2009 ANNUAL REPORT

BRISA

Brisa
Bridgestone Sabancı
Lastik Sanayi ve Ticaret A.Ş.

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Paid Capital; TL 7.441.875

THIRTY-SIXTH YEAR, 2009

Translated into English from The Original Turkish Report.

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Mission

Provide superior values to society through sustainable growth

Vision

To be number 1 and 2 in the replacement market

Values

Safety

Innovation

Customer Orientation

Team Spirit

Business Excellence

MILESTONES

1974

- Incorporation of Lassa Lastik Sanayi ve Ticaret A.Ş.
- Signing of two agreements, covering "technical assistance" and "engineering services", between Lassa and the BF Goodrich Company.

1975

- Selection of the first "Lassa" logo through a creative competition.
- Construction of the Lassa factory building starts.
- Dealer network takes a start with the authorization of 186 firms as dealers in 60 provinces throughout the country.
- Lassa becomes the "Country Representative" for BF Goodrich and the newly established LİSA Lastik İthalat ve Satış A.Ş starts importing tires of this brand.

1976

- Completion of the construction of the factory building; installation of machinery and equipment begins.

1974

1977

- Launching of first comprehensive promotion campaign on TV and press.
- The factory realized its first test-production.

1978

- Mass production at Lassa factory starts.
- 1st Convention of Lassa Dealers.

1979

- Announcement of profit on Company balance sheet for the first time.
- Production of the first steel-belted radial passenger tire in Turkey.
- Production of the one millionth Lassa tire.
- Establishment of Lassaspor (later named Brisaspor).

1980

- Production of the first radial snow tire in Turkey.
- Production of the biggest domestic off-road loader tire in Turkey.

1983

- Production of the first steel-belted van/light truck tire in Turkey.

1985

- Production of the first wide body tire in Turkey.
- Production of Turkey's first tires verified according to ECE regulations.
- Groundbreaking for the Tire Research and Development Center (ARGESA).

1986

- Number of dealers reaches to 550.

1989

1987

- Since the incorporation of Lassa, export sales amounted to 5 million tires in 32 countries.

1988

- Signing of the joint venture agreement between Bridgestone Corporation and Lassa A.Ş; the name of the Company changes to BRİSA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.
- ARGESA facilities start to function in full capacity.

1989

- Upon new partnership, groundbreaking for supplementary production facilities.
- Test-production starts at the new factory for radial passenger and radial bus/truck tires.
- Establishment of Bridgestone dealer network countrywide.

MILESTONES

1990

- The new factory starts mass production.
- Brisa adopts Total Quality Management (TQM) system.

1991

- Production of the first tire of 60 series (RE 88) in Turkey.
- Celebration of the First National Quality Day.
- Establishment of 45 Kaizen Circles within the framework of TQM system.
- Export of Bridgestone tires from Turkey starts, Brisa becomes one of the global points of production for Bridgestone products.
- Production of the first H-rated (210 km/h) high performance passenger tire in Turkey.
- Marketing of steel radial bus/truck tires.

1992

- Production of the first V-rated (240 km/h) high performance passenger tire in Turkey.
- Certification for ISO 9001 Quality Assurance Standards obtained.
- Convention of the 1st Kaizen Circles Conference.

1990

1993

- Brisa receives Turkey 's first "National Quality Award" given jointly by the Turkish Industrialists and Businessmen Association (TÜSİAD) and the Turkish Quality Association (KalDer).
- Brisa Head Office moves to newly constructed Sabancı Center in İstanbul.
- Convention of Brisa Suppliers Conference.
- Translation of Masaaki Imai's book, "Kaizen", to Turkish; the publication and sales rights of the book rendered to KalDer.

1995

- First tire sales from Brisa to European automotive industry.
- Installment of Turkey's first On-Line Dealer Information System.
- "Tire Service Center " starts to serve in Istanbul Grand Terminal.
- Annual tire production exceeds 4 million, annual tire exports exceeds 2 million in quantity.
- Brisa becomes a Member of the Board of Directors of European Foundation for Quality Management (EFQM).
- Certification for BS 7750 Environmental Management Systems obtained.

1996

- Brisa wins the EFQM "European Quality Award".
- Brisa awarded as the "Best Managed Company" by the Bridgestone Corporation.
- Brisa receives the "Green Chimney Award" of the Kocaeli Chamber of Industry and the "Environment Award" of the İstanbul Chamber of Industry.
- Certification for ISO 14001 Environment Management Systems obtained.
- Brisa receives "Best Performing Supplier Award" given by Turkish Automotive Industrialists Association.
- Brisa receives the first "Technology Development Award" given by the İstanbul Chamber of Commerce.

1997

- Brisa shares Business Excellence experience through 22 programs in 20 countries within the framework of EFQM Winners Conference.
- Benchmarking activities, "Benchsa", starts among companies located at Kentsa.

1998

- Realization of 21 training programs under the title "Brisa Shares Quality".
- Activation of bilingual (Turkish, English) Brisa web-site.

1999

- Certification for QS 9000 Quality Systems in Automotive Sector obtained.
- Tire Testing Laboratory of Brisa becomes the first laboratory to receive certification from Turkish Standardization Institute (TSE) within the framework of EU Directives.
- Brisa receives Toyota's " Top Scoring Supplier Award".

2000

- Brisa becomes the supporter and the sponsor for the organization of EFQM Forum 2000 in İstanbul.
- Settlement of all Brisa functions in İzmit facilities.
- "Road Assistance Service", a pioneering step in tire markets, starts.

2003

2001

- Production of the first 4x4 vehicle tire (Lassa Competus) in Turkey.
- Establishment of Brisaspor "Women Cycling Team".

2002

- Introduction of Enterprise Resource Planning System (SAP) and Dealer Information System, a B2B project, marking another pioneering move in tire industry.

2003

- Certification for ISO/TS 16949 : 2002 Quality Management Systems in Automotive Sector obtained.
- Production of the first asphalt rally tire (Lassa Racing) in Turkey.
- Certification for TS-ISO 9001 : 2000 Quality Management Systems obtained.

- Brisa receives Toyota's "2003 Best Scoring Supplier Award".
- Brisa receives MAN's "Top Scoring Supplier Award".
- Production of the first off-road rally tire (Lassa Rally) in Turkey.
- Production of the first W-rated (270 km/h) ultra high performance passenger tire (Lassa Impetus Sport) in Turkey.
- Certification of Brisa Tire Testing Laboratory for TS EN ISO/EC 17025 Standard for "General Conditions to Qualification for Testing and Calibration Laboratories" obtained.
- Brisa receives TSE Quality Award.
- Certification for Ford Q1 supplier obtained.
- Certification for Product and System (CCC) by Chinese Quality Center (CQC) obtained.

2004

2004

2005

- Production of the first W-rated (18" diameter) ultra high performance passenger tire (Lassa Impetus Sport) in Turkey.
- Brisa, Turkey's leader tire manufacturer, launched a new investment programme of US $168 million to expand production facilities under a single roof, stretching over 300.000 m² of covered area which led to a growth by 50 %.
- Certification for ISO 14001 : 2004 new version of Environment Management Systems obtained.

- Production of the first asymmetrical passenger car tire (Lassa Atracta) in Turkey.

2006

- Brisa brings Formula 1™ pilots together with the people at parking lot of historical Dolmabahce Palace in İstanbul.
- Bridgestone becomes the sole tire supplier for Formula 1™.
- Lassa Rally Team ranks first at Turkey Rally Teams Championship.

2007

2009

2008

- Bridgestone becomes the only and official tire supplier for Formula 1™.
- Lassa changes its 30-years old logo.
- Bridgestone Corporation and Sabancı Group celebrate the 20th year of their partnership.
- Lassa Rally Team ranks first in "Team Racing", "Group N Racing", "Pilots Championship" and "Co-Pilots Championship" categories in "Turkey Rally Championship".
- Lassa reaches customers in 55 countries throughout the world.
- Brisa awarded by the "Be Careful at Traffic, Save 10.000 Lives" Platform for its "Daytime Running Lights" campaign.

2009

- Brisa, Turkey's leader tire manufacturer, began manufacturing and sales of Lassa radial agricultural tire AGRI 1.
- Lassa Rally Team, which has gone from strength to strength and ranked first in the Turkish Rally Championship since 2007, the year in which it was founded, began to represent Turkey in Italian Rally Championship in 2009 for the first time.
- Brisa was awarded first prize in the "Individual Performance Management" category at Sabancı Golden Collar Awards.

Period of the Report

01.01.2009 – 31.12.2009

Company's Title

Brisa Bridgestone Sabancı
Lastik Sanayi ve Ticaret Anonim Şirketi

AGENDA OF THE ORDINARY GENERAL ASSEMBLY

1 Opening and election of Presiding Committee,

2 Authorization of the Presiding Committee to sign the General Assembly meeting minutes,

3 Reading and Discussions on the Board of Directors' Annual Report and Auditor's Report for the fiscal year of 2009,

4 Reading, review, discussion and approval of the Balance Sheet and Profit & Loss Statement for the fiscal year of 2009 and discussion and approval of the Board of Directors' proposal for the distribution of profit,

5 Discharge of the Members of the Board of Directors and Auditors from liability in the course of their duties for the company for the fiscal year of 2009,

6 Approval of the appointment of the member of the Board of Directors who was elected to fill the vacancy in the board for the remaining balance of the unexpired term,

7 Election of the new members of the Board of Directors and Auditors for replacement of the members and auditors whose terms of office have expired and the determination of the length of their terms of office and their remuneration,

8 Approval of the Independent Audit Firm selected by the Board of Directors for the auditing of the Company's Financial Statements and Reports for the fiscal year of 2010 in accordance with the Capital Markets Law no 2499,

9 Approval of the amendment to Article 28 of the Company's Articles of Association relating to the Distribution of Profit in accordance with the authorization of the Republic of Turkey Ministry of Industry and Trade,

10 Provision of information to shareholders regarding guarantees, pledges and mortgages provided by the Company to third parties,

11 To grant authorization for and consent to the Chairman and Members of the Board of Directors to perform and conduct all actions specified in articles 334 and 335 of the Turkish Commercial Code.

Meeting Date	:	Tuesday, March 30, 2010
Meeting Time	:	10:00 a.m.
Meeting Place	:	Hacı Ömer Sabancı Conferance Hall Sabancı Center Tower 2 4.Levent / İSTANBUL, TURKEY

Dear Shareholders,

In spite of the fact that serious problems and the economic distress encountered by the real sector in particular in the first half of 2009 due to the adverse effects of the global economic crisis which broke out in 2008, the possibility of a deeper recession was eliminated thanks to the counter measures taken by the government to overcome crisis. As a matter of fact, in the second half of the year, the real sector has entered into a recovery process, and first positive signs and results have started to become evident that our country, which has a strong capital structure and a healthy financial sector and robust financial institutions, has been overcoming the economic and financial crisis gradually and putting the most difficult times behind.

