitments under derivative instruments:

At 31 December 2002	**Contract/notional amount**	**Fair values Assets**	**Fair values (Liabilities)**
Foreign exchange derivatives			
Currency forwards	235,702	1,991	(4,333)
Currency swaps	264,122	1,651	(1,223)
Total OTC	**499,824**	**3,642**	**(5,556)**
Interest rate cap and floor arrangements	**25,518**	**38**	**(38)**
Total derivative assets /(liabilities) held for trading	**525,342**	**3,680**	**(5,594)**

31 December 2001	**Contract/notional amount**	**Fair values Assets**	**Fair values (Liabilities)**
Foreign exchange derivatives			
Currency forwards	4,793,262	257,683	(32,875)
Currency swaps	1,318,144	21,220	(28,819)
Total OTC	**6,111,406**	**278,903**	**(61,694)**
Futures	25,257	14	(26)
Interest rate derivatives			
Interest rate cap and floor arrangements	135,108	1,202	-
Total derivative assets /(liabilities) held for trading	**6,271,771**	**280,119**	**(61,720)**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Commitments - Other companies

The Group believes that there is an effective cash flow hedge between the foreign currency denominated payables (a non-derivative hedging instrument) with regard to engineering expense and anticipated future sales (hedge item) of the new light commercial vehicle ("V227 or Transit Connect"). The hedge relationship is considered effective since its inception when the business principles for V227 between Ford Otosan, a joint venture of the Group, and Ford were formally discussed and agreed. The anticipated sales of 280,000 units of Transit Connect to Ford of Europe to fully offset engineering payables is considered highly probable as of 31 December 2002 within the next four years and the relationship is properly documented. Accordingly, unrealised foreign exchanges losses on foreign currency denominated engineering payables from inception to 31 December 2002 amounting to TL29,580 billion were booked under shareholders' equity as cumulative loss on hedging.

The long-term loan from ABN Ambro Bank B.V. amounting to EUR 66,667,000 (2001: EUR161,535,000) was obtained to finance the investment to manufacture Doblo light commercial vehicles of Tofaş, a joint venture of the Group. According to the manufacturing agreement signed between Fiat (the customer of the majority of Doblo production) and Tofaş, the repayment obligations related to such loan is guaranteed by Fiat through future purchases of Doblo until the end of 2008. Accordingly, the Group's exposure to foreign exchange rate and interest rate fluctuations is undertaken by Fiat. The portion of foreign exchange losses in excess of the inflation index amounting to TL9,235 billion on the bank loan that is determined to be an effective hedge is accounted under shareholders' equity as cumulative loss on hedging.

The Group entered into two collar agreements in 2000, which are outstanding as of 31 December 2002 to hedge the interest rate risk arising from borrowings amounting to EUR40,355,551. The collar agreements have fixed floor and ceiling rates. Accordingly, at the dates defined in the agreements, if the EURIBOR rate is below the floor rate the Group compensates the difference between the floor rate and the actual rate to the counter bank. Contrarily, if the EURIBOR rate is above the ceiling rate, the counter bank compensates the difference to the Group.

Details of two collar agreements, which are valid as of 31 December 2002, are as follows:

Agreement	EURIBOR Floor rate	EURIBOR Ceiling rate	Amount	Due date
Citibank	5.15%	6%	EUR 40,355,551	28.08.2008

The total amount charged to expense relating to these agreements amounted to TL1,305 billion, of which TL875 billion represents realised losses during the period and TL430 billion represents accrued losses, which have been calculated using the rates at the specific settlement dates in 2002 as defined in related agreements.

	2002	2001
Mortgages given	158,983	136,272
Commitments with respect to export incentive certificates	388,008	459,080
Commitments with respect to investment incentive certificates	79,609	88,805
Other	1,855	25,711
	628,455	**709,868**

Koç Holding received no syndicated loans from foreign banks in 2002 (2001: USD 200,000,000 of which the amount of USD 175,000,000 was transferred to other subsidiaries namely, Beko Elektronik, Koç Lease, Koç Ata Besi, Ram, Sek, Setur, Zinerji, Tekersan, Setoto-Avis, Koçtaş and Beldeyama under the same conditions, the remaining amount of USD 25,000,000 being for the use of Koç Holding).

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 33 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

At the Board of Directors' meeting on 11 December 2001, Koç Holding management decided to submit a guarantee of USD 72,221,998 in conjunction with 50% of the loan amounting to USD 144,443,996 obtained by Ford Otosan to finance its investments in Gölcük with validity until 1 January 2004 subject to Ford Motor Co.'s acting as guarantor for the other 50% of this loan, should the need arise.

According to the decision of the Board of Directors meeting of Koç Holding dated 11 November, 2002, the signing of the "Project Funds Agreement" for the USD 50,000,000 syndicated loan of Beko Elektronik from International Finance Corporation ("IFC") and banks is agreed. Until the loan is fully paid, Koç Group shares at Beko Elektronik will not be below 51%; "Comfort Letter" is agreed to be given for this decision.

In connection with the investment incentives, the Group was committed to realize export sales amounting to USD 229,807,080 at 31 December 2002 (2001: USD 207,915,000).

At 31 December 2002 and 2001, the Group has mortgaged its land and buildings in the amount of USD 67,500,000 to secure its long-term debt obtained from banks.

Commitments taken:

	2002	**2001**
Pledges taken	-	-
Mortgages taken	114,895	19,131

NOTE 34- MAJOR ACQUISITIONS

Major acquisitions made by the Group in 2002 and 2001 resulting in goodwill were as follows:

2002

i) On 17 December 2002, the Group acquired 45.33% of the issued share capital of Opet for a purchase of TL167,724 billion resulting in goodwill amounting to TL130,252 billion.

ii) 30% of the issued share capital of Bilkom was acquired with effect from 16 May 2002 for a cash consideration of TL2,812 billion resulting in goodwill amounting to TL3,260 billion.

iii) On 5 February 2002, the Group acquired 100% of the issued share capital of Beko Deutschland for a purchase consideration of TL3,665 billion resulting in goodwill amounting to TL3,351 billion.

iv) 50% of the issued share capital of Beko Espana was acquired with effect from 5 February 2002 for a cash consideration of TL1,006 billion resulting in goodwill amounting to TL746 billion.

v) 100% of the issued share capital of the Elektra Product and Elektra AG was acquired with effect from 31 December 2002 for a cash consideration of TL4,082 billion resulting in goodwill amounting to TL1,575 billion.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 34 - MAJOR ACQUISITIONS (Continued)

2001

i) 76.31% of the issued share capital of Koçnet was acquired with effect from 26 May 2001 for a cash consideration of TL 43,218 billion. Koçnet, which was among the available-for-sale investments of the Group at 31 December 2000, has been considered as a subsidiary at 31 December 2001 on the grounds of its increased materiality, and has been included in the scope of consolidation in 2001. Consequently, goodwill arising from the acquisition of Koçnet was accounted for in 2001 in the amount of TL16,611 billion.

Details of total net assets acquired during the years and resulting goodwill are as follows:

	2002	2001
Purchase consideration:		
- Cash paid	179,289	43,218
- Fair value of shares issued	-	-
Total purchase consideration	**179,289**	**43,218**
- Current assets	88,709	6,481
- Inventories	42,469	-
- Property, plant and equipment	94,469	16,918
- Other non-current assets	10,816	10,451
- Current liabilities	(146,101)	(4,536)
- Non-current liabilities	(50,257)	(2,707)
Less: Fair value of net assets acquired	40,105	26,607
Resulting goodwill (Note 16)	**139,184**	**16,611**

Major acquisitions made by the Group in 2002 resulting in negative goodwill were as follows:

i) 100% of the issued share capital of Blomberg GmbH was acquired with effect from 3 June 2002 for a cash consideration of TL8,164 billion resulting in negative goodwill amounting to TL24,759 billion.

ii) On 3 June 2002, the Group acquired 100% of the issued share capital of Blomberg GmbH for a purchase consideration of TL9,978 billion resulting in negative goodwill amounting to TL16,077 billion.

iii) 50% of the issued share capital of Beko France was acquired with effect from 1 February 2002 for a cash consideration of TL2,357 billion resulting in negative goodwill amounting to TL981 billion.

iv) 91,14% of the issued share capital of Arctic was acquired with effect from 18 November 2002 for a cash consideration of TL31,399 billion resulting in negative goodwill amounting to TL982 billion.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 34- MAJOR ACQUISITIONS (Continued)

The assets and liabilities arising from the acquisitions and resulting negative goodwill are as follows:

	2002
Purchase consideration:	
- Cash paid	51,898
- Fair value of shares issued	-
Total purchase consideration	**51,898**
Receivables	63,904
Inventories	32,431
Other current assets	23,495
Property, plant and equipment	76,356
Other non-current assets	680
Trade payables	(55,485)
Current liabilities	(23,518)
Deferred tax liabilities	(4,179)
Non current liabilities	(18,987)
Less: Fair value of net assets acquired	(94,697)
Resulting negative goodwill (Note 16)	**(42,799)**

NOTE 35 - LEGAL MERGERS

At 31 October 2002, Otokar Otobüs Karoseri Sanayi A.Ş., whose shares are publicly traded on Istanbul Stock Exchange, merged legally with Istanbul Fruehauf Taşıt Araçları San. ve Tic. A.Ş.

In 2001, the following legal mergers have been concluded:

a) At 12 February 2001 Aygaz A.Ş. merged legally with Gaz Aletleri A.Ş.,

b) At 15 May 2001 Tofaş Otomobil Fabrikası A.Ş. merged legally with Tofaş Oto Ticaret A.Ş. whose certain shares are publicly traded on Istanbul Stock Exchange,

c) At 12 July 2001 Koç Holding A.Ş. merged legally with Bursa Oto A.Ş., Ege Oto A.Ş., Egemak Ege Makina ve Ticaret A.Ş., Gün Oto Güney Otomobil Ticaret A.Ş., İstanbul Oto A.Ş., Kuzey Motorları Ticaret ve Sanayi A.Ş., Marmara Oto A.Ş., Ormak Orta Anadolu Makina ve Ticaret A.Ş., Otoan Otomobil Ticaret A.Ş., Otokoç A.Ş., Otomotör Ticaret A.Ş., Ottar Oto ve Tarım Araçları Ticaret A.Ş., Samoto Otomobil Ticaret A.Ş., Standard Motor Ticaret ve Sanayi A.Ş., Suroto A.Ş., Tormak Toros Makina ve Ticaret A.Ş. and Toroto Otomotiv Ticaret ve Sanayi A.Ş.,

d) At 30 November 2001 Bursa Gaz Tic. A.Ş. merged legally with Akpa Akdeniz Sanayi Mamülleri Pazarlama A.Ş., Porsuk Ticaret A.Ş. and Akyak Ticaret A.Ş.

The subsidiaries of Koç Holding merged legally in accordance with the article 451 of Turkish Trade Law and articles 37-39 of Corporate Tax Law.

All companies disclosed above were subsidiaries of the Group at the time of legal merger.

Legal mergers were not dealt with in accordance with the IAS 22 ("Business Combinations") since they were transactions among enterprises under common control. There is no recognition of any new goodwill or negative goodwill. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are eliminated in the preparation of these consolidated financial statements.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 31 December 2002 unless otherwise indicated)

NOTE 36 - INTEREST IN JOINT VENTURES

Aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and net income related to Joint Ventures, which are proportionately consolidated as explained under Note 3 to these consolidated financial statements, are as follows on a combined basis:

	2002	**2001**
Current assets	3,466,271	455,633
Non-current assets	3,078,945	907,920
Total assets	6,545,216	1,363,553
Current liabilities	4,125,254	451,076
Non-current liabilities	760,292	321,691
Total liabilities and shareholders’ equity	6,545,216	1,363,553
Revenues	3,181,721	1,435,399
Operating profit/(loss)	88,006	(48,389)
Net income/(loss)	78,919	(68,737)

NOTE 37 – RESTRUCTURING IN FINANCE SEGMENT

On 16 March 2001, KFS was established for the purpose of combining all financial service companies of the Group, namely, Koçbank A.Ş., Koç Finansal Kiralama A.Ş., Koç Factoring Hizmetleri A.Ş., Koç Yatırım Menkul Değerler A.Ş., Koç Portföy Yönetimi A.Ş., Koçbank Nederland N.V., Koç Asset Management SA, Stiching Custody Services KBN and Koçbank Azerbaijan Ltd. under a single entity. During 2002, all these financial service companies have been structured under KFS as a result of the direct sale or the exchange of shares. In this process the Group subsidiaries, which previously owned shares in these financial service companies exchanged their participating shares for KFS shares based on their statutory nominal values. As a result of this process, the Group has given up approximately 10% of its interest in these financial services companies. This transaction is accounted for as an “exchange/ barter” of shares where no profit or loss had arisen in the statutory accounts of the Group. However, the transaction resulted in a dilution loss of TL56,361 billion (excluding minority interests), based on the book values in the consolidated financial statements, which have been prepared in accordance with IFRS. The dilution loss is included in “other expenses” in the income statement.