On the other hand, when we evaluate 2009 in terms of our industry and company, the first half of the year has been a period in which we deeply felt the adverse effects of the serious and sharp contraction in demand in line with the developments in the global economy. Automotive production has been mostly adversely affected by the global financial and economic crisis, however the contraction in the production of passenger vehicles was partially overcome thanks to the Private Consumption Tax (PCT) support which was introduced as from the second quarter of the year whereas, nevertheless the sharp and serious contraction in the production of commercial vehicles could not be avoided. Scrappage incentive schemes launched and implemented in many European countries with the purpose to revive vehicle sales helped vehicle manufacturers, who export a majority of their production, to increase their vehicle production.

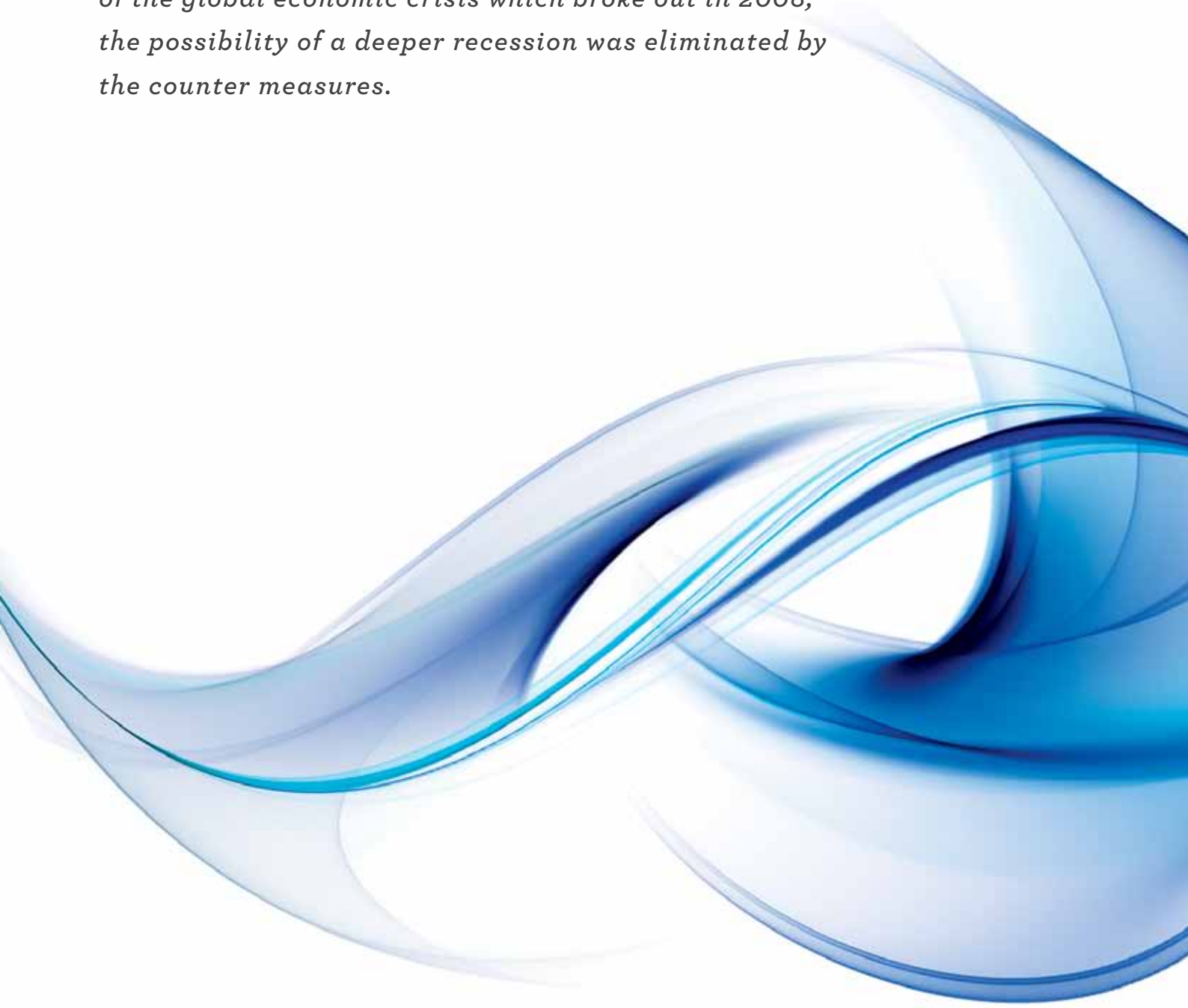
Our manufacturing operations were suspended for a total period of 24 days in the first half of the year and stock levels were closely monitored and working capital was managed more efficiently in order to deal with the sharp demand contraction in the tire market resulting from the economic and financial crisis prevailing throughout the world. The performance of our company presents a high increasing trend as from the second half of the year resulting from the recovery in the economy and thanks to the efficient measures taken by the government to minimize the impact of the economic and financial crisis. Lassa Rally Team, which has gone from strength to strength and ranked first in the Turkish Rally Championship since 2007, the year in which it was founded, began to represent Turkey in the Italian Rally Championship in 2009 for the first time and also engaged in various communication activities in Italy. As a result of these activities important steps have been take to further increase the brand recognition of the Lassa brand in Italy and these activities were widely published in the print media and aired in the visual media which contributed to a significant improvement of the brand image of the Lassa brand in terms of its technological value and quality in the perception of consumers.

With regard to our manufacturing operations, our investments for radial agricultural tire production were completed and upon completion of test-productions in 2009, radial agricultural tires were also incorporated in our product range. In conclusion, 2009 was a challenging year for us in which we achieved our goals and made significant process executing on our strategic initiatives in spite of the fact that we faced with more negative immediate conditions in 2009 than we expected at the beginning of the year and the company achieved a notable increase in the net profit by approximately 23% and the net profit reached 39 million TL.

Finally, I would like to convey my deepest gratitude and respect to all of you, esteemed shareholders for the loyalty and support you have shown to our company during the course of 2009.

Güler SABANCI

In spite of the fact that serious problems and the economic distress encountered by the real sector in particular in the first half of 2009 due to the adverse effects of the global economic crisis which broke out in 2008, the possibility of a deeper recession was eliminated by the counter measures.



GÜLER SABANCI
CHAIRMAN OF THE BOARD

Period of Duty
17.03.1989 - March 2010

Güler Sabancı graduated from TED Ankara College and the Department of Business Administration of the Bosporus University and started her professional career Lassa Lastik Sanayi A.Ş. in 1978. After serving as the President of Sabancı Holding Tire and Reinforcement Materials Group for a period of five years, in May 2004, Güler Sabancı was elected to her current post as the Chairman and Managing Director of Sabancı Holding. In addition to her work in the business world, she is also very active in academic and social activities and she currently serves as the President of the Board of Trustees of the Sabancı University and Hacı Ömer Sabancı Foundation.

TAKASHI URANO / VICE CHAIRMAN
Period of Duty: 13.07.2005 - March 2010

Graduated from Keio University, Department of Economics, in 1974 and started to work for the Bridgestone Corporation at the same year. He held various positions in Bridgestone Corporation's overseas operations until July 2005. Since then he has been serving as the Vice President of Bridgestone Corporation, and since March 2006 he also serves as the Chairman of the Board and CEO of the Bridgestone Europe NV/SA. Since July 2008, he serves as the Vice President & Senior Officer of Bridgestone Corporation responsible for international tire business operations.

FARUK BİLEN / MEMBER OF THE BOARD
Period of Duty: 19.04.2004 - March 2010

Graduated, receiving a dual-degree, from University of Pennsylvania (Electronic Engineering) and the Wharton School (Finance) in USA. He also holds a masters (MBA) degree in Business Administration of Harvard Business School. After working several years in different companies both in Turkey and abroad, he joined Sabancı Group in 1996. Since September 1997, he has been the Chief Financial Officer of Sabancı Holding. He also serves as a Board Member of various companies of Sabancı Group.

TURGUT UZER / MEMBER OF THE BOARD

Period of Duty: 01.06.2004 - March 2010

Graduated from Middle East Technical University, Department of Industrial Engineering. Joined the Sabancı Group in 1981 as Stock Control Engineer in Lassa A.Ş. After holding management positions in Lassa A.Ş. and Beksa A.Ş., he was assigned as the Process Development Director at the technical center of Bekaert in Belgium. He returned to Beksa in 1994 as the Operations Director and became Beksa General Manager in 1998. He was appointed as the head of Sabancı Holding's Tire, Reinforcement Materials and Automotive Group in June 2004. He is also a Board Member of several other companies of the Sabancı Holding.

MUSTAFA BAYRAKTAR / MEMBER OF THE BOARD

Period of Duty: 19.04.2004 - March 2010

Graduated from Alabama University, Finance Department and completed his post-graduate study in the same field in Boston College. He is the Chairman of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş. since 2002. He was appointed as a Board Member of Brisa at 19.04.2004.

SHINICHI SATO / MEMBER OF THE BOARD

Period of Duty: 05.02.2009 - March 2010

Graduated from Waseda University, Social Sciences and Economy Department in 1979 and started to work in Bridgestone Corporation. Held various positions at Bridgestone's Far East and Oceania operations between 2004 and 2008. Starting from January 2009, he serves as the director responsible from Middle East, Africa, Asia, Ocenia and China operations division. He was appointed as a Board Member of Brisa at February 2009.

HAKAN BAYMAN / MEMBER OF THE BOARD

Period of Duty: 30.04.2009 – March 2010

Hakan Bayman graduated from the Department of Economics of 9 Eylül University in 1989. In 1992, he obtained an MBA degree from the National University CA. He started his professional career as a Product Manager at Henkel-Turyağ. Subsequently he served respectively as a Category Manager at Henkel KgAa Düsseldorf between 1996 and 1997, as a Product Manager at Coca Cola in 1997, as the Marketing Manager and Marketing Director at Marsa KJS between the years of 1997 and 2002, as the Assistant General Manager in charge of Marketing and Sales at Brisa between the years of 2002 and 2007, and as the General Manager of BMW at Borusan Otomotiv between 2007 and 2008. He has been serving as the General Manager of Brisa since 30th of April 2009.

JUNICHI KUMANO / MEMBER OF THE BOARD

Period of Duty: 16.07.2007 - March 2010

Graduated from Tokyo University of Foreign Studies, Department of Foreign Languages. He started his professional life in Bridgestone Corporation in 1988. He served as a manager for Bridgestone operations in China. Worked for Bridgestone UK as Marketing Director and Assistant to Executive Director between 2005-2007. He works for Brisa as Executive Coordinator since July 2007.

YOSHIKANE OSAKABE / MEMBER OF THE BOARD

Period of Duty: 05.02.2009 - March 2010

Graduated from Kinki University as a Mechanical Engineer, started to work at Bridgestone's Tochigi factory in 1974. He held production and technology related executive positions at Bridgestone facilities in Japan, U.S. and Thailand. He works for Brisa as Chief Technical Officer since February 2009.

Board of Auditors

FUAT ÖKSÜZ

Period of Duty: 22.03.2005 – March 2010

H. Ö. Sabancı Holding A.Ş. Head of Internal Audit

HIROSHI YOSHIMORI

Period of Duty: 05.02.2009 – March 2010

Executive Officer of Bridgestone Corporation

MEHMET BİNGÖL

Period of Duty: 22.03.2005 – March 2010

Vice President of Financial Affairs and Financing Department in H. Ömer Sabancı Holding A.Ş.

The Members of the Board and Auditors have and enjoy all powers stipulated in the Turkish Commercial Code and other applicable legislation.

EXECUTIVE COMMITTEE

HAKAN BAYMAN

General Manager. He was born in 1966. He is a graduate of 9 Eylül University, Department of Economics. He holds an MBA in business administration from National University. He has been working as the General Manager since May 1, 2009.

SERDAR DEMİRDAĞ

Assistant General Manager for Sales. He was born in 1957. He is a graduate of Middle Technical University, Department of Chemical Engineering. He has been working for our company since 1985.

HASAN BAHRİ EKİCİ

Assistant General Manager for Finance, Planning, and Control. Born in 1951. Graduate of İstanbul University, Department of Economy. Working for Brisa since 04.02.2006.

JUNICHI KUMANO

Executive Coordinator. Born in 1963. Graduate of Tokyo University of Foreign Studies, Department of Foreign Languages. Working for Bridgestone since 1988 and for Brisa since 16.07.2007.

YOSHIKANE OSAKABE

Chief Technical Officer. Born in 1950. Graduate of Kinki University, Department of Mechanical Engineering. Working for Brisa since February 2009.

TAKEYA OKADA

Financial Assistant. Born in 1955. Graduate of Hitotsubashi University, Department of Social Sciences. Working for Bridgestone since 1978 and for Brisa since 27.12.2005.

Photo :

At the back from left ; Hasan Bahri Ekici, Takeya Okada, Serdar Demirdağ
In front from left ; Junichi Kumano, Hakan Bayman, Yoshikane Osakabe

Amendments made to the Articles of Association within the term

No amendments were made to the Articles of Association within the term.

Changes in stock prices and status of shareholders

The Company's stock prices fluctuated between 69.00 TL and 30.75 TL during the year. The Company has approximately 4.000 shareholders.

Dividend policy

Our Company's dividend policy is to pay at least 30 % of the distributable profit to shareholders as dividend in cash in accordance with CMB regulations and the Company's Articles of Association. Each year, the Board of Directors, taking into consideration the full amount of the funds required for the sustainable growth of the Company, prepares a proposal for distribution of the profit and submits it for the approval of the General Assembly.

Stocks and debentures issued

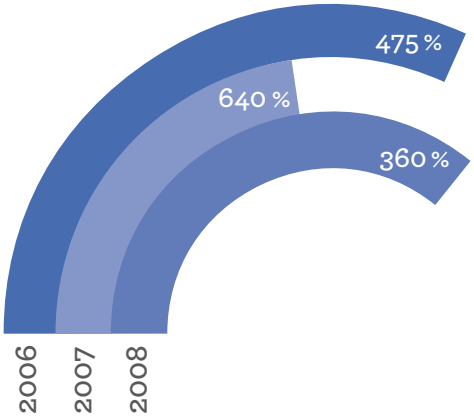
The Company has shares entitled to dividends from profit corresponding to TL 7,441,875 and an additional 100 usufructs. No debentures have been issued.

Shareholders who hold 10 % more or more of the Company's Share Capital

Hacı Ömer Sabancı Holding A.Ş.
324.661.922 shares (43,63 %)
Bridgestone Corporation
324.661.922 shares (43,63 %)

The rates of dividends distributed in the last three years are as follows

2006: 475 %
2007: 640 %
2008: 360 %



The sector and our position therein

The financial crisis which broke out in the USA in the last quarter of 2008 has developed into a full-scale global crisis which ignited a deep crisis in the real economy all over the world and continued to have a negative impact in 2009 and 2009 has proven to be a very difficult year for the world.

When 2009 is evaluated with regard to the Turkish tire industry, it is observed that there has been a slight decline compared to the number of tires manufactured in 2008 which amounted to 25 million. An immediate and sharp decline in domestic tire demand was experienced in particular in the first half of 2009, however subsequently a recovery was observed as from the second half of 2009.

A serious decline was experienced in the production of motor vehicles in 2009 due to the adverse effects of the financial crisis. Motor vehicle manufacturers were forced to stop their production lines at certain intervals in particular in the first quarter of 2009. However, automotive industry marked an increase in the sales of passenger vehicles. Consequently in the production of motor vehicles as from the second mainly resulting from reducing the level of stocks which have increased substantially due to the negative effects of the financial crisis. The positive effects of the Private Consumption Tax incentive introduced to promote and encourage production of motor vehicles. Scrappage incentive schemes launched and implemented in many European countries enabled Turkish motor vehicle manufacturers to increase their production capacity based on the fact that they have been exporting most of their production to European countries. Nevertheless, inadequacy of the Private Consumption Tax incentives being offered to minibus, midi-bus, bus and truck categories caused the industry to suffer from a serious contraction of 34 % in demand.

As a result of these developments and in line with the contraction in demand of commercial vehicles category, automotive industry witnessed a contraction of 24 % in the production of motor vehicles compared to the previous year. When we look at the demand for original equipment tire, it can clearly be seen that the figures reflect the weakness of motor vehicle production and that the industry suffered a decline of approximately 25 %.

As Brisa, we improved our efficiency in the Original Equipment (OE) channel in 2009 and accordingly we succeeded in increasing our market share in this channel compared to 2008.

Tire industry witnessed a serious contraction in the replacement market during the first quarter of 2009; however, the demand began to pick up as from the second quarter of the year. By the end of year, there has been a slight increase in passenger vehicle tires compared to the previous year, however in overall terms; the total volume of the market remained the same as the previous year due to the contraction in commercial vehicle tires. When the demand for passenger vehicle tires is analyzed in detail, it can be clearly seen that this increase in demand for passenger vehicle tires comes mainly from 15 inch rims and larger tires in line with the increase in demand in European countries. While these developments were taking place in the replacement market, the import based supply remained slightly below the previous year's level due to market conditions.

In 2009, Brisa maintained its sales volume in the replacement market at the same level as the previous year, and has retained its leadership position in the market. On the other hand, immediate and sharp contractions in demand were experienced in export channels. However, Brisa has developed efficient and accurate strategies in export channels and succeeded in increasing its penetration in target European markets, and could maintain its export sales almost at the same level in 2009 compared to the previous year.

772.203.901 TL
775.878.486 TL
0,5 %
2008
2009
POTENZA
BRIDGESTONE

Developments in production of goods

Brisa introduced 65 domestically produced, total 203 new products to markets in 2009.

The new products which were launched into the market and the products whose production has been stopped in 2009 can be summarized as follows

- We started the production of Lassa 4 X 4 Competus H/L tires – size 10, Bridgestone winter tires Ice Cruiser – size 7 and Lassa agricultural radial tires AGRI 1 size 5 and they were all offered for sale.
- We started the production of 12 additional new lines of Snoways Era, Impetus Revo, Competus A/T and Atracta tires and they were all offered for sale.
- Transition to the production of Winterra – Wintus was accomplished and they were offered for sale in 11 different sizes.
- We started to the domestic production of Bridgestone M749 drive-axle bus and truck tires in two different sizes which were previously imported.
- We stopped the production of a total of 28 products in the first half of 2009 including 11 Winterra sizes.

Developments in investments

The Company invested US $ 33.6 Million for renovation, modernization and capacity upgrading in 2009. The total sales turnover amounted to 775.878.486 in 2009, reflecting an increase of 0.5 % compared to the previous year.

Nature, manner and extent of utilization of incentive programs

In 2009, in its investments Brisa has continued to take the advantage of all the incentives that are available to it under the investment incentive certificate issued on 19.01.2005.

Capacity utilization and improvements

The decline in the sales volume in line with the contraction in demand has adversely affected our production activities. Within this context, in the first half of 2009, we temporarily stopped our production each for a period of 7 days respectively as from February 05, February 24 and April 1 and for a period of 3 days as from May 20 and for a period of 10 days as from July 27. As a result of these negative developments, in 2009, the Company's production declined by 14.7 % compared to the previous year, totalling 103.585 tons consisting of 7.406.284 tires.

Changes in sales volume and amount

	Sales Volume (Units) 2009	% Increase Compared to 2008
Tires	8.019.920	-6,5%
Inner Tubes	68.640	-37,1%
Flaps	174.584	2,5%

The sales amounted to TL 775.878.486 in 2009, increasing 0,5 % compared to that of previous year.

Lassa Rally Team reached its first season targets in Europe for 2009 with a great success

Lassa Rally Team started to participate in the races in Europe in 2009 as the first step of the Lassa Racing Tires Development Program, which started in 2002, and within this context participated in three rounds of the six-round Italian Gravel Rally Championship. 2009 has been a very efficient year for the Lassa Rally Team in terms of development of racing tires, wheras throughout the race season, they battled severe conditions like dry, rainy and snowy weathers and slippery or uneven grounds as well as fierce competition. Racing Tires Development Program has experienced a rapid development process owing to the fact that all information obtained in the course of these races was directly delivered to the production stage.

Lassa appeared more often in International Fairs and Exhibitions

In line with the targets of reaching more and more customers and increasing the brand recognition, in 2009, Lassa participated in the leading international fairs. Lassa exhibited its products at its own stand at the Autopromotec Fair for 2009 held in Italy in May which was visited by 101.620 visitors. And participated together with its distributor in the MIMS 2009 Automative Fair held in Russia in August and exhibited its products in this fair which was visited by 50.000 visitors coming all over the world. Finally participated in the EQUIPAUTO 2009 Fair held in France in October which hosted more than 106.000 visitors and exhibited its products at the booth which was prepared together with its distributor. Prospective customers who visited the stands had the opportunity to simultaneously talk with the distributors and learn about the products and brands.

Competus, naughty child of the Lassa Family, has come to the town

In 2009, Lassa launched Competus H/L, new member of the Competus family which has the property of being the first domestically manufactured 4 X 4 tire In Turkey, into the market. Competus H/L has been specifically designed for 4 X 4 and SUV vehicles, and with its special design, the Competus H/L offers long life and true versatility, not only for severe off-road conditions, but on highway as well. The optimized tread pattern provides enhanced off-road traction as well as a quiet highway performance.

Lassa, with its giant investment of US $ 20 Million, is on the side of Farmers

Lassa, launched its new radial agricultural tire AGRI-1 to the Turkish market. Lassa has specifically developed this radial tire, which provides more efficiency in a cost for farmers. After long researches and studies, AGRI-1 radial tire technology, with its specific design, offers outstanding traction due to flat stable crown and larger footprint. It also offers better distribution of pressure in footprint, resulting in reduced soil compaction, and a greater productivity due to less tire slip and better road handling. AGRI-1 radial agricultural tires are also designed in an environment friendly manner.