Management believes that this restructuring has been performed to contribute to the expected higher future economic value of KFS. According to a valuation performed at 31 December 2002, the fair value of KFS is approximately TL1,125,000 billion which is higher than its book value of its net assets at 31 December 2002 and the transaction value of TL785,000 billion (USD480,000,000) of KFS which formed the basis on sale of 50% shares of KFS to UCI at 12 October 2002.

NOTE 38 - SUBSEQUENT EVENTS

a) At the General Assembly Meeting of Koç Holding at 4 April 2003, it was decided to increase the share capital by TL40,631 billion through transfer of the statutory revaluation fund resulting from the revaluation of property, plant and equipment (TL32,718 billion), through the cost increase fund (TL1,026 billion) and the remaining portion was obtained from retained earnings (TL6,782 billion).

NOTE 38 - SUBSEQUENT EVENTS (Continued)

b) Koç Holding obtained a syndication loan through the consortium led by HSBC Bank Plc. amounting to USD150 million, dated 9 January 2003. The syndication loan will be used for all financial needs of the group companies including trade finance and working capital. Koç Holding is liable to pay a one-off commission fee at 1.9% on the syndication loan, which has a maturity of 370 days with 6 monthly interest payments at the rate of LIBOR+1.10%.

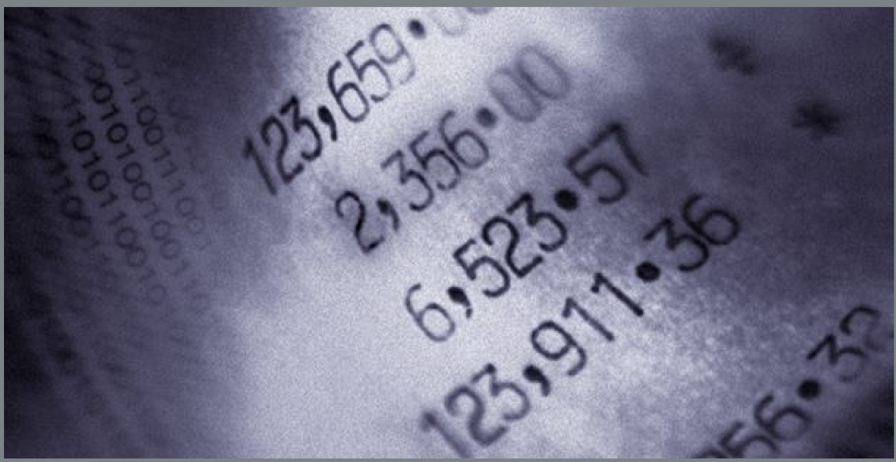
c) The Group has decided to legally merge its subsidiaries, Pastavilla Kartal Makarnacılık San. ve Ticaret A.Ş., Maret Marmara Besicilik ve Et San. ve Ticaret A.Ş. and Sek Süt Endüstrisi Kurumu San. ve Tic. A.Ş., under the umbrella of Tat Konserve Sanayi A.Ş. in accordance with article 451 of the Corporate Tax Law. At the time of the preparation of these consolidated financial statements, the merger has not yet been finalized.

d) On 24 April 2003, amendments to Tax Law 4842, approved by the Turkish Parliament on 9 April 2003, were published in the Official Gazette and enacted. According to the aformentioned amendments, the corporation tax rate changed to 30% after adjusting for certain disallowable expenses, exempt income and investment and other allowances. In addition, corporations will be required to pay advance corporation tax quarterly at the rate of 30% on their corporate income. Prior to the amendments, the rate was 25%.

According to the amendments to the tax law, capital expenditures over TL 5 billion are eligible for investment incentive allowance of 40%, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment allowances utilized within the scope of investment incentive certificates granted to applications filed prior to 24 April 2003 are subject to withholding tax at the rate of 19.8%, irrespective of profit distribution.

In addition, profit distribution to resident corporate shareholders and non-resident shareholders with a business place in Turkey is no longer subject to profit distribution tax.

Financial Statements



PRICEWATERHOUSECOOPERS

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CONVENIENCE TRANSLATION INTO ENGLISH
OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

KOÇ HOLDİNG ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002

1. We have examined the accompanying balance sheet of Koç Holding Anonim Şirketi ("the Company") at 31 December 2002 and the related statements of income for the year then ended. Our examination was made in accordance with generally accepted auditing principles issued by the Capital Markets Board ("CMB") and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

2. In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Koç Holding Anonim Şirketi as at 31 December 2002 and the results of its operations for the year then ended, in accordance with the generally accepted accounting principles issued by the CMB (see balance sheet note 11).

3. Additional paragraph for convenience translation into English :

   The effects of differences between accounting principles issued by the CMB and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers

Cansen Başaran Symes, SMMM

Istanbul, 28 February 2003

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
BALANCE SHEETS AT 31 DECEMBER 2002 AND 2001

(Amounts expressed in millions of Turkish Lira)

ASSETS			31 DECEMBER 2002			31 DECEMBER 2001
CURRENT ASSETS			**17,343,088**			**45,591,653**
Liquid assets		**1,351,990**			**30,692,377**	
Cash	650			1,429		
Banks	1,351,340			30,690,948		
Short term trade receivables		**2,546,169**			**3,354,873**	
Customers	1,649,619			699,068		
Notes receivables	151,785			1,932,965		
Other short-term trade receivables	-			2,550		
Rediscount of notes receivables (-)	-336			-24,811		
Doubtful receivables	2,530,897			2,955,414		
Provision for doubtful receivables (-)	-1,785,795			-2,210,313		
Other short-term receivables		**11,276,664**			**8,045,313**	
Due from shareholders	41,572			2,459		
Due from associates and investments	7,818,504			2,949,225		
Due from subsidiaries	3,414,350			5,081,300		
Other short-term receivables	2,238			12,329		
Other current assets		**2,168,264**			**3,499,090**	
NON-CURRENT ASSETS			**663,806,206**			**477,723,134**
Long term trade receivables		**7,507**			**5,778**	
Deposits and guarantees given	7,507			5,778		
Long term notes receivables		**-**			**595,668**	
Long term notes receivables	-			598,547		
Rediscount of long term notes receivables (-)	-			-2,879		
Long term doubtful receivables	1,405			5,892		
Provision for long term doubtful receivables (-)	-1,405			-5,892		
Long-term financial assets		**528,702,002**			**382,338,442**	
Associates and investments	477,903,658			333,346,773		
Capital commitments to investments	-33,339,026			-24,983,856		
Subsidiaries	-2,820,000			73,975,525		
Capital commitments to subsidiaries	86,957,370			-		
Fixed assets		**128,835,830**			**86,646,742**	
Land	404,636			411,374		
Underground installations	3,076,690			2,366,480		
Buildings and installations	114,707,898			73,720,510		
Motor vehicles	56,407,860			35,487,186		
Furniture and fixtures	3,578,025			2,311,981		
Accumulated depreciation	-49,339,279			-27,650,789		
Intangible assets		**6,260,868**			**8,136,504**	
Rights	506,856			634,144		
Other intangible fixed assets	5,754,011			7,502,360		
TOTAL ASSETS			**681,149,293**			**523,314,787**

The accompanying notes form an integral part of these financial statements

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
BALANCE SHEETS AT 31 DECEMBER 2002 AND 2001

(Amounts expressed in millions of Turkish Lira)

			31 DECEMBER 2002			31 DECEMBER 2001
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES			**78,776,794**			**27,505,923**
Borrowings		**46,117,974**			**19,246,050**	
Borrowings	46,117,974			19,246,050		
Trade Payables		**3,827,530**			**1,442,905**	
Suppliers	3,827,530			1,442,905		
Other current liabilities		**28,337,714**			**6,253,686**	
Due to shareholders	1,809,312			799,131		
Due to investments	21,392,577					
Taxes and withholdings payable	2,675,253			2,906,429		
Other short-term liabilities	2,460,571			2,548,125		
Accrued liabilities and expenses		**493,576**			**563,282**	
Provision for taxes	102,955			153,897		
Other accrued liabilities and expenses	390,621			409,385		
NON-CURRENT LIABILITIES			**17,258,382**			**41,356,775**
Borrowings		**16,019,451**			**40,368,267**	
Borrowings	16,019,451			40,368,267		
Accrued liabilities and expenses		**1,238,931**			**988,508**	
Employment termination benefits	1,238,931			988,508		
SHAREHOLDERS'EQUITY			**585,114,118**			**454,452,089**
Share capital		**203,156,006**			**101,578,003**	
Share capital premium		**31,847**			**31,847**	
Revaluation surplus		**149,673,547**			**148,303,123**	
Revaluation surplus - fixed assets	50,645,555			47,856,801		
Revaluation surplus - investments	66,862,005			81,175,045		
Fund generated from fixed asset and investment sales income of participations associates and investments	27,844,012			14,937,913		
Extraordinary reserves of investments	4,321,975			4,333,363		
Reserves		**195,977,513**			**149,800,817**	
Legal reserves	14,635,571			11,898,656		
Extraordinary reserves	154,636,238			114,770,152		
Cost increase fund	25,679,771			23,132,010		
Extraordinary reserves of investments	1,025,933			-		
Net income for the year		**36,275,205**			**54,806,789**	
Net income for the year	36,275,205			48,628,735		
Net income related to merger	-			6,178,054		
Net loss for the year					**-68,491**	
TOTAL LIABILITIES			**681,149,293**			**523,314,787**

The accompanying notes form an integral part of these financial statements

(Amounts expressed in millions of Turkish Lira)

1. PRIMARY OPERATIONS OF THE COMPANY

The primary operations of Koç Holding A.Ş. (the Company) involve capital participations in domestic and foreign companies of limited or corporate nature, established or to be established for any kind of trade, industrial, agricultural or financial purposes; the sale and purchase of all types of shares, their exchange with other shares, increase, decrease or termination of participations, without intent to administer a marketable securities portfolio or act as a financial intermediary.

2. SHAREHOLDERS WITH A NOMINAL SHARE OF 10% OR MORE IN CAPITAL

The shareholders of the Company with a nominal share of 10% or more in capital as of 31 December 2002 and 2001 are as follows:

	31 December 2002		31 December 2001	
Shareholder	**Shareholding percentage (%)**	**Shareholding amount TL million**	Shareholding percentage (%)	Shareholding amount TL million
Temel Ticaret ve Yatırım A.Ş.	**36.06**	**73,254,252**	36.06	36,627,126

3. PRIVILEGES GIVEN TO SHARES REPRESENTING CAPITAL

The preferred stocks and the privileges pertaining to these stocks under the Articles of Association are listed below:-

Preferred stock group		Nature of privilege
Group A	1.	According to the 11th article of the articles of association, unused rights of preference for Group B are transferred to the shareholders of Group A.
	2.	According to the 25th article of the articles of association (except for meetings held for the amendment of the articles of association), Group A shares have two voting rights for each share in general assembly meetings.

4. REGISTERED SHARE CAPITAL LIMIT

The limit in respect of registered share capital is TL250,000,000 (2001: TL250,000,000).

5. CAPITAL INCREASES DURING THE YEAR AND THEIR SOURCES

The capital increases that were made during 2002 are as follows:

Date of increase	Amount	Revaluation surplus	Bonus share increase from dividend	Investment sale income	Cost increase fund
2 April 2002	101,578,003	47,851,832	10,400,277	33,647,313	9,678,581

The capital increases that were made during 2001 are as follows:

Date of increase	Amount	Revaluation surplus	Revaluation surplus associates and investments	Investment sale income	Cost increase fund
20 March 2001	21,367,400	424,809	14,589,780	4,615,860	1,736,951
12 July 2001	16,108,403 (*)				

(*) Based on the decision of the Company's extraordinary General Board Meeting on 9 July 2001, 17 Car-dealer companies belonging to the Koç Group have merged with Koç Holding A.Ş. This amount represents the addition to share capital arising from this merger.

(Amounts expressed in millions of Turkish Lira)

6. MARKETABLE SECURITIES ISSUED DURING THE YEAR OTHER THAN SHARE CERTIFICATES

None (2001: None).

7. DEBT SECURITIES ISSUED WHICH MATURED DURING THE YEAR

None (2001: None).