BRIDGESTONE

YOLA TUTKUYLA BAĞLI

Bridgestone: Yola Tutkuyla Bağlı

Bridgestone, with its new slogan "Yola Tutkuyla Bağlı" highlights both the pleasure and passion of consumers to drive cars and passion of Bridgestone to manufacture the industry's most innovative and reliable tires with high performance and comfort. The slogan "Yola Tutkuyla Bağlı" was chosen based on the fact that it describes the functionality of the tire in a very good way by combining its property that it has been designed to grip the road surface and the concept of passion and that it communicates the added value offered to consumers by Bridgestone in the form of a very clear message. Bridgestone, by means of the slogan "Yola Tutkuyla Bağlı" which stands at the focal point of Bridgestone's core brand values consisting of innovation and creativity, dynamism, reliability, prestige, closeness and sympathy, highlights the employment, wide range of products, high technology production provided by Bridgestone and its vast experience in the transfer of technology from Formula 1™ to road tire production for daily use.

Bridgestone's Campaign for winter tires "I love winter and I trust my tire"

Within the scope of the communication activities for winter tires, the campaign "I love winter, I trust my tire" was conducted with the purpose to raise consumers' awareness about winter tires and to support and promote sales of winter tires. Within the scope of this campaign, it was aimed to create a brand recognition and awareness in consumers about making right and accurate choices by broadcasting on both internet and radio channels. On the one hand, consumers were provided with information about winter tires through the website on the other hand interesting competitions were organized on the website. 109.077 individuals have visited the website within a period of 6 weeks and 15.254 individuals subscribed to the website. Bridgestone's scarf was presented as a gift to each hundredth person who played the game in the website and each month quick charge thermoses were presented as a gift to those who were ranked in the first ten places and iPhone 3GS devices were presented as a gift to those who were ranked in the first place at the end of the third month.

Brand awareness campaign

Communication activities were carried out in order to increase the brand recognition in line with the campaign for the new slogan. TV commercials prepared within the scope of these communication activities and campaign have conveyed a consistent brand image to consumers and expressed all the passion of the brand values. In TV commercials which begin with a charcoal drawing and which are later lightened and in which a reference is made to the Bridgestone's technologic world a free and dynamic voice and music in which the booming voice of the Japanese taiko drums play a leading role are used. Another communication activity aimed to increase the brand awareness campaign was carried out through the www.bridgestone.com.tr website and the campaign "Bridgestone makes your dreams come true" was posted online at the Bridgestone's website. In this campaign, which was communicated through communication channels such as television and radio, consumers were asked to answer questions according to the information provided in TV commercials and 25.000 people who could answer all of the questions had the opportunity to watch Formula 1™ live whereas 50.000 people had the opportunity to travel wherever they wish by plane, motorcycle or car in the country or by plane outside the country.

Bridgestone boosts Formula 1™ excitement to the peak!

Bridgestone, the "Sole Official Tire Supplier" of the FIA Formula 1™ World Championship by means of Potenza tires which have been produced by being continuously reevaluated at every aspect with the state of the art technology and through various marketing and communication activities brings together motor-sports lovers with the excitement of Formula 1™ race.

Within the Bridgestone's communication activities for the Formula 1™ for 2009, various Formula 1™ activities were organized which were designed to increase use of social media tools. Within the context of these activities all news specifically created for Formula 1™ by Yalçın Pembecioğlu were posted not only on www.carluvr.com but also on social media platforms such as Facebook, Twitter and Friendfeed and the social media campaign of Bridgestone for the 2009 Formula 1™ was managed by Yalçın Pembecioğlu and the campaign was specifically designed for the core F1 enthusiasts.

An important step was taken through this campaign to move towards continuous communication and with consumers and to strengthen communication with consumers. Thanks to the Bridgestone's Formula 1™ activities in 2009, the core F1 enthusiasts have been familiarized with the Bridgestone through unique information and visuals which have never been posted before and had the opportunity to watch the entire series of the race online.

Winning participants lived an unforgettable experience with the Happy Hour event, finest corporate hospitality of Paddock Club and with the opportunity to watch F1 race with the privilege of Paddock Club.

Administrative Activities

Employee and workers turnover

As of 31.12.2009 the total number of people employed in the Company on indefinite term contract basis is 1.553. Out of this number, 1.159 employees are subject to Collective Labor Contract terms and conditions while 394 of them are not. The number of expatriates is 9. Moreover, an additional 9 persons are working on fixed term contract basis.

Implementation of the Collective Labor Contract

A written notice indicating that Lastik-İş (Tire Workers Union) is empowered to conclude Collective Bargaining Agreement on behalf of our workers in accordance with article 16 of the Law number 2822 was served upon our Company on December 16, 2009, and legal proceedings relating to the issue have been commenced.

Fringe benefits to employees and workers

The Company provides its employees and workers benefits such as legal vacation pay, bonuses (4 salaries per year), fuel, allowances for religious holidays and for annual leave, clothing, work clothes, shoes, allowances for cleaning material, for education, for birth, death and marriage, for meals and commuting expenses. Furthermore all employees receive meal and transportation services.

2009 Financial Ratios

	Current Period 31 December 2009	Previous Period 31 December 2008
1. Liquidity Ratios		
a) Current Ratio : (Current Assets / Current Liabilities)	2,01	2,00
b) Acid Test Ratio : (Current Assets – Inventory / Current Liabilities)	1,17	1.04
2. Financial Structure Ratios		
a) Total Debts / Total Assets	0,35	0,43
b) Shareholder's Equity / Total Debts	1,82	1,34
3. Ratios of Operation and Profitability	**31 December 2009**	**31 December 2008**
a) Net Profit Margin : (Net Profit/Net Sales)	0,05	0,04
b) Return on Assets : (Net Profit/Total Assets)	0,06	0,04
c) Return on Equity : (Net Profit/Shareholder's Equity)	0,10	0,08

1. Statement of compliance with corporate governance principles

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A. Ş.'s operations have been consistent with the "Corporate Governance Principles" issued by the Capital Markets Board (CMB) of Turkey during the period 01 January 2009- 31 December 2009 and great efforts have been made to fulfill these principles.

2. Shareholders relations unity

The queries from shareholders and relations with investors are directed by the Company's Budget and Finance Manager. Within this framework, meetings were held with 5 investment institutions throughout the year 2009.

Contact : Mr. Tevfik Koyutürk
Phone : Int +90 (262) 316 57 00
E-mail : t.koyuturk@brisa.com.tr

The Company's Istanbul Office maintains a staff exclusively to deal with the issues such as exchange of shares, payments of dividends.

Contact : Mr. Cemal Aydemir
Phone : Int +90 (212) 385 84 50 /ext.: 28467
E-mail : c.aydemir@brisa.com.tr

3. The exercise of shareholders' right to obtain information

During the year 2009 inquiries received from shareholders by phone or writing were replied accordingly.

The annual report of the Company is disclosed for public access on the Company's website. Regular and material information for shareholders, special event announcements, and interim financial statements are also available on Company's website starting from 2005.

The Articles of Association does not cover a procedure of appointing a "special auditor". There has been no request for such an appointment within the past period.

4. General Assembly

The 2008 Ordinary General Assembly was held on March 24, 2008. 9 shareholders, representing 89% of the Company's capital, were present at the Meeting. Invitation to the General Assembly was done in accordance with the procedures stated on the Articles of Association. The participation of registered shareholders to the Meeting was realized in accordance with the Turkish Commercial Code. Audited financial statements covering 2008 results were disclosed to shareholders at the Company's Istanbul Office, starting 15 days before the General Assembly. During the meeting shareholders raised three questions, which were replied. Agenda items were decided as proposed by the shareholders.

A procedure for important decisions to be taken by the General Assembly is not included in the Articles of Association, since the Board of Directors represents the consent of the General Assembly. The records of the General Assembly are disclosed at the Company's website (www.brisa.com.tr) starting from 2005.

5. Voting rights and minority rights

According to the Company's Articles of Association, there are no privileges regarding voting rights. Cumulative voting procedure was not included in the Articles of Association in order to maintain the current harmonious management structure.

6. The dividend policy and time of payment of dividends

The Company's dividend policy, in accordance with the regulations of the CMB and the Company's Articles of Association, is to pay at least 30% of the distributable profit as dividend in cash. Each year, considering the status of funds required for a consistent growth of the Company, the Board of Directors prepares a profit distribution proposal to be approved by the General Assembly.

Profit distribution is being realized within the legal time limits. Hacı Ömer Sabancı Foundation, owning 100 founder usufructs, together with the Board of Directors is entitled to privileged profit distribution as stipulated in the Articles of Association. The amount of profit to be distributed to the Board of Directors is decided by the General Assembly according to the Articles of Association.

7. Transfer of shares

As stated in details on the Articles of Association (item 31), the transfer of shares owned by Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation, the controlling shareholders, is subject to certain limitations. Briefly, concerning the transfer of shares, the controlling shareholders, Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation, should make their offers first to each other. They cannot transfer their shares to a Third Party who is deemed to be, or will be, or expected to be the competitor of either Sabancı or Bridgestone, or of their affiliates or subsidiaries, in the sense of engaging in same or similar fields of activities as Sabancı or Bridgestone. The Articles of Association does not include any restrictions for other shareholders in transferring their shares.

8. Public disclosure policy of the company

8.1. Purpose

Brisa, is proud of being in a transparent and close communication with its shareholders. The principal target of Brisa Management is to share information on the performance and forward looking developments within the scope of generally accepted accounting principles and in line with the rules and regulations issued by Capital Markets Board of Turkey (CMB), in a fair, complete, accurate and comprehensive manner with its shareholders, investors and the capital markets experts (together with capital market participants).

Brisa complies with the regulations of Capital Markets Board of Turkey (CMB) and Istanbul Stock Exchange (ISE) with respect to public disclosure and also observes the Corporate Governance Principles of CMB with utmost care. Disclosure Policy applies to all employees and advisers of Brisa and it regulates the written and oral communication between Brisa and the Capital Market participants.

8.2. Authority and responsibility

Disclosure Policy is prepared and approved by the Board of Directors within Corporate Management Principles of the CMB. Monitoring, controlling and development of the policy of Brisa for providing informing and public disclosure are under the authority and responsibility of the Board of Directors. Assistant General Manager - Finance is in-charge of observing and controlling all issues concerning public disclosure.

8.3. Tools and methods for public disclosure

Disclosure is performed by means of information tools such as special case statements, financial statements and reports, annual reports, internet page, presentations, investor meetings, press releases, etc. Basic tools and methods used for public disclosure by Brisa while saving the provisions of Capital Markets Legislation (CML) and Turkish Commercial Code are listed below;

- Special case public disclosures forwarded to ISE (notifications are made simultaneously on electronic environment to Public disclosure project (KAP),
- The financial tables and footnotes, independent audit report, declarations and activity report forwarded to ISE, (KAP notifications are made simultaneously in electronic environment),
- Announcements and notifications made by means of Turkish Trade Registry Journal and Daily Newspapers (guidelines, circular, calls for general assembly etc.),
- Press statements made by means of written and visual media,
- Announcements made through data distribution agencies such as Reurters, Forex, etc.,
- Briefings and interviews with capital market participants,
- Corporate Website, (www.brisa.com.tr), disclosures made over communication mediums and methods such as e-mail, fax, phone, cell phone and similar tools.

8.4. Disclosure of financial reports to the public

The financial statements and footnotes of Brisa are prepared on a consolidated basis and comply with the International Financial Reporting Standards (IFRS); audited independently with respect to International Audit Standards (IAS) and disclosed to the public by being forwarded to ISE. Before disclosure, the financial statements and footnotes and independent audit report and attached annexes with the assent of the Audit Committee are submitted for the approval of the Board of Directors under the provisions of the CMB legislation. After the approval of the Board of Directors, the financial reports, disclosures, independent audit report and other attached documents are sent to ISE in a closed envelope as per the regulations of the CMB and ISE. Simultaneously with the disclosure of such financial statements and footnotes and independent audit report they are posted on the electronic environment as a notice of the Public Disclosure Project (KAP).

8.5. Public disclosure of the annual report

The annual report prepared according to the CML and the Corporate Governance Principles of CMB is approved by the Board of Directors and is disclosed to public together with the financial tables and footnotes via our corporate web page (www.brisa.com.tr).

8.6. Public disclosure of special cases and authorized persons

Public disclosures of Brisa are coordinated by the Finance Function.

In principle, public disclosures of Brisa are forwarded to ISE after being signed by the General Manager and the Assistant General Manager - Finance. If this is not possible, then public disclosures are sent to ISE after being signed by other authorized representatives of the company. The disclosures of special cases are sent to ISE by fax. They also sent as KAP Information electronically.

The information is deemed important and special if there is a high possibility that the investor receiving such information would find it important and special.

If an employee of Brisa finds out that important information, which has not been disclosed before, has been disclosed involuntarily, he/she shall immediately report the situation to the Finance Function. In such a case, Finance Function shall ensure that the appropriate disclosure is prepared in line with provisions of the CML and forwarded to ISE.

Brisa broadcasts the public disclosures on its web site (www.brisa.com.tr) at the latest 1 (one) business day after being disclosed to the public and makes the same available on its web site for a period of 5 (five) years.

8.7. Persons authorized to make public statements

Apart from the foregoing disclosures, written and oral requests for information given by capital market participants or any institution/person are handled by the Finance Function.

In the evaluation conducted by the department with respect to the content of request, it is checked whether the requested information constitutes a trade secret and is of the kind that may affect investment decisions and the value of capital markets instruments within the framework Capital Markets Board's Communiqué of VIII Serial and No 54 on Essentials of Public Disclosure of Special Cases. The written and oral requests of information are replied by the relevant department after the assessment of the Finance Function.

Press statements for written and visual media and to data distributors like Reuters, Forex etc. can only be made by the Chairman and General Manager.
Unless being specially designated for this purpose none of the employees of Brisa is allowed to answer questions coming from capital market participants. Incoming requests for information are forwarded to the Finance Function.

8.8. People who have administrative responsibilities

People who have administrative responsibility are the persons who have regular access to insider information related either directly or indirectly to Brisa and who are authorized to have administrative decisions affecting the future development and commercial targets. Brisa prepares and updates the list of persons who have regular access to insider information. Upon request, these lists will be sent to the CMB and ISE. The updated list of persons authorized to access insider information will be kept for a period of minimum 8 (eight) years.

8.9. Communication with capital markets participants

Brisa never comments on expectations about interim periods and annual results. Instead, it prefers to provide information to capital markets participants on critical subjects affecting the results of activities, strategic approaches and important issues that allow the sector and the environment where the activities take place to become more understandable. Unless otherwise stated in the disclosure police, only persons authorized to make public statements can establish communication with the capital markets participants.

8.10. Market rumors

In principle, Brisa does not generally comment on market rumors or speculations. The Finance Function follows up the news and rumors about Brisa included in press-media organs and posted on web sites and decides whether these news and information would make any impact on capital instruments.

It is decided by the Finance Function whether it is necessary to make a public disclosure under the article 18 of Capital Markets Board's Communiqué of VIII Serial and No 54 on Essentials of Public Disclosure of Special Cases. However, the Company responds to rumors or speculation in certain circumstances including upon the request of the CMB and or ISE within the framework of provisions of CML or if the Company determines such response is appropriate.

8.11. Meetings and interviews with investors and analysts

In Brisa the Finance Function is responsible for carrying out relations with present and potential shareholders in a regular manner, responding the questions of investors in a most effective way and conducting studies to improve the value of the company.

The Finance Function and the Budget and Finance department incorporated within its structure are responsible to maintain the relationship with shareholders for the purpose of disclosing the activities and the financial performance of Brisa in a most appropriate manner. All incoming meeting requests from shareholders are positively responded and interviews at the highest level possible to provide opportunities.

8.12. Quiet period

Brisa in order to prevent asymmetric information distribution and unauthorized disclosure about annual reports avoids talking in specific periods of the calendar year about financial results and about other subjects with capital market participants. These periods are called "quiet periods". For Brisa the quiet period starts at the 15 of the following month after the end of the quarterly and annual accounting period and will end one business day after the disclosure of financial reports and footnotes to the public.

8.13. Brisa web site (www.brisa.com.tr)

Brisa's Website, at the address of www.brisa.com.tr, as recommended by CMB Corporate Management Essentials is actively used in providing information to the public. The information available on Brisa's website does not represent the notices and disclosures of special cases under the provisions of CMB legislation.

All disclosure of Brisa can be accessed through its website. The website is configured and sectioned accordingly. All measures are taken for the security of the webpage. The webpage is designed in Turkish and in English and has a format and content as provided by the CMB Corporal Governance Principles. Especially the announcements for General Assembly meetings and for agenda and other information, documents and reports are available on the webpage very clearly.
An ongoing effort is made to improve the website.

Important headings that may be seen at website are summarized as follows:

- Detailed information related to corporate identity
- Vision
- Information about board members and executive managers
- Shareholding structure of the company
- Articles of association of the company
- Trade registry information
- Current and past annual reports
- Current and past periodical financial statements and independent audit reports
- Press releases
- CMB special case statements
- Information about the date, agenda and agenda items of the general assembly meeting
- Minutes of the general assembly meeting and the list of participants
- Specimen of power of attorney
- Corporate governance compliance report
- Disclosure policy

9. Disclosure of special events

In accordance with CMB regulations, 15 special event announcements were made in 2009. No additional information was requested for the special event announcements. Special event announcements were done on time, not leading to implementation of any measures by CMB on this ground. The shares of the Company are not quoted in foreign capital markets.

10. Company website and its content

The Company's website is accessible at www.brisa.com.tr. Company's commercial registration details, current shareholder and management structure, special event disclosures, annual reports, periodical financial tables and statements, records of the General Assembly and the list of participants are posted on the "Investors Relations" section of the Company's website.

11. Disclosure of ultimate controlling individual shareholder(s)

The Company does not have any ultimate controlling individual shareholder. Shareholder structure is disclosed in Annual Reports and posted on the website of the Company.

12. Disclosure of potential insider persons

Information is provided in the Annual Report of the Company about executive managers who may potentially possess sensitive information.

13. Information to stakeholders

Information is disclosed to the Company's employees through announcements, meetings and internet.

The internet based "Dealer Information System" provides all essential information for Company's dealers, our most important links to end-users. Besides this channel for all types of information exchange, the Company also operates supportive and supplementary systems such as "Dealer Automation System" to assist dealers in business management, an effective warranty system for the end-users (e-warranty) and Customer Request Management system. Besides enabling the flow of all kinds of information for our dealers and users through these channels, meetings with dealers at regional and national levels are also held to share information in person and to enhance mutual communication.

Company's suppliers are informed through announcements and meetings.

14. Stakeholder's participation in company management

The Company implements a management model, which is based on employees' contribution for the development of the main policies of the Company, for extending these policies throughout its structure and turning them into targets, for the realization of planned implementations and for reviewing the results to ensure further improvement in the processes. Suggestions stated in the meetings by stakeholders other than employees (such as customers, suppliers) are also considered in development of Company policies.

15. Human resources policy

The principal objectives of the Human Resources Policy of our company can be summarized under the following headings:
In parallel with Brisa's long term plans, human resources plans and practices aim at meeting the future needs of the Company as per required;

- Based on "Human First" approach, "pioneering to change",
- Ensuring a sustainable labor peace,
- Establishing a working environment that promotes creativity, innovation, encourages staff development in and is focused on fairness and ethical values and where the employees feel so content, inspired and motivated to be at work, and
- To ensure the continuity of this environment with energetic, success-oriented people targeting high performance and who are open to new ideas and developments.

No complaints of discrimination in any form were received from employees in 2009 or before.

16. Information about customer and supplier relations

The Company serves the end-users through a countrywide dealer network in the domestic replacement market where nearly half of the Company sales are realized. Technical assistance to improve service quality is provided for the dealers, and orientation programs are held for the new dealers. Researches are conducted regularly to observe and improve dealers' attitudes towards end-users.

The Company's warranty system completely fulfils legal obligations, while new projects and practices for faster and more efficient connection with customers are realized. All complaints and suggestions are processed thoroughly by the Customer Relations and Sales Departments. For passenger, 4x4 and light commercial vehicle group, after-sales "Road Assistance" service is provided free of charge and its effectiveness is closely monitored.

The Company's products are fitted as original equipment by automotive manufacturers, producing a wide range of vehicles of different types and qualifications, majority of which are exported. To serve this end, the Company establishes close contacts with automotive manufacturers starting from the development stage of the vehicle and focuses on research and development activities to supply the most suitable products for the vehicles.

In order to achieve consistency in product quality to ensure maximum levels of customer satisfaction, the Company's relations with the suppliers of raw material, equipment and services are established on the principles of mutual trust, sound communications, continuous support for their improvement as well as mutual respect for community and environment.

The suppliers of raw material are qualified according to pre-set Company standards. The Company establishes long-term relations with those suppliers who prioritize customer satisfaction. The performances of suppliers are regularly followed and problems, if any, are carefully considered. Through systematic assessments by the Company, necessary assistance is provided for suppliers to review their own systems and make necessary improvements.

17. Social responsibility

Company's Social Responsibility Policy based on the "our choices determine our future" approach can be summarized as follows: For Brisa, existence through creating difference matures with an understanding of social responsibility.

Expectations of customers, employees, shareholders, suppliers, business partners, competitors and the society are reflected on the Company's way of doing business, culture and values. Management is based on social responsibility awareness.