8. MOVEMENTS IN THE PROPERTY, PLANT AND EQUIPMENT IN THE CURRENT YEAR

a) Total cost of fixed assets purchased, produced or constructed is TL1,040,953 million (2001: TL71,315,652 million).

b) Total cost of fixed assets sold or determined as scrap is TL68,985 million (2001: TL7,487,389 million).

c) Revaluation increases in the current period:

	31 December 2002	31 December 2001	31 December 2000
Revaluation of cost of fixed asset:	**62,905,611**	27,997,763	6,033,133
Revaluation of accumulated depreciation of fixed assets:	**(12,260,056)**	(5,690,920)	(2,590,933)
	50,645,555	22,306,843	3,442,200

d) Description, total amount, starting and ending dates and percentage of completion of construction in progress: None (2001: None).

9. INVESTMENT ALLOWANCES TO BE UTILIZED DURING THE CURRENT AND FUTURE PERIODS

	31 December 2002	31 December 2001
Investment allowances utilized during the current period	**772,485**	-
Investment allowances utilized during the future periods	49,810,869	**32,100,075**

10. DUE FROM / TO SHAREHOLDERS, INVESTMENTS AND SUBSIDIARIES

Since 77.78% (2001: 77.83%) of the paid-up share capital belongs to Koç family members and companies that are controlled by and trusts founded by family members, the Company has a direct and/or indirect management or shareholding relationship with the Koç Group companies as set forth in CMB Communique XI/1.

Companies in which the Company has a shareholding percentage of more than 50% are considered and referred to as subsidiaries, and the remainder are considered as associates or investments in the accompanying financial statements as at 31 December 2002 and 2001.

a) The shareholding percentages and amounts for associates, investments and subsidiaries, the total amount of bonus shares obtained by capital increases from internal sources, and the details of short-term trade receivables and payables with such companies and their current period net profit/losses are presented in the following tables:

(Amounts expressed in millions of Turkish Lira)

31 DECEMBER 2002

THE SHAREHOLDING PERCENTAGES AND AMOUNTS FOR ASSOCIATES, INVESTMENTS AND SUBSIDIARIES, THE TOTAL AMOUNT OF BONUS SHARES OBTAINED BY CAPITAL INCREASES FROM INTERNAL SOURCES

	ASSOCIATES & INVESTMENTS	Registered value (Nominal)	Percentage of issued capital owned (%)	Revaluation surplus	Fixed assets sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year (*)
1	ALTINYUNUS ÇEŞME TUR.TESL.A.Ş.	1,474,200	30.00	1,329,099	49,570	-	-	-	847,749 (**)
2	ARÇELİK LG KLİMA SANAYİ VE TİC. A.Ş.	599,900	5.00	-	-	-	-	3,556	1,126,886
3	ARÇELİK A.Ş.	56,925,827	39.14	15,483,413	724,028	13,529,259	-	964,986	126,706,413 (**)
4	ASIA PACIFIC A.Ş.	868	11.50	95	-	-	-	-	36,052
5	AYGAZ A.Ş.	26,759,582	40.68	13,252,053	1,407,737	19,148	401,788	229,409	59,537,698 (**)
6	AYVALIK MARİNA VE YAT.İŞL.SAN.TİC. A.Ş.	30,864	7.72	-	-	-	-	(6)	161,110
7	BASIC INT. INVESTMENT LTD	508,137	28.00	-	-	-	-	-	$ 1,783,997
8	BEKO ELEKTRONİK A.Ş.	19,724,153	32.87	7,623,552	1,184	906	-	246,082	15,043,826 (**)
9	BEKO TİCARET A.Ş.	195,000	39.00	60,529	93,534	3,425	1,368	-	4,980,326
10	BELDEYAMA MOTORLU VASITALAR SAN.VE TİC. A.Ş.	200	0.01	-	-	-	-	75,057	(9,998,955)
11	BİRLEŞİK OKSİJEN SAN. A.Ş.	12,720	1.00	11,130	-	-	-	11,711	3,117,252
12	DOĞU YATIRIM HOLDİNG A.Ş.	12,500	1.43	-	-	-	-	-	(115,510)
13	DÜZEY TÜKETİM MALLARI PAZ. A.Ş.	377,406	31.15	19,204	350,503	277	3,352	56,041	1,551,633
14	ENTEK ELEK.ÜRET.OTO PRODÜK GRUBU A.Ş.	39,250	0.50	-	-	-	-	2,996	(9,057,015)
15	FORD OTOMOTİV SAN. A.Ş.	27,533,372	37.66	15,385,997	-	65,094	-	1,033,840	(158,612,599) (**)
16	GARANTİ BALFOUR BEATTY İNŞ.SAN.VE TİC.AŞ	1,222,439	40.75	423,151	-	198	1,187	426,565	(7,515,928)
17	GOODYEAR TIRE RUBBER COMPANY	16,695,897	0.26	-	-	-	-	-	$ 33.700.000 (***)
18	İZOCAM TİC. VE SAN. A.Ş.	1,832,565	20.36	1,751,380	65	723	-	66,486	2,640,191 (**)
19	KAV DANIŞMANLIK PAZARLAMA VE TİC. A.Ş.	1,221,083	18.98	352,961	844,536	615	8,622	18,430	223,572 (**)
20	KOÇ YAPI MALZEMELERİ TİC.A.Ş.	336,828	43.18	17,323	31,440	4,704	2,071	37,000	(498,433)
21	KOÇ ALLIANZ HAYAT SİGORTA A.Ş.	9,799,600	49.00	-	-	1,193,101	-	32,954	5,379,926
22	KOÇ ALLIANZ SİGORTA A.Ş.	5,208,844	43.41	2,535,800	49,950	1,529,981	-	116,683	13,358,761
23	KOÇ ATA BESİ VE TARIM ÜRÜNLERİ A.Ş.	838,500	9.32	-	-	-	-	2,897	(2,681,433)
24	KOÇ ECE PROJE YÖNETİM VE TİC. A.Ş.	973,000	24.95	-	-	-	-	-	(1,400,285)
25	KOÇ FİAT KREDİ TÜKETİCİ FİNANSMANI A.Ş.	10,500,000	35.00	-	-	-	-	2,897	(27,190,669)
26	KOÇ FİNANSAL HİZMETLER A.Ş.	140,386,068	24.12	2,663,708	12,909,986	1,239,667	18,913	702	(555,499)
27	KOÇ KÜLTÜR SANAT VE TANITIM HİZMETLERİ TİC. A.Ş.	40,200	40.20	-	-	-	-	93	9,249
28	KOÇ SİSTEM BİLGİ VE İLETİŞ.SİSTEML. A.Ş.	2,879,940	41.14	563,714	-	118,989	-	1,391,821	6,201,311
29	KOÇ TÜKETİCİ FİNANS. VE KART HİZMETLERİ A.Ş.	35,600,000	44.50	-	-	-	-	31,656	(46,699,000)
30	KOÇTAŞ YAPI MARKETLERİ TİCARET A.Ş.	3,729,600	24.86	-	-	-	-	26,391	(8,484,781)
31	LİPET LİKİT PET.GAZI TİC. A.Ş.	292,500	32.50	292,125	-	-	-	56,587	2,573,911
32	MAKO ELEKTRİK SAN. VE TİC. A.Ş.	600,000	40.00	254,237	207,113	119,459	1,121	62,960	(1,537,579)
33	MARES ALTINYUNUS TUR.TES. A.Ş.	655,792	38.35	531,963	-	-	-	34,628	927,472 (**)
34	MARET MARMARA BES.ET SAN.TİC. A.Ş.	651,889	31.04	309,883	333,959	-	-	19,506	(4,034,418) (**)
35	MATAY OTOM.YAN.SAN.VE TİC. A.Ş.	146,300	17.11	23,371	-	-	79	508,302	875,525
36	METAŞ İZMİR METALURJİ FAB. A.Ş.	2,894	0.41	3,461	-	-	-	-	(3,480,143) (**)
37	MİGROS TÜRK T.A.Ş.	137,998	0.25	114,998	-	-	-	255,272	6,197,593 (**)
38	NEW HOL. TRAKMAK TRAK. ZİRAAT MAK.A.Ş.	206,719	39.38	3,910	4,025	142,547	-	87,477	335,751
39	OTOKAR OTOBÜS KAROSERİ SAN.A.Ş.	3,362,735	42.92	2,286,932	3,332	2,754	-	293,273	4,780,574 (**)
40	OTOMOTİV LAST.TEVZİ A.Ş.	115,067	46.03	2,887	577	-	174	48,277	677,342
41	OTOYOL PAZ. A.Ş.	564,000	40.00	110,320	10,024	3,600	-	235,623	60,094
42	PASTAVİLLA MAKARNACILIK SAN.TİC.A.Ş.	294,673	24.56	150,870	-	-	48,034	39,205	963,333 (**)
43	RAM DIŞ TİC. A.Ş.	689,581	17.24	270	159,398	-	54,847	(1,027,253)	(2,409,170)
44	RAMERİCA	462,686	33.33	-	-	-	-	(177,056)	$ 7,928
45	RMK MARİNE GEMİ YAP. SAN.VE DENİZ TAŞ.İŞL. A.Ş.	962,500	40.53	1,485	-	-	-	30,203	1,834,928
46	SAMKOÇAUTO ÖZBEKİSTAN	858,396	5.00	-	-	-	-	-	(124,979,000) SUM
47	SANAL MERKEZ TİC. A.Ş.	45,000	10.00	-	-	-	-	1,625	76,524
48	SET AUTO BAKÜ AZERBEYCAN LTD.	16,474	30.00	-	-	-	-	-	$ 98,347
49	SET OTO TİC. VE TURİZM A.Ş.	76,000	2.67	-	-	-	-	47,559	77,101
50	SETUR SERVİS TURİSTİK A.Ş.	2,240,165	24.89	5,686	145,322	3,505	121,346	41,024	(393,968)
51	TAKOSAN OTOMOBİL GÖSTERGELERİ SAN.VE TİC. A.Ş.	466,095	27.42	115,389	-	-	9	-	(3,109,396)
52	TAM SİGORTA A.Ş.	177	0.35	27	42	65	-	-	-
53	TANI PAZARLAMA VE İLETİŞİM HİZMETLERİ A.Ş.	8,399,952	35.00	-	-	-	-	436,375	-
54	TAT KONSERVE SAN. A.Ş.	4,867,179	46.35	2,488,853	419,318	3	-	34,696	9,028,787 (**)
55	TAT TOHUMCULUK A.Ş.	24,000	3.00	23,940	-	-	-	1,649	602,210
56	TEK-ART KALAMIŞ VE FENERBAHÇE MARMARA TUR.TES.A.Ş.	601,220	26.14	-	-	-	-	15,275	1,975,910
57	TEKERSAN A.Ş.	777,726	33.09					86,093	(3,585,339)
58	TNT LOJİSTİK VE DAĞITIM HİZMETLERİ A.Ş.	2,552,000	44.00	-	-	-	-	12,514	(1,550,495)
59	TOFAŞ TÜRK OTOMOBİL FAB.A.Ş	64,054,401	37.59	37,176,969	6,670	105,645	11,652,209	251,866	(613,467) (**)
60	TÜRK DEMİR DÖKÜM FAB. A.Ş.	9,219,293	46.10	7,058,103	131,951	10,627	922,577	240,499	8,075,598 (**)
61	TÜTAŞ TÜRK TURİZM A.Ş.	1,959,509	45.57	431,849	-	188	-	14,735	(528,252)
62	ULTRA KABLOLU TV.VE TELEKOMÜNİKAS. SAN.TİC.A.Ş.	1,350,000	16.67	-	-	-	-	3,103	(3,810,223)
63	ZİNERJİ ENERJİ SANAYİ TİCARET A.Ş.	74,000	37.00	-	-	-	-	2,962	26,180
	TOTAL	472,185,467		112,860,637	17,884,263	18,094,478	13,237,696		

(Amounts expressed in millions of Turkish Lira)

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THE SHAREHOLDING PERCENTAGES AND AMOUNTS FOR ASSOCIATES, INVESTMENTS AND SUBSIDIARIES, THE TOTAL AMOUNT OF BONUS SHARES OBTAINED BY CAPITAL INCREASES FROM INTERNAL SOURCES

	ASSOCIATES & INVESTMENTS	Registered value (Nominal)	Percentage of issued capital owned (%)	Revaluation surplus	Fixed assets sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year (*)	
1	BELDESAN OTOMOTİV YAN.SAN. VE TİC. A.Ş.	3,323,377	79.13	147,051	1,619,485	18,691	26,512	3,574	371,917	
2	BİLKOM BİLİŞİM HİZMETLERİ A.Ş.	192,335	69.94	-	-	-	-	6,388	(1,238,272)	
3	BİRMOT BİRLEŞİK MOTOR SANAYİ VE TİC. A.Ş.	11,880,000	99.00	-	-	-	-	1,314,366	1,899,001	
4	BOZKURT TARIM GIDA SAN. VE TİC. A.Ş.	723,324	67.54	486	-	-	-	(440)	77,174	
5	BURSA GAZ VE TİC. A.Ş.	707,533	59.55	173,253	945,701	881,533	30,068	8,319	5,202,158	
6	DÖKTAŞ DÖKÜM.TİC. VE SAN. A.Ş.	9,811,753	51.10	7,376,616	794,752	241	-	61,775	(796,776)	(**)
7	GVZ SES TANIMA TEK.YAZILIM VE HİZM. A.Ş.	637,493	85.00	-	-	-	-	916	(174,503)	
8	İ.D.E.A. A.Ş.	122,000	81.33	-	-	-	-	(228,499)	(59,393)	
9	KOÇ BİLGİ GRUBU İLETİŞİM VE TEKNOL.HİZM. A.Ş.	400,000	80.00	-	-	-	-	(268,302)	-	
10	KOÇNET HABERLEŞME TEKNO.VE İLET. HİZM. A.Ş.	14,499,600	76.31	-	-	-	-	(86,564)	(5,289,306)	
11	KOFİSA TRADING COMP.SA.	161	50.00	-	-	-	-	-	1,802,675	
12	OTOKOÇ OTOMOTİV TİCARET VE SAN. A.Ş.	8,910,000	99.00	-	-	-	-	1,383,774	1,620,242	
13	OTOYOL SAN. A.Ş.	7,200,000	60.00	7,045,275	2,187	18,000	-	508,042	(8,261,629)	
14	SEK SÜT END.KUR.SAN VE TİC. A.Ş.	2,899,170	56.31	608,970	-	-	-	67,347	(3,160,576)	
15	SETAİR HAVA TAŞ. VE HİZM. A.Ş.	30,000	60.00	-	-	-	-	(160,901)	10,879	
16	TÜRK TRAKTÖR VE ZİRAAT MAK. AŞ	14,998,960	62.50	13,255,878	-	-	-	59,848	16,523,359	
	TOTAL	76,335,705		28,607,529	3,362,125	918,464	56,580			
	GRAND TOTAL	548,521,173		141,468,166	21,246,389	19,012,942	13,294,276			

(*) For listed companies 30 September 2002 financial statements, for other companies 31 December 2001 financial statements that were authorised by the General Assembly have been considered.
(**) These are listed companies. For listed companies six month limited and year end audit reports are available and the audit opinions are all clean.
(***) These are foreign investments listed on NYSE

(Amounts expressed in millions of Turkish Lira)

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THE SHAREHOLDING PERCENTAGES AND AMOUNTS FOR ASSOCIATES, INVESTMENTS AND SUBSIDIARIES, THE TOTAL AMOUNT OF BONUS SHARES OBTAINED BY CAPITAL INCREASES FROM INTERNAL SOURCES

	ASSOCIATES & INVESTMENTS	Registered value (Nominal)	Percentage of issued capital owned (%)	Revaluation surplus	Fixed assets sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year (*)	
1	ALTINYUNUS ÇEŞME TUR.TESL.A.Ş.	1,474,200	30.00	1,329,099	49,570	-	-	-	518,824	(**)
2	ARÇELİK A.Ş.	35,578,642	39.14	15,483,413	724,028	9,375	-	547,331	(14,172,839)	(**)
3	ARÇELİK LG KLİMA SANAYİ VE TİC. A.Ş.	599,900	5.00	-	-	-	-	2,424	(3,232,075)	
4	ASIA PACIFIC A.Ş.	868	11.50	95	-	-	-	-	(21,993)	
5	AYGAZ A.Ş.	17,839,722	40.68	13,252,053	1,407,737	19,148	401,788	251,963	9,290,039	(**)
6	AYVALIK MARİNA VE YAT.İŞL.SAN.TİC. A.Ş.	30,864	7.72	-	-	-	-	-	(51,966)	
7	BASIC INT. INVESTMENT LTD	508,137	28.00	-	-	-	-	-		
8	BEKO TİCARET A.Ş.	195,000	39.00	60,529	93,534	3,425	1,368	494	8,925,913	
9	BEKO ELEKTRONİK A.Ş.	7,840,351	32.87	3,580,100	1,184	906	-	291,852	(16,380,149)	(**)
10	BELDEYAMA MOTORLU VASITALAR SAN.VE TİC. A.Ş.	200	0.01	-	-	-	-	34,179		
11	BİRLEŞİK OKSİJEN SAN. A.Ş.	1,590	1.00	-	-	-	-	8,170	1,340,171	
12	DOĞU YATIRIM HOLDİNG A.Ş.	12,500	1.43	-	-	-	-	-	3,270	
13	DÜZEY TÜKETİM MALLARI PAZ. A.Ş.	377,406	31.15	19,204	350,503	277	3,352	48,328	1,720,557	
14	ENTEK ELEK.ÜRET.OTO PRODÜK GRUBU A.Ş.	49,000	0.50	-	-	-	-	4,139	1,677,529	
15	FORD OTOMOTİV SAN. A.Ş.	27,533,372	37.66	15,385,997	-	65,094	-	(4,320)	(128,482,972)	(**)
16	GARANTİ BALFOUR BEATTY İNŞ.SAN.VE TİC.AŞ	1,222,439	40.75	423,151	-	198	1,187	188,618	9,349,769	
17	GOODYEAR LASTİKLERİ T.A.Ş.	1,143,504	9.60	778,371	29,622	11,389	-	-	(23,527,996)	(**)
18	İZOCAM TİC. VE SAN. A.Ş.	1,221,710	20.36	1,140,525	65	723	-	55,872	4,240,587	(**)
19	KAV DANIŞMANLIK PAZARLAMA VE TİC. A.Ş.	1,221,083	18.98	352,961	844,536	615	8,622	10,990	1,232,040	(**)
20	KOÇBANK A.Ş.	33,973,646	25.17	677,075	-	1,159,637	-	133,966	19,517,213	
21	KOÇ ALLIANZ HAYAT SİGORTA A.Ş.	7,594,690	37.97	-	-	1,193,101	-	13,115	3,227,248	
22	KOÇ ALLIANZ SİGORTA A.Ş.	5,208,844	43.41	2,535,800	49,950	1,529,981	-	40,786	4,031,200	
23	KOÇ ATA BESİ VE TARIM ÜRÜNLERİ A.Ş.	838,500	9.32	-	-	-	-	1,297	-	
24	KOÇ ECE PROJE YÖNETİM VE TİC. A.Ş.	598,000	24.92	-	-	-	-	1,959	-	
25	KOÇ FİAT KREDİ TÜKETİCİ FİNANSMANI A.Ş.	10,500,000	35.00	-	-	-	-	4,112	-	
26	KOÇ FİNANSAL HİZMETLER A.Ş.	35,000,000	13.36	-	-	-	-	10	-	
27	KOÇ FİNANSAL KİRALAMA A.Ş.	3,180,000	12.00	1,986,633	-	80,030	18,913	3,890	2,673,911	
28	KOÇ KÜLTÜR SANAT VE TANITIM HİZMETLERİ TİC. A.Ş.	40,200	40.20	-	-	-	-	-	-	
29	KOÇ TÜKETİCİ FİNANS. VE KART HİZMETLERİ A.Ş.	35,600,000	44.50	-	-	-	-	23,049	12,520,102	
30	KOÇ YAPI MALZEMELERİ TİC.A.Ş.	336,828	43.18	17,323	31,441	4,704	2,071	9,555	1,878,611	
31	KOÇTAŞ YAPI MARKETLERİ TİCARET A.Ş.	3,729,600	24.86	-	-	-	-	38,627	(1,457,660)	
32	KOÇ SİSTEM BİLGİ VE İLETİŞ.SİSTEML. A.Ş.	2,879,940	41.14	563,714	-	118,989	-	(687)	4,071,996	
33	LİPET LİKİT PET.GAZI TİC. A.Ş.	292,500	32.50	292,125	-	-	-	3,383	911,331	
34	MAKO ELEKTRİK SAN. VE TİC. A.Ş	600,000	40.00	254,237	207,113	119,459	1,121	7,814	(386,079)	
35	MARET MARMARA BES.ET SAN.TİC.AŞ	651,889	31.04	309,883	333,959	-	-	5,716	(1,478,558)	(**)
36	MARES ALTINYUNUS TUR.TES.AŞ	655,792	38.35	531,963	-	-	-	22,731	1,268,997	(**)
37	MATAY OTOM.YAN.SAN.VE TİC. A.Ş.	146,300	17.11	23,371	-	-	79	-	-	
38	METAŞ İZMİR METALURJİ FAB. A.Ş	2,895	0.41	3,461	-	-	-	-	(5,241,829)	(**)
39	MİGROS TÜRK T.A.Ş.	23,000	0.25	-	-	-	-	159,917	13,442,258	(**)
40	NEW HOL. TRAKMAK TRAK. ZİRAAT MAK.A.Ş	206,719	39.38	3,910	4,025	142,547	-	16,753	2,713,316	
41	OTOKAR OTOBÜS KAROSERİ SAN.A.Ş	2,973,745	42.06	1,939,303	3,332	2,754	-	23,344	9,649,320	(**)
42	OTOMOTİV LAST.TEVZİ A.Ş.	115,067	46.03	2,887	577	-	174	39,420	557,780	
43	OTOYOL PAZ. A.Ş.	564,000	40.00	110,320	10,024	3,600	-	(102,489)	4,159,206	
44	PASTAVİLLA MAKARNACILIK SAN.TİC.A.Ş.	294,673	24.56	150,870	-	-	48,034	13,482	446,869	(**)
45	RAM DIŞ TİC. A.Ş.	689,581	17.24	270	159,398	-	54,847	97,501	421,752	
46	RAMERİCA	462,686	33.33	-	-	-	-	-	-	
47	SAMKOÇAUTO ÖZBEKİSTAN	858,396	5.00	-	-	-	-	-	-	
48	SANAL MERKEZ TİC. A.Ş.	45,000	10.00	-	-	-	-	-	-	
49	SET AUTO BAKÜ AZERBEYCAN LTD.	16,474	30.00	-	-	-	-	-	-	
50	SET OTO TİC. VE TURİZM A.Ş.	76,000	8.00	-	-	-	-	21,274	34,992	
51	SETUR SERVİS TURİSTİK A.Ş.	2,090,821	24.89	4,865	119,586	-	2,064	(52,767)	197,649	
52	TAKOSAN OTOMOBİL GÖSTERGELERİ SAN.VE TİC. A.Ş.	119,846	27.42	2,187	-	-	9	-	-	
53	TAM SİGORTA A.Ş.	177	0.35	27	42	65	-	-	-	
54	TAT KONSERVE SAN. A.Ş.	4,867,179	46.35	2,488,853	419,318	3	-	51,020	6,293,040	(**)
55	TAT TOHUMCULUK A.Ş.	150	3.00	90	-	-	-	1,397	163,323	
56	TEK-ART KALAMIŞ MARİNA VE YAPI ELAMANL. SAN. A.Ş. VE FENERBAHCE MARMARA TUR. TES. A.Ş.	601,220	26.14	-	-	-	-	6,359	-	
57	TEKERSAN A.Ş.	777,726	33.09	-	-	-	-	11,402	-	
58	TNT LOJİSTİK VE DAĞITIM HİZMETLERİ A.Ş.	572,000	44.00	-	-	-	-	4,753	-	
59	TOFAŞ TÜRK OTOMOBİL FAB. A.Ş.	64,054,401	37.59	37,176,969	6,670	105,645	11,652,209	183,493	(55,384,544)	(**)
60	TÜRK DEMİR DÖKÜM FAB. A.Ş.	4,609,647	46.10	2,541,618	131,951	10,627	829,415	221,582	(26,225,874)	(**)
61	TÜTAŞ TÜRK TURİZM A.Ş.	1,959,509	45.57	431,849	-	188	-	(2,833)	(1,019,269)	
62	ULTRA KABLOLU TV.VE TELEKOMÜNİKAS. SAN.TİC. A.Ş.	1,350,000	16.67	-	-	-	-	3,139	(2,807,518)	
63	ZİNERJİ ENERJİ SANAYİ TİCARET A.Ş.	74,000	37.00	-	-	-	-	6,065	16,319	
	TOTAL	326,082,129		103,855,101	4,978,164	4,582,477	13,025,252			

(Amounts expressed in millions of Turkish Lira)

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THE SHAREHOLDING PERCENTAGES AND AMOUNTS FOR ASSOCIATES, INVESTMENTS AND SUBSIDIARIES, THE TOTAL AMOUNT OF BONUS SHARES OBTAINED BY CAPITAL INCREASES FROM INTERNAL SOURCES