For Brisa, Social Responsibility approach indicates:

- Following Company's "Business Ethics" (SA-ETİK) guidelines in responsibilities, decisions and actions beyond legal requirements,
- Showing respect for human rights and work force principles; supporting abolition of forced labor and child labor,
- Striving to avoid privileges in employment and work,
- Taking all necessary measures to create a safe and healthy workplace atmosphere,
- Conservation of nature for "sustainable living", supporting effective resource management,
- Improving and further developing Social Responsibility approach consistently,

Implementing a public disclosure policy, knowing the importance of communications in carrying the Company, the Group, and all stakeholders to desired objectives.

18. Structure and the composition of the Board of Directors and independent members

Non-Executive Board Members

CHAIRMAN / GÜLER SABANCI
VICE CHAIRMAN / TAKASHI URANO
MEMBER / FARUK BİLEN
MEMBER / TURGUT UZER
MEMBER / SHINICHI SATO
MEMBER / MUSTAFA BAYRAKTAR

Executive Board Members

MEMBER / HAKAN BAYMAN, GENERAL MANAGER
MEMBER / JUNICHI KUMANO, EXECUTIVE COORDINATOR
MEMBER / YOSHIKANE OSAKABE,
CHIEF TECHNICAL OFFICER

Brisa is a joint venture established by Sabancı Holding and Bridgestone Corporation. Due to joint management structure, there are no independent members on the Board.

Members of the Board of Directors have been permitted by the Company's General Assembly to conduct all actions set out by the Turkish Commercial Code items 334 and 335.

19. Eligibility for board membership

The qualifications of the members of the Company's Board of Directors are in conformity with the qualifications mentioned at Section IV items 3.1.1, 3.1.2 and 3.1.5 of Corporate Governance Principles of Turkey issued by CMB. The Company's Articles of Association does not specify minimum standards of qualification for the Board Members.

20. Company's mission, vision and strategies

Company's mission, vision, values and strategies are annually reviewed by the Company's top management and the strategic targets established through these reviews are shared with employees at annual meetings and through the Company's website.

Strategic targets are defined by the Executive Committee under the light of Brisa mission and vision, and they are subject to approval of the Board of Directors after discussion.

The members of the Executive Committee are the General Manager, Executive Coordinator, Chief Technical Officer, Assistant General Manager - Finance, Assistant General Manager - Sales, and the Financial Assistant.

The Board of Directors reviews, at least four times a year, the extent to which the set targets are achieved, the ongoing activities and the performance of the Company in the past period.

21. Risk management and internal control mechanism

The Company established a Risk Committee and Risk Management Department in order to identify, evaluate, classify and measure all critical risks under the risk management policy, standards and procedures of the company and actively manage them. The Risk Committee comprises of the Executive Committee whose members are the General Manager, Executive Coordinator, Chief Technical Officer, Assistant General Manager - Finance, Assistant General Manager - Sales, and the Financial Assistant, and of the Risk Manager.

Risk Management Department is responsible for establishing and implementing an effective risk management process in the Company, and is responsible for developing relevant strategy and policies and ensuring effective implementation with full support of the management and the cooperation of relevant officials to reduce or eliminate risks or to make proposals to transfer thereof, to coordinate the associated works and to follow-up the action plans; to establish policies involving the organization's risk appetite and to focus on the management of processes under these policies and procedures.

A separate risk management and internal control mechanism was not established by the Board of Directors.

22. Duties and responsibilities of the Board of Directors and executives

Management rights and representative authority of the Board of Directors are defined on the Company's Articles of Association. Additional definitions for duties and responsibilities of the Executives are not given in the Company's Articles of Association.

23. Principles of activity of the Board of Directors

The Board of Directors held a total of 16 meetings in 2009, 5 vis-à-vis meetings and 17 through written consent in line with the Turkish Commercial Code and the Company's Articles of Association. The agenda of the Board meeting is disclosed to each Board member at least 10 days before the meeting date. The members of the Board of Directors do not have weighted voting right and/or the veto right.

As stated by the Company's Articles of Association, all resolutions accepted by six or more members of the nine-person Board of Directors become effective. During 2009, there have been no different views stated on decisions taken by the Board.

In case of agenda items as described in Section IV item 2.17.4 of Corporate Governance Principles of Turkey issued by CMB, attendance to the Board meetings of all Members without a valid excuse was ensured. Board Members did not raise questions to be recorded.

24. Prohibition of transaction and competition with the company

The members of the Board of Directors have been permitted by the Company's General Assembly to practice the actions set out by the Turkish Commercial Code items 334 and 335. No conflict of interest was staged because of that.

25. Ethical rules

Brisa Work Ethics Manual and company rules were published and shared with the staff. All Brisa employees were provided training on these ethic rules; and refreshing training was made available on internet at the end-of the year.

26. Number, structure and independence of the committees established by the Board of Directors

The Audit Committee established by the Board of Directors comprises of three members, two of them being non-executive members of the Board. Audit Committee convened four times in 2009.

Members of the Audit Commitee:

Takashi Urano, Vice Chairman
Turgut Uzer, Board Member
Junichi Kumano, Board Member

As the Board of Directors is directly involved in corporate governance principles and ensuring compliance therewith, no separate committee was established for this purpose.

27. Remuneration of the Board of Directors

The Board of Directors is entitled for profit distribution through the decision of the General Assembly as stated on the Company's Articles of Association (Article 28). Board members are not paid any wages and cannot receive any loans.

PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors hereby submits and kindly requests resolution for distribution of the 2009 profit stated on the Balance Sheet worth TL 48.363.284,88, calculated in accordance with generally accepted accounting standards issued by the Capital Markets Board of Turkey and according to Article 28 of Company's Articles of Association, as given below:

Corporate Tax	9.300.808,16 TL
First Dividend to Shareholders	7.812.495,34 TL
Second Dividendt to Shareholders	24.931.754,66 TL
Usufruct	2.418.164,24 TL
Dividends to The Board of Directors	135.000,00 TL
Second Legal Reserves	3.492.532,05 TL
Extraordinary Reserves	272.530,43 TL

so that the gross amount of TL 32.744.250 shall be paid shareholders representing TL 7.441.875 capital, in a proportion of 440 % as cash dividend. Gross amount of TL 2.418.164,24 shall be paid to the privileged shareholders as usufruct, and gross amount of TL 135.000 shall be paid to Board of Directors. As a result, TL 4,40 gross=net cash dividend shall be paid to full taxpayers and TL 4,40 gross, TL 3,74 net cash dividend shall be paid to other shareholders, who are subject to % 15 income tax withholding.

To the General Assembly of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Trade Name	Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.
Head Office	İstanbul
Issued Capital	7.441.875.-TL
Field of Activity	Production and sales of vehicle tires
Name and term of office of Auditors	Fuat Öksüz – Hiroshi Yoshimori – Mehmet Bingöl. Our duty period is 1 (one) year. We are not shareholders and/or employees of the Company.
Number of Board Meetings participated and Auditors Committee Meetings held	The number of the Board Meetings participated was 4 (four). The number of Auditors Committee Meetings held was 6 (six).
Scope of audits performed on the Company's accounts, books and documents; dates on which examinations were made, conclusions reached	The Company's accounts, books and documents were audited in the first week of the 3rd, 6th, 9th and 12th months in compliance with the tax regulations and the Turkish Commercial Code. The results of the audits were satisfactory.
Number and conclusion of cash counts made according to subparagraph 3 of paragraph 1 of Article 353 of the Turkish Commercial Code	Cash counts were made 4 (four) times and were found in accordance with the existing records.
Dates and conclusion of audits made according to subparagraph 4 of paragraph 1 of Article 353 of the Turkish Commercial Code	In the audits made on the first working day of each month, it was determined that existing securities were in accordance with records.
Complaints and irregularities received and actions taken	There were no complaints received.

Accounts and procedures of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. for the period of 01.01.2009 - 31.12.2009 were audited as required by the Turkish Commercial Code, the Articles of Association of the Company, other regulations and generally accepted accounting principles and standards.

In our opinion, the Balance Sheet prepared as of 31.12.2009 reflects the true financial status of the Company at the date, the Income Statement for the period 01.01.2009 - 31.12.2009 reflects the actual and accurate results of the Company's activities. Profit distribution proposal is in line with the Company's Articles of Association and legislation.

We hereby submit the Balance Sheet and Income Statement for your approval and release of the Board of Directors

01.03.2010

BOARD OF AUDITORS

Fuat ÖKSÜZ **Hiroshi YOSHIMORI** **Mehmet BİNGÖL**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

We have audited the accompanying balance sheet of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. as at 31 December 2009 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended.

Management's responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards published by the Capital Market Board.

İstanbul, 5 March 2010

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Gaye Şentürk

Gaye ŞENTÜRK
Partner

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Financial statements and notes for the period ended 31 December 2009

Translated into English from the original Turkish Report.

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Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Audited balance sheet as of 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	Audited Current Period 31 December 2009	Audited Prior Period 31 December 2008
ASSETS			
Current Assets		**306.976.281**	**374.616.152**
Cash and Cash Equivalents	6	15.044.732	2.364.999
Financial Assets	7	452.128	608.331
Trade Receivables	10	140.749.818	144.861.758
Due from Related Parties	37	8.380.010	11.341.139
Other Trade Receivables	10	132.369.808	133.520.619
Receivables From Financial Sector Activities	12	-	-
Other Receivables	11	365.862	5.937.081
Inventories	13	128.607.947	180.068.299
Other Current Assets	26	21.755.794	40.775.684
Non-Current Assets Held For Sale	34	-	-
Non-Current Assets		**355.390.568**	**353.872.393**
Trade Receivables	10	189.613	-
Receivables From Financial Sector Activities	12	-	-
Other Receivables	11	60.657	33.355
Financial Assets	7	-	-
Investments Accounted for Under Equity Method	16	-	-
Assets Related to Ongoing Construction Contracts	15	-	-
Biological Assets	14	-	-
Invesment Property	17	-	-
Property, Plant and Equipment	18	338.431.598	333.688.653
Intangible Assets	19	14.894.721	18.178.563
Goodwill	20	-	-
Deferred Tax Assets	35	383.571	-
Other Non-Current Assets	26	1.430.408	1.971.822
TOTAL ASSETS		**662.366.849**	**728.488.545**