	SUBSIDIARIES	Registered value (Nominal)	Percentage of issued capital owned (%)	Revaluation surplus	Fixed assets sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year (*)	
1	BELDESAN OTOMOTİV YAN.SAN. VE TİC. A.Ş.	3,323,377	79.13	147,051	1,619,485	18,691	26,512	18,407	259,368	
2	BİLKOM BİLİŞİM HİZMETLERİ A.Ş.	192,335	69.94	-	-	-	-	3,540	-	
3	BİRMOT BİRLEŞİK MOTOR SANAYİ VE TİC. A.Ş.	9,900,000	99.00	-	-	-	-	1,282,807	-	
4	BOZKURT TARIM GIDA SAN. VE TİC. A.Ş.	723,324	67.54	486	-	-	-	(437)	-	
5	BURSA GAZ VE TİC. A.Ş.	707,533	59.55	173,253	945,701	881,533	30,068	27,211	1,748,403	
6	DÖKTAŞ DÖKÜM.TİC. VE SAN. A.Ş.	9,811,753	51.10	7,376,616	794,752	241	-	103,263	(6,905,192)	(**)
7	GVZ SES TANIMA TEK.YAZILIM VE HİZM. A.Ş.	637,492	85.00	-	-	-	-	-	-	
8	İ.D.E.A. A.Ş.	122,000	81.33	-	-	-	-	(221,080)	-	
9	İST.FRUEHAUF TAŞ.ARÇ.SAN.TİC.AŞ	508,500	50.85	347,629	-	-	-	38,413	10,897	
10	KOÇNET HABERLEŞME TEKNO.VE İLET. HİZM. A.Ş.	14,499,600	99.99	-	-	-	-	(163,019)	-	
11	KOFİSA TRADING COMP.SA.	161	50.00	-	-	-	-	-	-	
12	OTOKOÇ OTOMOTİV TİCARET VE SAN. A.Ş.	5,940,000	99.00	-	-	-	-	3,195,018	-	
13	OTOYOL SAN. A.Ş.	4,800,000	60.00	4,645,275	2,187	18,000	-	336,997	1,811,715	
14	RMK MARİNE GEMİ YAP. SAN.VE DENİZ TAŞ.İŞL. A.Ş.	962,500	55.00	1,485	-	-	-	18,811	100,409	
15	SEK SÜT END.KUR.SAN VE TİC. A.Ş.	2,899,170	56.31	608,970	-	-	-	22,272	458,601	
16	SETAİR HAVA TAŞ. VE HİZM. A.Ş.	30,000	60.00	-	-	-	-	(132,851)	8,767	
17	TÜRK TRAKTÖR VE ZİRAAT MAK. AŞ	7,499,480	62.50	5,756,398	-	-	-	34,561	25,275,961	
	TOTAL	62,557,225		19,057,163	3,362,125	918,464	56,580			
	GRAND TOTAL	388,639,354		122,912,264	8,340,290	5,500,942	13,081,832	-		

(*) For listed companies 30 September 2001 financial statements, for other companies 31 December 2000 financial statements that were authorised by the General Assembly have been considered.

(**) These are listed companies. For listed companies six month limited and year end audit reports are available and the audit opinions are all clean.

(Amounts expressed in millions of Turkish Lira)

10. DUE FROM / TO SHAREHOLDERS, INVESTMENTS, AND SUBSIDIARIES (Continued)

b) As of 31 December 2002 and 2001 capital commitments to investments and associates are listed below:

	31 December 2002	31 December 2001
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	**20,025,000**	20,025,000
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	**8,364,952**	-
Koç Allianz Hayat Sigorta A.Ş.	**4,899,800**	4,899,800
Tek-Art Kalamış ve Fenerbahçe Marina	**49,274**	49,274
Entek Elek. Üret. Oto Prod. Grubu A.Ş.	**-**	9,750
Doğu Yatırım Holding A.Ş.	**-**	32
	33,339,026	24,983,856

c) As of 31 December 2002 and 2001 there are no capital commitments to subsidiaries.

a) Account balances with shareholders as of 31 December 2002 and 2001 are listed below:

Receivables from shareholders	**31 December 2002**	31 December 2001
Nazar Dayanıklı ve Dayanıksız Sınai Mallar Pazarlama A.Ş.	**27,882**	-
Koç Family	**13,690**	2,399
Vehbi Koç Vakfı	**-**	60
	41,572	2,459

Payables to shareholders	**31 December 2002**	31 December 2001
Temel Ticaret ve Yatırım A.Ş.	**1,489,189**	782,292
Zer Madencilik Dayanıklı Mallar Yatırım Pazarlama A.Ş.	**301,469**	-
Dividends payable	**14,886**	**16,839**
Vehbi Koç Vakfı	**3,769**	-
	1,809,313	799,131

e) As of 31 December 2002, TL62,271 (2001: TL69,055) of the other short-term receivables balance includes project expenses incurred for associates, investments and subsidiaries and each will be invoiced to the relevant associate, investment or subsidiary.

f)

Payables to Investments	**31 December 2002**	31 December 2001
Aygaz A.Ş. (*)	**21,392,577**	-

(*) Stated in the balance sheet note 12 and 30 and income statement note 4.

(Amounts expressed in millions of Turkish Lira)

11. VALUATION, COSTING AND DEPRECIATION METHODS APPLIED TO INVENTORIES AND OTHER BALANCE SHEET ITEMS, CHANGES IN THESE AND OTHER ACCOUNTING POLICIES COMPARED TO PREVIOUS PERIODS, THE EFFECT OF SUCH CHANGES ON THE FINANCIAL STATEMENTS, POTENTIAL EFFECTS OF POSSIBLE DEVELOPMENTS ON GOING CONCERN AND PROPER PERIOD ASSUMPTIONS AND THEIR REASONS

The Capital Markets Board ("CMB") has determined the principles and rules to be applied in the preparation and presentation of the financial statements and notes for the periods beginning from 31 December 1988, for the corporations and intermediary companies subject to Capital Market Legislation in Communiqué XI/I, and other additional communiqués. All these principles and rules will hereinafter be referred to as "generally accepted accounting principles issued by the CMB".

The Company has therefore prepared its financial statements in accordance with Turkish commercial legislation and the generally accepted accounting principles issued by the CMB.

Significant accounting principles are as follows:-

a) Fixed assets and depreciation

Fixed assets subject to depreciation are reflected at acquisition cost in the accounts and they are revalued based on the rates and procedures determined by the Ministry of Finance each year. Except for buildings, depreciation is allocated from revalued amounts. Except for the airplane acquired in 2001, depreciation is provided for using the straight-line method up to 1992 and the double-declining balance method beginning from the purchases of 1993 based on the rates stated below:

	For 1982 and before %	For 1983-1992 %	For 1993-1994 %	For 1995 and after %
Buildings	2	2	4	4
Machinery, plant and equipment	-	25	50	40
Motor vehicles	15	25	50	40
Furniture and fixtures	6 - 15	25	50	40

The airplane acquired in 2001 is subject to 15% annual depreciation based on the straight-line method.

b) Associates, investments and subsidiaries

Associates, investments and subsidiaries are stated at acquisition cost plus the nominal value of shares obtained by paid and non-paid capital increases of the companies concerned.

Associates, investments and subsidiaries are revalued at their market prices if there is a material decrease in their market value and there is no objective and reasonable proof that this decrease is temporary.

If the capital increase of the associate and/or investment is funded from the associate's and/or investment's retained earnings or from the revaluation fund, the nominal value of the shares obtained is added to the Company's investment revaluation fund.

11. VALUATION, COSTING AND DEPRECIATION METHODS APPLIED TO INVENTORIES AND OTHER BALANCE SHEET ITEMS, CHANGES IN THESE AND OTHER ACCOUNTING POLICIES COMPARED TO PREVIOUS PERIODS, THE EFFECT OF SUCH CHANGES ON THE FINANCIAL STATEMENTS, POTENTIAL EFFECTS OF POSSIBLE DEVELOPMENTS ON GOING CONCERN AND PROPER PERIOD ASSUMPTIONS AND THEIR REASONS (Continued)

c) Notes Receivable

As of 31 December 2002, TL denominated trade receivables are rediscounted by 64% as declared by the Central Bank of Turkey (2001: 70%).

d) Foreign currency transactions

Transactions in foreign currencies are translated into Turkish Lira at the exchange rates prevailing at the dates of such transactions. Balance sheet items denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from settlement and translation of foreign currency items are included in the related income and expense accounts, as appropriate.

e) Employment termination benefits

In accordance with existing social legislation in Turkey, the Company is required to pay lump sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated without due cause, who retires, completes 25 years of service (20 years for women), is called up for military service, or dies. Such payments are calculated on the basis of 30 days' pay limited to 1,260.1 at 31 December 2002 (2001: 978.02) per year of employment (at the rate of pay applicable at the date of retirement or termination). As required by Turkish Labour Law employment termination benefits are recognised in the financial statements as they are earned.

f) Tax provision:

Tax provisions have been recorded in line with the legal requirements.

g) Other balance sheet items

Other balance sheet items are principally reflected at their historical values.

12. SUBSEQUENT EVENTS TO BE DISCLOSED

a) As of 1 January 2003, the legal limit for employment termination benefits has increased to TL1,323.9 This has increased the Company's liabilities by TL44,313 subsequent to the balance sheet date.

b) At the Board of Directors' meeting dated 30 December 2002, the Company management decided not to participate in the capital increase of the associate company, Garanti Balfour Beatty İnşaat ve Ticaret A.Ş., from TL3,000,000 to TL6,000,000. The capital increase was realized subsequent to the balance sheet date and accordingly the shares of the Company was decreased from 40.75% to 18.52%.

c) Koç Holding obtained a syndication loan through the consortium led by HSBC Bank Plc. amounting to USD150 million, dated 9 January 2003. The syndication loan will be used for all financial needs of the group companies including trade finance and working capital. Koç Holding is liable to pay a one-off commission fee at 1.9% on the syndication loan, which has a maturity of 370 days with 6 monthly interest payments at the rate of LIBOR+1.10%.

d) In January 2003, the Company has repaid the loan borrowed from associate company Aygaz A.Ş. including the accrued interest (see balance sheet note 10f and income statement note 4).

e) At the Board of Directors' meeting dated 27 February 2003, the Company management has decided to sell its 17.11% shares in Matay Otomotiv Yan Sanayi ve Ticaret A.Ş. to Orhan Holding A.Ş. for total consideration of USD2,270,000, each share having a nominal value of TL 146,300.

13. INFORMATION FOR THE CONTINGENT LOSSES AND GAINS

The total amount of pending law suits due to the merger is TL289,800 (2001: None).

14. CHANGES IN THE ACCOUNTING ESTIMATES WHICH HAVE A MATERIAL EFFECT ON THE PROFITABILITY RATIOS OF THE COMPANY AND THEIR MONETARY EFFECTS

There have been no changes in accounting estimations having a material effect on the Company's gross profit margin (2001: None).

15. MORTGAGES OR RESTRICTIONS ON ASSETS

None (2001:None).

16. TOTAL INSURANCE COVERAGE ON ASSETS

The total insurance coverage for cash and fixed assets amounted to TL174,959,643 (2001: TL61,726,974).

17. TOTAL MORTGAGES AND GUARANTEES OBTAINED FOR RECEIVABLES

Letters of guarantee in the amount of TL9,245,888 (2001:TL7,363,602) obtained from Koçbank A.Ş. and JP Morgan Investment Bank in the amount of USD20,000,000, equivalent to TL32,690,020 (2001: None) are recorded in off-balance sheet accounts.

18. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

a) None. (2001: The Company has syndicated loans received from banks abroad amounting to USD175,000,000 that were transferred to group companies (Beko Elektronik A.Ş., Koç Finansal Kiralama A.Ş., Koç Ata Besi ve Tarım Ürünleri A.Ş., Ram Dış Ticaret A.Ş., Sek Süt Endüstrisi Kurumu San. ve Tic. A.Ş., Setur Servis Turistik A.Ş., Zinerji Enerji ve Sanayi Ticaret A.Ş., Tekersan Jant Sanayi A.Ş., Set Oto Ticaret ve Turizm A.Ş., Koç Yapı Malzemeleri Ticaret A.Ş., Beldeyama Motorlu Vasıtalar Sanayi ve Ticaret A.Ş.) with the same conditions).

b) At the Board of Directors' meeting on 11 December 2001, the Company management decided to submit a guarantee of USD72,221,998 in conjunction with 50% of the loan amounting to USD144,443,997 obtained by Ford Otomotiv Sanayi A.Ş to finance its investments in Gölcük with validity until 01 January 2004 subject to Ford Motor Co.'s acting as guarantor for the other 50% of this loan should the need arise.

c) At the Board of Directors' meeting on 11 November 2002, the Company management has decided to approve the "Project Funds Agreement" related to the USD50 million syndication loan of Beko Elektronik A.Ş. from International Finance Corporation ("IFC") and banks. The Company has further decided to deliver a "Comfort Letter", added to the agreement, stating that the shares of Koç Group in Beko Elektronik A.Ş. will not decrease below 51% until the loan is fully repaid.