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Audited balance sheet as of 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	Audited Current Period 31 December 2009	Audited Prior Period 31 December 2008
LIABILITIES			
Short Term Liabilities		**152.606.613**	**187.347.345**
Financial Liabilities	8	32.393.400	101.635.268
Other Financial Liabilities	9	734.872	-
Trade Payables	10	96.725.208	65.898.890
Due to Related Parties	37	46.050.968	29.734.886
Other Trade Payables	10	50.674.240	36.164.004
Other Liabilities	11	12.043.947	9.534.492
Liabilities From Financial Sector Activities	12	-	-
Government Grants and Incentives	21	-	-
Corporate Tax Liability	35	1.997.733	-
Provisions	22	3.347.436	6.930.117
Provisions for Employment Benefits	24	2.897.151	2.050.444
Other Short Term Liabilities	26	2.466.866	1.298.134
Liabilities Associated with Non-Current Assets Held For Sale	34	-	-
Long Term Liabilities		**82.293.305**	**123.831.663**
Financial Liabilities	8	64.594.910	106.672.562
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Other Liabilities	11	-	-
Liabilities From Financial Sector Activities	12	-	-
Government Grants and Incentives	21	-	-
Provisions	22	-	-
Provision for Employment Benefits	24	17.698.395	16.257.940
Deferred Tax Liabilities	35	-	901.161
Other Long Term Liabilities	26	-	-

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Audited balance sheet as of 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	Audited Current Period 31 December 2009	Audited Prior Period 31 December 2008
SHAREHOLDERS' EQUITY	**27**	**427.466.931**	**417.309.537**
Parent Company Shareholders' Equity			
Share Capital	27	7.441.875	7.441.875
Inflation Adjustments to Share Capital	27	352.660.701	352.660.701
Premium in Excess of Par	27	4.903	4.903
Revaluation Funds		-	-
Translation Reserves		-	-
Capital Adjustments		-	-
Restricted Reserves	27	22.267.584	19.414.285
Retained Earnings	27	6.029.391	5.991.817
Profit for the Period		39.062.477	31.795.956
Minority Interests		**-**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**662.366.849**	**728.488.545**

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Audited statement of comprehensive income for the year ended 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	Audited 1 January- 31 December 2009	Audited 1 January- 31 December 2008
Sales Revenue (Net)	28	775.878.486	772.203.901
Cost of Sales (-)	28	(615.484.821)	(605.492.011)
GROSS PROFIT		**160.393.665**	**166.711.890**
Marketing, Selling and Distribution Expenses (-)	29	(73.278.333)	(80.006.214)
General Administrative Expenses (-)	29	(31.476.448)	(31.032.398)
Research and Development Expenses (-)	29	(8.191.317)	(7.199.948)
Other Operating Income	31	1.097.206	1.125.782
Other Operating Expenses (-)	31	(1.833.182)	(889.541)
OPERATING INCOME		**46.711.591**	**48.709.571**
Finance Income	32	22.878.115	44.705.340
Finance Expenses (-)	33	(21.226.421)	(53.828.240)
PROFIT BEFORE TAX		**48.363.285**	**39.586.671**
Tax Expenses			
Current Corporate Tax Expense	35	(10.585.540)	(9.350.696)
Deferred Tax Income	35	1.284.732	1.559.981
PROFIT FOR THE PERIOD		**39.062.477**	**31.795.956**
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		**39.062.477**	**31.795.956**
Earnings Per Share	36	**4,92**	**4,01**

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Audited statement of changes in shareholders' equity for the year ended 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	Share Capital	Shareholders' Equity inflation Adjustment Differences	Premium in Excess of Par	Legal Reserves	Other Reserves and Retained Earnings	Period Profit	Total
Balance as at 1 January 2008	**27**	**7.441.875**	**352.660.701**	**4.903**	**14.289.522**	**227.916**	**62.508.387**	**437.133.304**
Total Income/Expense for the Period		-	-	-	-	-	31.795.956	31.795.956
Transfer of Prior Year Profit to Retained Earnings		-	-	-	-	62.508.387	(62.508.387)	-
Dividends		-	-	-	-	(51.619.723)	-	(51.619.723)
Transfers to Legal Reserves		-	-	-	5.124.763	(5.124.763)	-	-
Balance as at 31 December 2008	**27**	**7.441.875**	**352.660.701**	**4.903**	**19.414.285**	**5.991.817**	**31.795.956**	**417.309.537**
Balance as at 1 January 2009	**27**	**7.441.875**	**352.660.701**	**4.903**	**19.414.285**	**5.991.817**	**31.795.956**	**417.309.537**
Total Income/Expense for the Period		-	-	-	-	-	39.062.477	39.062.477
Transfer of Prior Year Profit to Retained Earnings		-	-	-	-	31.795.956	(31.795.956)	-
Dividends		-	-	-	-	(28.905.083)	-	(28.905.083)
Transfers to Legal Reserves		-	-	-	2.853.299	(2.853.299)	-	-
Balance as at 31 December 2009	**27**	**7.441.875**	**352.660.701**	**4.903**	**22.267.584**	**6.029.391**	**39.062.477**	**427.466.931**

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Statement of cash flows for the year ended 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	1 January- 31 December 2009	1 January- 31 December 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the Period		39.062.477	31.795.956
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities			
Depreciation of Property, Plant and Equipment	18	52.149.812	45.971.150
Amortization of Intangible Assets	19	5.055.117	5.881.654
Other Provisions	22, 24, 26	(1.996.200)	8.611.999
Provision for Retirement Pay	24	3.343.336	4.177.417
Allowances for Doubtful Receivables	10	1.331.359	1.053.760
Unrealized Foreign Exchange Gains and Losses		1.033.413	12.596.784
Interest Income		(13.876.220)	(22.296.863)
Interest Expenses		12.359.135	23.154.762
(Gain)/Loss on Sale of Property, Plant and Equipment and Intangible Assets		11.847	103.043
Taxation Provision	35	9.300.808	7.790.715
Forward Trade Valuation Difference	9	734.872	-
Operating Cash Flow Before Changes in Working Capital		**108.509.756**	**118.840.377**
Changes in Trade Receivables	10	3.688.516	(11.475.574)
Changes in Inventories	13	56.100.391	(59.553.087)
Changes in Other Receivables and Other Assets	11	25.105.221	(25.143.860)
Changes in Trade Payables	10	26.380.662	1.234.316
Changes in Other Payables and Other Liabilities	11	2.938.413	(4.718.824)
Cash Generated From Operations		**222.722.959**	**19.183.348**
Taxes Paid	35	(8.587.807)	(16.383.048)
Interest Paid		(15.412.313)	(21.694.487)
Severance Payments	24	(1.902.881)	(3.399.585)
Net Cash Provided by /(used in) Operating Activities		**196.819.958**	**(22.293.772)**

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Statement of cash flows for the year ended 31 December 2009 (cont'd)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Note References	1 January- 31 December 2009	1 January- 31 December 2008
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in Financial Assets	7	143.850	(258.193)
Interest Received		12.778.672	20.154.552
Purchases of Property, Plant, Equipment	18	(55.465.968)	(69.161.249)
Purchases of Intangible Assets	19	(2.646.062)	(5.264.939)
Proceeds of Sale of Property, Plant and Equipment and Intangible Assets	18, 19	394.762	322.122
Net Cash Used in Investing Activities		**(44.794.746)**	**(54.207.707)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank Borrowings Received		429.047.637	773.626.249
Bank Borrowings Paid		(539.130.048)	(646.346.418)
Financial Leasing Installments Paid	8	(370.338)	(420.740)
Dividends Paid		(28.905.083)	(51.619.723)
Net Cash Provided by/(used in) Financing Activities		**(139.357.832)**	**75.239.368**
NET CHANGES IN CASH AND CASH EQUIVALENTS		12.667.380	(1.262.111)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	2.364.999	3.626.011
Effect of interest accrual on cash and cash equivalents		12.353	1.099
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**15.044.732**	**2.364.999**

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

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Notes to audited financial statements as of 31 December 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1. Organization and operations of the company

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa" or "the Company") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding"). Brisa is primarily engaged in manufacturing, marketing and selling vehicle tires in Turkey. In 1988, the Company entered into a license agreement with Bridgestone Corporation for the purpose of manufacturing and selling Bridgestone tires.

The Company's listed shares are filed with the Turkish Capital Market Board ("CMB"). The Company's registered address is located at 4. Levent Sabancı Center Kule 2 Kat: 3 Beşiktaş, İstanbul. As of 31 December 2009, there are 1.562 temporarily contracted employees working for the Company (31 December 2008: 1.565). 1.159 employees are subject to the job requirements of the collective agreement, (31 December 2008: 1.196 employees) while 394 employees are outside the scope of the collective agreement (31 December 2008: 360 employees). The remaining (9 employees) are foreign employees (31 December 2008: 9 employees). In addition, the company has 9 permanent contracted employees as of 31 December 2009 (31 December 2008: 5).

The control of the Company is jointly held among the following parties: H.Ö. Sabancı Holding A.Ş. and Bridgestone Corporation.

The Board of Directors has approved the financial statements and given authorization for the issuance of the financial statements on 5 March 2010 . The General Assembly has the authority to amend/modify the statutory financial statements.

2. Basis of presentation of the financial statements

2.1 Accounting standards

The basis for preparation of the financial statements and significant accounting policies

The Company maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation.

The Capital Market Board ("CMB") Decree Volume: XI, No: 29 "Financial Reporting Standards In Capital Market" sets out principles, procedures and standards regarding the preparation and presentation of financial statements. The Decree is effective for financial periods beginning on 1 January 2008 and applicable for the first interim financial steatements. The Decree is superseded Decree Volume: XI, No: 25 "Capital Market Accounting Standards". In accordance with the requirements set out in the Decree Volume: XI, No: 29, companies are required to prepare their financial statements in compliance with International Financial Reporting Standards ("IFRS") as accepted by the European Union. However, IASs/ IFRSs will be applicable until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced and recognized by the Turkish Accounting Standards Board ("TASB"). Within this scope, Turkish Accounting/Financial Reporting Standards issued by TASB that are in compliance with the accepted standards will be adopted/applied.

Until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by the TASB, financial statements shall be prepared in accordance with IASs/IFRSs under the CMB's Decree Volume: XI, No: 29. The accompanying financial statements and notes are presented in accordance with the standart format required by the announcement of the CMB on 17 April 2008 and 9 January 2009. In this scope, some reclassifications are made in the prior year financial statements.

The financial statements are prepared on a historical cost basis except the derivative instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. Basis of presentation of the financial statements (cont'd)

2.1 Accounting standards (cont'd)

Presentation of functional currency

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Company are expressed in Turkish Lira (TL), which is the functional and presentation currency of the Company.

Preparation of financial statements in hyperinflationary periods

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective January 1, 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied.

Comparative information and corrections on prior period's financial statements

Current period financial statements are prepared comparatively with the prior period's financial statements. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period so that the reclassification will result in a more appropriate presentation of events and transactions. At reporting period, there is no material reclassification which has an impact on financial tables.

2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and prior financial statements are restated accordingly. Current year, there is no change in the accounting policies' of the entity.

2.3 Changes and errors in accounting estimates

If changes in accounting estimates are for only one period, changes are applied in the current year but if such changes are for the following periods, changes are applied both in the current and following years prospectively. The Company did not have any significant changes in its accounting estimates in the current period.

Significant accounting errors are applied restrospectively and prior year financial statements are restated accordingly.