19. BLOCKED DEPOSITS AT BANKS

None (2001:None).

20. MARKET VALUE OF MARKETABLE SECURITIES AND NON-CURRENT FINANCIAL ASSETS CARRIED AT COST AND THE COST OF MARKETABLE SECURITIES AND NON-CURRENT FINANCIAL ASSETS CARRIED AT MARKET VALUE

Within the non-current financial assets group, there are 19 investments (2001: 19) with an acquisition cost of TL246,116,270 (2001: TL182,383,478), 18 of which are quoted on the Istanbul Stock Exchange (2001: 19) and 1 of which is quoted on the New York Stock Exchange. The total market value of these investments, which is calculated over the weighted average prices of the last five working days to 31 December 2002, amounts to TL1,863,305,838 (2001: TL1,739,303,096) for all investments and associate companies quoted on both the Istanbul Stock Exchange and New York Stock Exchange.

Except for these marketable securities, there are no marketable securities and financial assets on the balance sheet stated at their market values.

(Amounts expressed in millions of Turkish Lira)

21. MARKETABLE SECURITIES AND INVESTMENT SECURITIES ISSUED BY SHAREHOLDERS, ASSOCIATED COMPANIES, SUBSIDIARIES AND RELATED COMPANIES

None (2001:None).

22. DETAILS OF "OTHER" ITEMS IN THE BALANCE SHEET WHICH EXCEED 20% OF THE RESPECTIVE COMPONENT OR 5% OF TOTAL ASSETS

Other current assets:

	31 December 2002	31 December 2001
Prepaid expenses for the following periods	**1,804,254**	829,703
Prepaid taxes and funds	**364,010**	853,678
Income accruals	-	1,765,718
Other	**-**	49,990
	2,168,264	3,499,090

Other short-term receivables:

	31 December 2002	31 December 2001
Personnel advances	**1,616**	12,225
Job advances	**600**	-
Other	**22**	104
	2,238	12,329

Other intangible assets:

	31 December 2002	31 December 2001
Koç Holding A.Ş. merger account	**4,972,752**	6,630,336
Special costs	**781,259**	872,024
	5,754,011	7,502,360

Other current liabilities:

	31 December 2002	31 December 2001
Payable to personnel	**2,460,570**	2,506,727
Other	**-**	41,398
	2,460,570	2,548,125

Provision for other payables and accruals:

	31 December 2002	31 December 2001
Provision for interest expense	**336,226**	364,531
Provision for telephone, electricity, gas and water expenses	**54,395**	44,854
	390,621	409,385

Other extraordinary expenses and losses

	31 December 2002	31 December 2001
Provision for impairment on investment	**2,820,000**	-
	2,820,000	-

23- RECEIVABLES FROM AND PAYABLES TO PERSONNEL CLASSIFIED IN "OTHER RECEIVABLES" OR "OTHER SHORT-TERM OR LONG-TERM PAYABLES" THAT EXCEED 1% OF TOTAL ASSETS

None (2001: None).

24- DOUBTFUL RECEIVABLES FROM SHAREHOLDERS, ASSOCIATED COMPANIES AND SUBSIDIARIES

None (2001: None).

25- AMOUNT OF PROVISION FOR DOUBTFUL RECEIVABLES WHICH ARE DUE AND NOT YET DUE

The total amount of doubtful overdue short term and long term receivables are TL2,051,886 (2001: TL2,210,314) and 1,405 (2001: TL5,892), respectively.

26. BREAKDOWN OF ASSOCIATED COMPANIES AND SUBSIDIARIES HAVING AN INDIRECT SHAREHOLDING AND MANAGEMENT RELATIONSHIP WITH THE COMPANY, PARTICIPATION RATES AND AMOUNTS, PERIOD INCOME OR LOSS AND NET PERIOD INCOME OR LOSS IN THE LATEST FINANCIAL STATEMENTS OF THESE ASSOCIATED COMPANIES AND SUBSIDIARIES, REPORTING PERIOD OF THESE FINANCIAL STATEMENTS, WHETHER AUDITED OR NOT BY AN INDEPENDENT AUDITOR, WHETHER PREPARED IN ACCORDANCE WITH STANDARDS DECLARED BY CAPITAL MARKETS BOARD, WHETHER THE OPINION IS AFFIRMATIVE, CONDITIONAL OR ADVERSE IF AUDITED

Stated in balance sheet note 10a.

27. BONUS SHARES OBTAINED THROUGH INTERNALLY FUNDED CAPITAL INCREASES OF ASSOCIATED COMPANIES AND SUBSIDIARIES

Stated in balance sheet note 10a.

28- IN KIND RIGHTS ON IMMOVABLES AND THEIR VALUE

None (2001: None).

29- REVALUATION OF PROPERTY PLANT AND EQUIPMENT IN THE LAST THREE YEARS

Disclosed in balance sheet note 8c.

(Amounts expressed in millions of Turkish Lira)

30- RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES HAVING NO FOREIGN EXCHANGE RATE GUARANTEES, ASSETS IN FOREIGN CURRENCIES AND CONVERSION RATES

As of 31 December 2002 and 2001, assets not hedged and denominated in foreign currency are as follows:

	31 December 2002			
	Foreign currency	**Type of currency**	**Exchange rate**	**TL million**
Banks	**167,096**	**USD**	**1,634,501**	**273,119**
	567	**EUR**	**1,703,477**	**966**
	4	**GBP**	**2,618,888**	**10**
Receivables from investments	**107,804**	**USD**	**1,634,501**	**176,206**
				450,301
Borrowings	**37,833,677**	**USD**	**1,642,384**	**62,137,425**
Payables to investments (*)	**12,400,000**	**USD**	**1,642,384**	**20,365,561**
	600,000	**EUR**	**1,711,693**	**1,027,016**
Provision for other payables and accruals	**195,171**	**USD**	**1,642,384**	**320,545**
	9,161	**EUR**	**1,711,693**	**15,681**
Payables	**856,305**	**USD**	**1,642,384**	**1,406,382**
	37,500	**EUR**	**1,711,693**	**64,189**
(*) Stated in the balance sheet note 10f				**85,336,799**

	31 December 2001			
	Foreign currency	Type of currency	Exchange rate	TL million
Banks	21,026,653.65	USD	1,439,567	30,269,277
Borrowings	41,212,515.00	USD	1,446,510	59,614,315

31. GUARANTEES, COMMITMENTS, BAILS, ADVANCES AND ENDORSEMENTS GIVEN IN FAVOUR OF SHAREHOLDERS, ASSOCIATED COMPANIES AND SUBSIDIARIES

None (2001: None).

32. AVERAGE NUMBER OF EMPLOYEES BY CATEGORIES

The average number of salaried personnel working during 2002 is 168 (2000: 169).

33. OTHER SIGNIFICANT MATTERS WHICH MAY HAVE A MATERIAL EFFECT ON THE FINANCIAL STATEMENTS OR CLARIFY FINANCIAL STATEMENTS

a) At the Koç Holding Board meeting held on 8 July 2002, the Company management decided to sell its 2,287,008,008 registered shares in Goodyear, each with a nominal value of TL 1,143,504 to Goodyear Tire and Rubber Company for a consideration of USD 10,071,712 and to buy 438,091 units of Goodyear Tire and Rubber Company shares quoted on the New York Stock Exchange for a consideration of USD 10,071,712. This transaction was carried out on 18 September 2002.

b) At the Koç Holding meeting held on 2 September 2002, the Company management decided to exchange Koçbank A.Ş. shares with a nominal value of TL 99,700,919 and participation ratio of 25.81% and Koç Finansal Kiralama A.Ş. shares with a nominal value of TL 3,180 and shares of 12% for shares of Koç Finansal Hizmetler A.Ş., which conducts the financial activities of the Koç Group. By this share transfer, which was made in conformity with sub paragraph 3, paragraph 1, Article 38 of the Corporate Tax Law, the Company's share in Koç Finansal Hizmetler A.Ş. has increased from 13.35% to 24.12%. A 50-50% partnership was established between the Koç Group and UniCredito Italiano SpA under Koç Finansal Hizmetler A.Ş., and the share transfer was realised on 22 October 2002.

c) Following the recommendation of the Management Committee, the Extraordinary General Meeting held on 9 July 2001 and based on permit no. OFD/1574-6901 issued by the CMB on 19 June 2001 and permit no. 4807 issued by the General Directorate for Domestic Trade of the Ministry of Trade and Commerce on 19 June 2001, for the purposes of the merger the share capital of the Company was increased from TL 85,469,600 to TL 101,578,003. The net income arising from the merger amounting to TL 6,178,053 was separately displayed in the statement of income for the year ended 31 December 2001.

34. EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH

The accompanying financial statements are prepared and presented in accordance with the accounting and reporting principles issued by the CMB, which are different from the accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). The effects of such differences have not been quantified. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2002 AND 2001
(Amounts expressed in millions of Turkish Lira)

	2002		2001	
GROSS SALES		**31,362,773**		**16,073,401**
Domestic sales	31,362,773		16,073,401	
OPERATING EXPENSES		**-45,806,586**		**-30,076,523**
General and administrative expenses	-45,806,586		-30,076,523	
INCOME AND GAINS FROM OTHER OPERATING ACTIVITIES		**64,455,705**		**64,539,719**
Dividends from investments	44,786,671		42,343,878	
Dividends from subsidiaries	7,664,633		9,463,928	
Interest and other dividend income	3,652,482		10,545,808	
Other income and gains from operating activities	8,351,920		2,186,106	
EXPENSE AND LOSSES FROM OTHER OPERATING ACTIVITIES		**-2,820,000**		
FINANCIAL EXPENSES		**-10,936,853**		**-714,724**
Short-term borrowing expenses	-10,936,853		-714,724	
EXTRAORDINARY REVENUES AND INCOME		**1,855,511**		**2,248,723**
Other extraordinary revenues and income	1,855,511		2,248,723	
EXTRAORDINARY EXPENSES AND LOSSES		**-1,732,391**		**-3,287,964**
Other extraordinary expenses and losses	-1,732,391		-3,287,964	
OPERATING PROFIT		**36,378,159**		**48,782,633**
TAXATION (-)		**-102,955**		**-153,897**
		36,275,205		**48,628,735**
NET INCOME RELATED TO MERGER		**-**		**6,178,054**
NET INCOME FOR THE PERIOD		**36,275,205**		**54,806,789**

The accompanying notes form an integral part of these financial statements

(Amounts expressed in millions of Turkish Lira)

1. DEPRECIATION AND AMORTISATION EXPENSES FOR THE YEAR

a)Depreciation expense is TL9,458,659 (2001: TL 6,891,252).

i) Normal depreciation expense is TL6,155,997 (2001: TL6,011,800).
ii) Depreciation expense due to revaluation is TL3,302,661 (2001: TL879,452).

b) Amortisation expense is TL1,914,697 (2001: TL1,906,414).

2. REDISCOUNT AND PROVISION EXPENSES FOR THE YEAR

	31 December 2002 TL million	31 December 2001 TL million
Provision for employment termination benefit	**250,423**	373,331
Tax provisions	**102,955**	153,897
Provision for doubtful receivables	**(2,977)**	(1,630,379)
Discount interest losses	**(1,316)**	(15,460)

3. FINANCIAL EXPENSES FOR THE YEAR

The total amount of financial expenses for the period is TL 10,936,853 (2001:TL714,724).

4. FINANCIAL EXPENSES RELATED TO SHAREHOLDERS, ASSOCIATED COMPANIES AND SUBSIDIARIES

Financial expenses arising on the loan amount utilized by associate company, Aygaz A.Ş. amounts to TL749,885 (2001:None).

5. SALES TO/PURCHASES FROM SHAREHOLDERS, SUBSIDIARIES AND ASSOCIATED COMPANIES

Service sales to, income from aircraft rental and income from rights from associates, investments and subsidiaries amount to TL30,302,068 (2001: TL12,202,271).

(Amounts expressed in millions of Turkish Lira)

6. INTEREST, RENT AND OTHER CHARGES PAID TO / COLLECTED FROM SHAREHOLDERS, SUBSIDIARIES AND ASSOCIATED COMPANIES

Income earned from associates, investments and subsidiaries is as follows:

a) Dividend income:

i) Associates and investments

	31 December 2002	31 December 2001
Arçelik A.Ş.	**21,347,185**	14,231,457
Aygaz A.Ş.	**14,271,777**	1,783,972
Tat Konserve San. A.Ş.	**2,080,383**	1,024,962
Otokar Otobüs Karoseri Sanayi A.Ş.	**1,932,935**	1,982,497
Koç Allianz Sigorta A.Ş.	**1,302,211**	2,604,421
Beko Ticaret A.Ş.	**1,170,000**	1,170,000
Koç Allianz Hayat Sigorta A.Ş.	**1,023,040**	1,469,940
Kav Danışmanlık Pazarlama ve Tic. A.Ş.	**254,712**	541,587
Goodyear Tire & Rubber Company	**85,927**	-
New Holland Trakmak Traktör ve Zir. Mak. Tic. A.Ş.	**17,325**	665,217
Otoyol Pazarlama A.Ş.	**5,640**	770,093
Ford Otomotiv San. A.Ş.	**-**	5,506,674
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	**-**	3,782,500
Beko Elektronik A.Ş.	**-**	1,306,725
Ormak Orta Anadolu Mak. Tic. A.Ş.	**-**	663,624
Marmara Oto A.Ş.	**-**	422,136
İstanbul Oto A.Ş.	**-**	351,700
Diğer	**1,295,535**	4,066,373
	44,786,670	42,343,878

ii) Subsidiaries

	31 December 2002	31 December2001
Türk Traktör ve Ziraat Mak. A.Ş.	**6,249,567**	8,803,239
Bursa Gaz ve Tic. A.Ş.	**1,415,066**	-
Sur Oto A.Ş.	**-**	649,536
Otomotör A.Ş.	**-**	11,153
	7,664,633	9,463,928

(Amounts expressed in millions of Turkish Lira)

6. INTEREST, RENT AND OTHER CHARGES PAID TO / COLLECTED FROM SHAREHOLDERS, SUBSIDIARIES AND ASSOCIATED COMPANIES (Continued)

b) Commission and interest accrued

	31 December 2002	31 December 2001
Zinerji Enerji ve Sanayi Tic. A.Ş.	-	1,427,863
Koç Finansal Kiralama A.Ş.	-	428,359
Sek Süt Endüstrisi Kurumu A.Ş.	-	164,204
Beko Elektronik A.Ş.	-	149,926
Ram Dış Ticaret A.Ş.	-	114,229
İstanbul Fruehauf Taş. Arç. San. Tic. A.Ş.	-	98,435
Setur Servis Turistik A.Ş.	-	71,393
Beldeyama Motorlu Vasıtalar	-	42,836
Koç Ata Besi ve Tarım Ürünleri A.Ş.	-	42,836
Koç Yapı Malzemeleri Tic. A.Ş.	-	33,122
Tekersan Jant Sanayi A.Ş.	-	14,279
Set Oto Tic. ve Turizm A.Ş.	-	14,279
	-	2,601,761

Due to non-utilization of the syndication loan taken out in the year 2002 to meet the financing needs of the Koç Group Companies, no adjustments and commission charges have been incurred, and accordingly these have not been booked by the Company to the related parties.

c) Rent income

	31 December 2002	31 December 2001
Birmot Birleşik Motor Sanayi ve Ticaret A.Ş	**2,099,850**	840,000
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	**1,387,856**	577,360
Otokar Sanayi A.Ş.	**296,653**	85,637
Tofaş Türk Otomobil Fabrikası A.Ş.	**195,000**	93,500
Koçtaş Yapı Marketleri San. ve Tic. A.Ş.	**156,486**	174,580
Set Air Hava Taşıma ve Hizm. A.Ş.	**120,000**	130,000
Koç Bryce Teknoloji Eğitim Hizmetleri A.Ş.	**109,533**	29,990
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	**107,172**	29,345
New Holland Trakmak Traktör ve Zir. Mak. Tic. A.Ş.	**101,183**	-
İ.D.E.A A.Ş.	**49,800**	42,000
Tofaş Oto Ticaret A.Ş.	-	32,500
Diğer	**69,797**	53,198
	4,693,330	2,088,110

d) The Company's net foreign exchange gain is TL1,720,766 (2001: TL17,256), according to the evaluation of the foreign currency bank deposits in Koçbank A.Ş. (2001: The interest and other dividend income includes net foreign exchange losses of TL17,256 according to the evaluation of the foreign currency bank deposits and the evaluation of the USD loan obtained from Koçbank Netherland N.V.). All interest income in the amount of TL2,192,467 (2001: TL5,044,931) of the Company for 2002 is derived from related party Koçbank A.Ş..

(Amounts expressed in millions of Turkish Lira)

6. INTEREST, RENT AND OTHER CHARGES PAID TO / COLLECTED FROM SHAREHOLDERS, SUBSIDIARIES AND ASSOCIATED COMPANIES (Continued)

e) The amounts paid to associates, investments and subsidiaries are as follows:

	31 December 2002	31 December 2001
Consulting expenses (Koç Sistem A.Ş., Koçnet A.Ş., Set Air Hava Taşımacılık ve Hizmetleri A.Ş., Koç Bilgi Grubu A.Ş., İnternet Rezervasyon Sistemleri A.Ş., Ramerica Inc., Koç Yatırım Menkul Değerler A.Ş., İ.D.E.A. A.Ş.)	**5,031,254**	1,452,265
Insurance expenses (Koç Allianz Sigorta A.Ş.)	**1,112,959**	529,279
Travel expenses (Setur A.Ş., Setair A.Ş., Setoto A.Ş., Arçelik A.Ş., Marmaris Altınyunus A.Ş., Setur Divan Oteli A.Ş., Internet Rezervasyon Sistemleri A.Ş.)	**501,249**	293,134
Rent expenses (Set Air Hava Taş.ve Hizmetleri A.Ş., Koç Ailesi)	**63,545**	29,500
Hardware mainterance expenses (Koç Sistem A.Ş., Set Air Hava Taş. ve Hizmetleri A.Ş.)	**28,468**	2,840
Banking expenses (Koçbank A.Ş.)	**21,172**	1,202,796
	6,758,647	3,509,814

7- TOTAL SALARIES AND BENEFITS PAID TO MEMBERS OF THE BOARD OF DIRECTORS, MANAGING DIRECTOR, GENERAL COORDINATOR, ASSISTANT MANAGING DIRECTOR AND OTHER TOP MANAGEMENT

Members of the Board of Directors, general manager, general coordinator, assistant general manager and other management were paid salaries and benefits amounting to TL 7,238,062 (2001: TL 4,646,563).

8- CHANGES IN DEPRECIATION CALCULATION METHODS AND EFFECT ON THE DEPRECIATION EXPENSE FOR THE YEAR

None (2001: None).

9- INVENTORY COSTING METHOD AND PROCEDURES

There are no inventories (2001: None).

10- IF ANY, REASON FOR NOT PERFORMING PHYSICAL STOCK COUNT

There are no inventories (2001: None).

11- PRODUCT, SCRAP OR SERVICE SALES INCLUDED IN DOMESTIC AND FOREIGN SALES THAT EXCEED 20% OF GROSS SALES

None (2001: None).

12- INCENTIVES AND SUBSIDIES ON SALES

None (2001: None).

13- INCOME AND LOSSES RELATED TO PRIOR PERIOD AND THE AMOUNTS AND SOURCES OF SUCH EXPENSES AND LOSSES

None (2001: TL 68,491 resulting from previous year losses of Samoto A.Ş.)

(Amounts expressed in millions of Turkish Lira)

14- INCOME AND DIVIDEND PER ORDINARY AND PREFERENCE SHARES

The earnings per share amount stated below has not yet been approved by the General Assembly.

As of 31 December 2002, earnings per share is TL192 (2001: 539), which is calculated by dividing the net profit for the period by 203,156,006,000 (2001: 101,578,003,000 shares) shares with a nominal value of TL1,000.

15- CHANGES IN QUANTITIES OF PRODUCTION OF GOODS AND SERVICES REALIZED BY THE COMPANY DURING THE PERIOD FOR EACH MAIN PRODUCTION GROUP

None (2001: None).

16- CHANGES IN THE QUANTITIES OF SALES OF GOODS AND SERVICES REALIZED BY THE COMPANY DURING THE PERIOD FOR EACH MAIN SALES GROUP

	31 December 2002	31 December 2001
Income from services	**19,043,305**	10,429,420
Income from aircraft rental	**7,091,156**	497,414
Income from advertising	**3,224,607**	1,993,089
Income from project sales	**2,003,705**	551,697
Commission income	**-**	2,601,761
	31,362,773	16,073,401

17- OTHER MATTERS RELATED WITH THE INCOME STATEMENT

The Company has incurred no tax liability as of 31 December 2002 since dividend income from investments is greater than taxable base of corporate income. Tax provision in the financial statement is related to withholding tax expense.

Donations in the amount of TL4,145(2001: TL2,917) given to foundations exempted from tax are included in the general and administrative expenses.

KOÇ HOLDİNG A.Ş.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 34
STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Amounts expressed in millions of Turkish Lira)

	31 December 2002			31 December 2001		
A- CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			**30,692,377**			**5,049,480**
B- CASH INFLOWS DURING THE YEAR			**151,154,096**			**183,669,998**
1 Cash inflow from sales		**31,362,773**			**16,073,401**	
a) Net sales	31,362,773			16,073,401		
2 Cash inflow from other operating activities		**64,455,705**			**64,539,719**	
3 Cash inflow from extraordinary income and profit		**1,855,511**			**2,248,723**	
4 Increase in short-term payables (Not relating to purchases)		**51,340,577**			**20,192,791**	
5 Increase in long-term payables		**-**			**40,368,267**	
6 Increase in marketable securities		**-**			**40,247,097**	
7 Other cash inflows		**2,139,530**			**-**	
C- CASH OUTFLOW DURING THE YEAR			**180,494,483**			**158,027,101**
1 Cash outflow from operating activities		**35,840,392**			**22,562,610**	
a) General and administrative expenses	45,806,586			30,076,523		
b) Expenses not requiring cash outflow	-9,966,194			-7,513,913		
2 Cash outflow from other operating activities		**-**			**-**	
a) Expense and losses from other operating activities	2,820,000			-		
b) Expenses and losses not requiring cash outflow	-2,820,000			-		
3 Cash outflow from finance expenses		**10,936,853**			**714,724**	
4 Cash outflow from purchases of property plant and equipment		**102,202,884**			**118,640,539**	
5 Taxes and similar charges paid		**240,850**			**3,755,603**	
6 Dividends paid		**1,736,884**			**7,686,802**	
7 Increase in marketable securities						
8 Decrease in long-term payables		**24,348,816**			**-**	
9 Other cash outflows		**5,187,804**			**4,666,823**	
D- CASH AND CASH EQUIVALENTS AT END OF YEAR			**1,351,990**			**30,692,377**
E- CASH (DECREASE)/INCREASE			**-29,340,387**			**25,642,897**

KOÇ HOLDİNG A.Ş.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINAL ISSUED IN TURKISH - SEE NOTE 34
STATEMENTS OF FUND FLOWS FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001
(Amounts expressed in millions of Turkish Lira)

	31 December 2002			31 December 2001		
A - SOURCES			**131,984,846**			**159,353,424**
1- Sources from operating profit		49,164,353			56,296,546	
a) Operating profit	36,378,159			48,782,633		
b) Depreciation	9,715,771			7,140,582		
c) Expenses not necessitating fund usage	3,070,423			373,331		
2- Sources from extraordinary profit		-			2,248,723	
3- Decrease in current assets		31,479,916			40,247,097	
4- Increase in short term payables		51,340,577			20,192,791	
5- Increase in long term payables		-			40,368,267	
B - USES OF SOURCES			**131,984,846**			**159,353,424**
1- Taxes and similar charges paid	240,850			3,755,603		
2- Dividends paid	1,736,884			7,686,802		
3- Increase in current assets	3,455,412			29,270,480		
4- Increase in non-current assets (excluding revaluation)	102,202,884			118,640,539		
5- Decrease in long term payables	24,348,816			-		

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
STATEMENTS OF PROFIT DISTRIBUTION FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001
(Amounts expressed in millions of Turkish Lira)

	31 December 2002	31 December 2001
DISTRIBUTION OF INCOME FOR THE YEAR		
Income for the year	36,378,159	54,960,686
Taxes payable	-102,955	-153,897
First legal reserves	-1,813,760	-2,736,915
Accumulated deficit	-	-68,491
NET CURRENT YEAR INCOME TO BE DISTRIBUTED	**34,461,444**	**52,001,383**
Dividend to shareholders	-6,892,289	-10,400,277
Approved at General Assembly meeting in accordance with Articles of Associates:		
Koç Holding Foundation for pensions and assistance portion	-150,211	-327,346
Dividends allocated to usufruct shareholders	-729,109	-1,407,674
Extraordinary reserves	**26,689,835**	**39,866,086**
Profit per share and dividend per share are not expressed in TL millions but in full TL		
EARNINGS PER SHARE (TL/%)		
203,156,006,000 shares receiving 12 months earnings from 2002 net profit for the year	**169/17**	
101,578,003,000 shares receiving 12 months earnings from 2001 net profit for the year		**512/51**
DIVIDEND PER SHARE (TL/%)		
203,156,006,000 shares receiving 12 months earnings from 2002 net profit for the year	**34/3**	
101,578,003,000 shares receiving 12 months earnings from 2001 net profit for the year		**102/10**
100 unit for prileged shares	**7,291,090,000/-**	**14,076,740,000/-**

Statements of profit distribution for the year ended 31 December 2002 have not yet been approved by the General Assembly.

Koç Group Companies On The Web

Vehbi Koç	www.vehbikoc.gen.tr

KOÇ GROUP COMPANIES

Agro Market Elektronik Hizm.	www.kotonline.com
Apple Bilkom	www.bilkom.com.tr
Arctic	www.arctic.ro
Arçelik	www.arcelik.com.tr
Ark İnşaat	www.arkinsaat.com.tr
Artesis	www.artesis.com
Aygaz	www.aygaz.com.tr
Beko Elektronik	www.bekoelektronik.com.tr
Beko Espana	www.beko.es
Beko France	www.beko.fr
Beko Polska	www.qdnet.pl./beko
Beko Ticaret	www.beko.com.tr
Beko UK	www.beko.co.uk
Beldeyama	www.beldeyama.com.tr
Biletix	www.biletix.com.tr
Bilkom	www.bilkom.com.tr
Birleşik Oksijen	www.bos.com.tr
Birmot	www.birmot.com.tr
Blomberg	www.blomberg.de
Demir Export	www.demirexport-as.com.tr
Divan Oteli	www.divanoteli.com.tr
Divan Üretim	www.divanpastaneleri.com.tr
Döktaş	www.doktas.com.tr
Düzey	www.duzey.com.tr
Elektrabregenz	www.elektrabregenz.com
Ford Otosan	www.ford.com.tr
Garanti Balfour Beatty	www.garantibalfourbeatty.com.tr
GVZ	www.gvz.com.tr
İ.d.e.a	www.idea.com.tr
Internet Rezervasyon Sistemleri	www.bookinturkey.com
İzocam	www.izocam.com.tr
Information Technologies Group	www.kocbilgi.com
Kangurum/Sanal Merkez	www.kangurum.com.tr
Kav Danışmanlık	www.kav.com.tr
Koç Allianz Hayat ve Emeklilik	www.kocallianzhayat.com.tr
Koç Allianz Sigorta	www.kocallianz.com.tr
Koç Ata	www.kocata.com.tr
Koç Bryce	www.kocbryce.com.tr
Koç Factoring	www.kocfactor.com.tr
Koç Fiat Kredi	www.kocfiatkredi.com.tr
Koç Holding	www.koc.com.tr
Koç.net	www.koc.net
	www.kobiline.com
Koçyatırım	www.kocyatirim.com.tr
Koç Yapı	www.kocyapi.com.tr
Koçbank	www.kocbank.com.tr
Koçbank Azerbaycan	www.kocbank.com.az
Koçbank Nederland	www.kocbank.nl
Koçfinans	www.kocfinans.com.tr
Koçfinans/Akıllıkart	www.akillikart.com.tr
KoçLease	www.koclease.com.tr
KoçSistem	www.kocsistem.com.tr
Koçtaş	www.koctas.com.tr
Mako	www.mako.com.tr
Maret	www.maret.com.tr
Marmaris Altınyunus (Mares)	www.mares.com.tr
Migros	www.migros.com.tr
Mogaz	www.mogaz.com.tr
New Holland Trakmak	www.trakmak.com.tr
Opet	www.opet.com.tr
Otokar	www.otokar.com.tr
Otokoç	www.otokoc.com.tr
Otomotiv Lastikleri	www.oltas.com.tr
Otoyol Pazarlama	www.opaz.com.tr
Otoyol Sanayi	www.otoyol.com.tr
Pastavilla	www.pastavilla.com.tr
Promena	www.promena.net
Ram	www.ram.com.tr
Ram Pacific	www.rampacific.com
Ramstore/Ramenka	www.ramstore.ru
RMK Marine	www.rmkmarine.com.tr
Sek Süt	www.seksut.com.tr
Setair	www.setair.com.tr
Set Oto Avis	www.avis.com.tr
Setur	www.setur.com.tr
Setur Marinaları	www.seturmarinas.com
Sherbrook	www.sherbrook.co.uk
Tat	www.tat.com.tr
Tanı	www.paro.com.tr
Tekersan	www.tekersan.com.tr
Tek-İz	www.tekiz.com.tr
TNT Lojistik	www.tntturkey.com
Tofaş	www.tofas.com.tr
Türk Demir Döküm	www.demirdokum.com.tr
Türk Traktör	www.turktraktor.com.tr
Tütaş (Talya Oteli)	www.talya.com.tr
Ultra TV	www.ultratv.com.tr

THE VEHBİ KOÇ FOUNDATION

AKMED Suna-İnan Kıraç Research Institute on Mediterranean Civilizations	www.akmed.org.tr
American Hospital	www.amerikanhastanesi.com.tr
Koç School	www.kocschool.k12.tr
Koç University	www.ku.edu.tr
Rahmi M. Koç Museum	www.rmk-museum.org.tr
Sadberk Hanım Museum	www.sadberkhanimmuzesi.org.tr
Suna-İnan Kıraç Kaleiçi Museum	www.kaleicimuzesi.com
Vehbi Koç Foundation	www.vkv.org.tr
Vehbi Koç & Ankara Research Center	www.vekam.org.tr

International Network

COUNTRY	COMPANY NAME	ADDRESS	TELEPHONE	FAX
Algeria	**Ram Representative Office**	47 Chemin Ibn Badis (Ex-Poirson) El Biar, 16000 Alger, Algeria	00213-21-921762 00213-21-791933 00213-21-791934	00213-21-791935
Azerbaijan	**Koçbank Azerbaijan**	28 May Küşesi, 5 Baku-Azerbaijan	0099-412-977795	0099-412-970276
	Ram Representative Office	Huseyn Javıd Prospekti 528, EV A 370073 Baku-Azerbaijan	0099-412-975455	0099-412-975553
	Ramstore Azerbaijan	Babek Prospekti 1129.cu Mehelle Baku-Azerbaijan	0099-412-903200 0099-412-903202 0099-412-903204 0099-412-903206	0099-412-903201 0099-412-903205
	Set Auto AVIS	Huseyn Javıd Prospekti 528, EV A 370073 Baku-Azerbaijan	0099-412-975455	099-412-975553
Austria	**Elektra Bregenz AG**	Josef - Heiss-Strasse 1, Postfach 150, A-6130 Schwaz-Austria	00 5242 / 9003 - 0	00 5242 / 9003 - 185
Bahrain	**Koçbank Bahrain Branch**	Al Jasrah Tower 10th Floor, Building No: 95 Road 1702 Area 317 Diplomatic Area Kingdom of Bahrain	00973-541055	00973-541056
Bulgaria	**Ram Representative Office**	Bul.Vitosha No. 48 ET.3 AP.8 Sofia-Bulgaria	00359-2-9989075-76	00-359-2-9818769
	Ramstore Bulgaria AD	196 Al.Stamboliysky Boulevard 1309 Sofia-Bulgaria	00359-2-9200550 00359-2-9202017	00-359-2-9293671
England	**Beko UK**	Beko House, Caxton Way Watford Hertfordshire WD 1 8 UF, England	0044-1923-818121	0044-1923-819652
	Beko UK (Heatline)	Units 16-19 The Manton Centre Manton Lane Bedford MK 14 7 PX England	0044-1234-363363	0044-1234-355800
	Sherbrook	Sherbrook House Swen Mews Lichfield Staffordshire WS13, 6 TU England	0044-1543-257131	0044-1543-263816
France	**Beko France**	Immeuble Stadium 266 Avenuedu Pdt Wilson Paris-France	0033-1-58344646	0033-1-58344647

COUNTRY	COMPANY NAME	ADDRESS	TELEPHONE	FAX
Germany	**Beko Deutschland**	Hermann StraBe 54-56 Nue Isenburg 63263 Germany	0049-6102-718-0	0049-6102-800930
	Beko Deutschland Dresden **Dresden Branch Office**	Höckendorfer StraBe 1 Ottendorf-Okrilla 04158 Germany	0049-35-20541410	0049-35-20541424
	Beko Uk **Okrilla Branch Office**	Höckendorfer StraBe 1 Ottendorf-Okrilla 04158 Germany	0049-35-20541410	0049-35-20541424
	Blomberg-Werke GmbH	Volastrasse 50 Ahlen Westfalle / 59229 Germany	00 2382-780212	00 2382-780362
	Koçbank Nederland N.V. **Frankfurt Branch**	Bockenheimer Landstrasse 59 D-60325 Frankfurt am Main Germany	0049-69-9778670	0049-69-97786731 0049-69-97786732
Hong Kong	**Ram Pacific**	Suite 3603, The Center 99 Queens Road Central Hong Kong	00852-29561331	00852-29561330
Iraq	**Ram Representative Office**	Q/611 St.59 H.No.43 Mansur-Baghdad Iraq		
Italy	**Kofisa Italy**	Viale Certosa 148 Milano 20156 Italy	0039-02-3343011	0039-02-33496180
Kazakhstan	**Ram Representative Office**	107, Valihanova Street, Apt. # 3, Almaty, Kazakhstan	007-3272-916839	007-3272-505929
	Rambutya Ramstore	Furmanova Street 226 Almaty-Kazakhstan	007-3272-587580 007-3272-587581	007-3272-587570
	Set Auto AVIS	Zheltoksan Str. 181 480099 Alma Ata-Kazakhstan	007-3272-634303	007-3272-503555
Poland	**Beko Polska S.A.**	U1 Raszyriska 1305-500 Piaseczno-Poland	0048-22-7150701	0048-22-7150700
Republic of Ireland	**Beko UK** **Dublin Branch Office**	Bracetown Business Park Clonee Country Meath Dublin-Republic of Ireland	00353-18014020	00353-18014015
	Koratrade MTMC Ltd	"4 Harbourmaster" 1 Harbourmaster Street, IFSC Duplin 1, Republic of Ireland	00353-18291822	00353-18291833
Russian Federation	**Beko-Arçelik** **Representative Office**	Mosalarko Plaza Marksistkaya Str. No. 16 5th Floor Moscow-Russia Federation	0070-95-2326730	007-95-2326731 007-95-2326732
	Ramenka Ramstore	121351 Yartsevskaya 19 Moscow-Russia Federation	0070-95-9370440 0070-95-9371972	0070-95-9370441 0070-95-9371971

COUNTRY	COMPANY NAME	ADDRESS	TELEPHONE	FAX
Spain	**Beko Espana**	C/Bergara No 3 3B Barcelona 08002 Spain	0034-93-3184647	0034-93-3184542
Switzerland	**Kofisa S.A.**	7 Rue du Marche 5 fl CH-1204 Geneva-Switzerland	0041-22-3185959	0041-22-3185958
The Netherlands	**Koçbank Nederland N.V.**	Rembrandt Tower Amstelplein 1, 1096 HA Amsterdam-The Netherlands	0031-20-4624444	0031-20-6631331
Tunisia	**Tunusdan S.A.**	Rue des Usines Zone Industrielle Sidi Rezig 2033 Megrine, Tunisia	00216-71-427527	00216-71-427007
Turkish Republic of Northern Cyprus	**Koç Allianz Sigorta Branch Office**	M.Akif Cad. Saadet Apt. No. 1 Dereboyu Köşklüçiftlik Lefkosa-Turkish Republic of Northern Cyprus	00392-2273150 00392-2277041 00392-2271292	00392-2282949
Ukraine	**Aygaz Ukraine**	33, Lenina Street Illichivsk Odeska Oblast, Ukraine	00380-482695116 00380-482695715	
United States	**Ramerica**	12 East 49 th Str. 17 th Floor New York, N.Y. 10017 USA	001-212-7590300	001-212-7597260
Uzbekistan	**Ram Representative Office**	2 Afrosiyob Street, Barakat - Dalston JV Business Centre, Room 69, Tashkent-Uzbekistan	00998-71-1526779 00998-71-1526781	00998-71-1526780
	SamKocAuto JSC Automotive Factory	Ruzybaev Str. 5 703060 Samarkand-Uzbekistan	00998-662-220170 00998-662-220171 00998-662-220172 00998-662-220174	00998-662-336906

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