2.4 Adoption of new and revised International Financial Reporting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2009. Adaptation of the new and revised standards and interpretations changed Company's accounting policies as follows:

IAS 1 (Revised) "Presentation of financial tables"

Revised standard, prevents to note the change of equity (other comprehensive revenues and expenditures) occurred during the relevant period on the equity change table, except the operations among the partners. Instead of this, these kind of revenues and expenditures apart from the equity capital table, is to be shown on "Comprehensive Revenue Table". The businesses are free to choose between one performance table (Comprehensive Revenue Table) or two tables (Revenue Table and Comprehensive Revenue Table) together. Depending on this, Company starting from January 1, 2009 applied the changes at IAS 1 and choosed to give two tables (Revenue Table and Comprehensive Revenue Table) together.

2. Basis of presentation of the financial statements (cont'd)

2.4 Adoption of new and revised International Financial Reporting Standards (cont'd)

Also, according to the IAS 1 (Revised), when the businesses organize or classify their financial tables of the previous period, together with the current and the previous period, comparable balance sheet of the earliest period should be given. Application of IAS 1 (revised) didn't have any impact on the company's financial reports and financial position.

IFRS 7 (Amendment), "Financial Instruments : Explanations"

IFRS 7 amendments published on March 2009 is applicable for the company starting from January 1, 2009.
Amendments require , setting fair value and explanations about the liquidity risk. Especially amendments require an explanations at the foot note, when there is a change at valuation techniques of fair value for all the financial instruments of the company. Also, when the fair value of the financial instruments are calculated, the source of the inputs have to be explained at three levels. When there is a change at the valuation techniques of the fair value of the financial instruments, the transfers between the levels have to be explained at the foot notes. Also, when the company makes a valuation from non seen inputs, the fair value of beginning period and end-of-period agreement should be done. If the amendments of the non seen inputs makes a big deviation from the fair value, sensitivity analysis of the amendments of the inputs should be given.

Also, financial instruments which are not derivative like financial contract of warranty should be added to the maturity allocation table. Another maturity allocation table should be given for derivative financial liabilities as well.

Company applied the amendments about IFRS 7 in 2009 and gave information about the level of the fair value at the Note 39. In the current period, the Company did not make an important classification among the three levels of the inputs while calculating the fair value of the financial instruments. Maturity allocation table of derivative financial liabilities is given at Note 39.

IFRS 8 "Operating Segments"

IFRS 8 "Operating Segments" supersedes IAS 14 'Segment Reporting". The standard specifies how an entity should report information about its operating segments based on the segment criteria used in internal reporting which are prepared by the management.

The adoption of these standards in future periods will have no material impact on the financial statements of the Company.

Amendments and interpretations of the standards which come into effect in 2009 but not used by the Company because they are are not related with the Company's operations.

Following standards and interpretations have come into effect till 1 January 2009, but they are not related with the company operations. However, these standards may impact the accounting for future transactions or arrangements.

Amendments to IFRS 1 first-time adoption of international financial reporting standards and IAS 27 consolidated and separate financial statements – Cost of an investment in a subsidiary, jointly controlled entity or associate

The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements. .

2. Basis of presentation of the financial statements (cont'd)

2.4 Adoption of new and revised International Financial Reporting Standards (cont'd)

Amendments and interpretations of the standards which come into effect in 2009 but not used by the Company because they are are not related with the Company's operations (cont'd)

Amendments to IFRS 2 share-based payment - vesting conditions and cancellations

The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 presentation of financial statements puttable financial instruments and obligations arising on liquidation

The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

Amendments to IAS 39 Financial Instruments: Recognition and measurement – Eligible hedged items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)

The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement (see above).

IFRIC 15 Agreements for the Construction of Real Estate

The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized. The requirements have not affected the accounting for the Group's construction activities.

IFRIC 16 Hedges of a net investment in a foreign operation

The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 Revenue.

Improvements to IFRSs (2008)

In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

2. Basis of presentation of the financial statements (cont'd)

2.4 Adoption of new and revised International Financial Reporting Standards (cont'd)

Amendments and interpretations of the standards which come into effect in 2009 but not used by the Company because they are are not related with the Company's operations (cont'd)

IFRS 3 (as revised in 2008) Business Combinations

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

- to change the recognition and subsequent accounting requirements for contingent consideration.

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

Amendments and interpretations of the standards which did not come into effect and not yet accepted by the Company

Following standards and interpretations are published at the time of the approval of these financial tables but not yet come into effect:

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

IAS 24 (Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies

Significant accounting policies used in preparation of the accompanying financial statements are as follows:

2.5.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.
Revenue from sale of goods is recognised when all the following conditions are satisfied:

- The Company has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

If net realizable value of inventories is lower than cost, inventories are discounted to their realizable value and they are recognized as expense in the statement of income in the period in which impairment loss is incurred. Impairment loss is reversed when it is proven that there is an increase in the realizable value due to non-performance of discounting conditions or changing economic conditions. Reversed portion is limited to the previously allocated impairment.

2.5.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets acquired or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.5.4 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies (cont'd)

2.5.4 Intangible assets (cont'd)

Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.5.5 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment when the carrying amount of an asset is irrecoverable. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For assessing impairment, assets are grouped at the lowest level to which there are separate identifiable cash flows (cash-generating units). At each reporting date, non-financial assets other than goodwill that suffered impairment are reviewed for any possibility on the reversal of impairment.

2.5.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Qualifying assets are explained in Note 18.

2.5.7 Financial instruments

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investments under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: "fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) and "loans and receivables".

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is used to discount estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies (cont'd)

2.5.7 Financial instruments (cont'd)

Available-for-sale financial assets

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method, less any impairment..

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand and demand deposits, and other short-term highly liquid investments of which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified based on the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies (cont'd)

2.5.7 Financial instruments (cont'd)

The accounting policies applied for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are carried at fair value, with any resulting gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is used for calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is used to discount estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedge accounting

The Company enters into transactions with forward derivative instruments in the foreign exchange market.

Most of these derivative transactions are considered as effective economic hedges under the Company's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IAS 39, they are treated as derivatives held-for-trading. Derivative financial instruments are initially recognized at fair value on the date which a derivative contract is entered into and subsequently remeasured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognized in income statement.

Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.5.8 Foreign currency transactions

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company.

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

- Except for exchange differences used as an adjustment item and included in the cost of assets and interest expense on borrowings denominated in foreign currencies that are associated with the construction of such assets for future use, exchange differences are recognized in profit and loss for the period.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies (cont'd)

2.5.9 Earnings per share

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

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are treated as issued shares. Accordingly, the retrospective effect of such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in the computation.

2.5.10 Events after the balance sheet date

Events after the balance sheet comprise events that occur between the balance sheet date and the date of authorization for the issuance of balance sheet even if they are occurred subsequent to any disclosure on profit or other selected financial information. The Company adjusts its financial statements when such subsequent events arise.

2.5.11 Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the related cash flows.

Warranties

Provision for warranty costs are recognized based on the management's best estimate on the expenditures at the sale date of the related products.

2.5.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.5.13 Segmental information

The Company operates primarily in one industry segment, mainly in manufacturing, marketing and distribution of vehicle tires; therefore, no segmental information is included in the accompanying financial statements.

2.5.14 Taxation and deferred tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies (cont'd)

2.5.14 Taxation and deferred tax (cont'd)

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.5.15 Employee benefits / Retirement pay provision

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

2.5.16 Statement of Cash Flow

In the statement of cash flows, cash flows in the current period are grouped as from operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows from its sales activities.

Cash flows from investing activities includes the Company's cash flows obtained from or used in its investing activities (e.g. fixed investments and financial investments).

Cash flows from financing activities are the Company's resources used in its financing activities and they also include the reimbursements of these resources.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. Basis of presentation of the financial statements (cont'd)

2.5 Summary of significant accounting policies (cont'd)

2.5.17 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

2.6 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2.5, management has made the following judgements that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below)

2.6.1 Useful live of property, plant and equipment

Assets are depreciated over their expected useful lives as disclosed in Note 18.

2.6.2 Warranty provision

For the Company products that are sold under warranty, the Company provides warranty provision for its products that may be defective within two years following the purchase date. Warranty provision is measured for each type of product considering prior years' data and the remaining warranty period.

2.6.3 Derivative financial instruments and hedge accounting

Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available, and valuation techniques, including discounted cash flow models and options pricing models as appropriate (Note 39).

2.6.4 Deferred tax asset

The Company booked deferred tax from the adjustmnets which are recorded compliant with IAS / IFRS.

3. Business combinations

None (2008:None).

4. Associates

None (2008:None).

5. Segment reporting

The Company does not have any other operations or geographical segments that may require segmental reporting.

6. Cash and cash equivalents

	31 December 2009	31 December 2008
Cash	203	1.025
Cash at Banks		
Demand Deposits	1.923.419	2.363.974
Time Deposits With Maturities Less Than 3 Months	13.121.110	-
	15.044.732	2.364.999

The Company has no time deposits as of 31 December 2008.

Foreign Currency Amount	Currency	Interest Rate %	Maturity	31 December2009
-	TL	10,60	25 January 2010	10.011.616
-	TL	7,50	4 January 2010	2.950.606
73.549	Avro	2,00	22 March 2010	158.888
				13.121.110

As of 31 December 2008, the Company did not have any time deposits.

The details of the nature and extent of risks on cash and cash equivalents are presented in Note 38.

7. Financial assets

Short term financial assets

Held-to-maturiy financial assets	31 December 2009	31 December 2008
Time deposits with maturities over 3 months	452.128	608.331

The details of time deposits are as follows

Foreign Currency Amount	Currency	Interest Rate %	Maturity	31 December 2009
300.277	USD	2,25	20.12.2010	452.128

Foreign Currency Amount	Currency	Interest Rate %	Maturity	31 December 2008
71.914	Euro	3,50	01.04.2009	153.954
300.454	USD	3,25	17.12.2009	454.377
				608.331

Long term financial assets

As of 31 December 2009, the Company does not have long term financial assets (2008: None).

8. Financial borrowings

Short term financial borrowings

	31 December 2009	31 December 2008
Short Term Loans	32.250.801	101.606.112
Leasing Payables	142.599	29.156
	32.393.400	101.635.268

Long term financial borrowings

	31 December 2009	31 December 2008
Long Term Loans	64.594.910	106.672.562
	64.594.910	106.672.562

Loans

			31 December 2009	
Foreign Currency Amount	**Currency**	**Interest rate %**	**Short Term**	**Long Term**
-	TL	8,80	32.227.904	-
30.010.599	Euro	1,27	22.897	64.594.910
			32.250.801	64.594.910

			31 December 2008	
Foreign Currency Amount	**Currency**	**Interest rate %**	**Short Term**	**Long Term**
-	TL	19,98	101.606.112	-
49.828.364	Euro	4,65	-	106.672.562
			101.606.112	106.672.562

Loan repayment schedule is as follows

	31 December 2009	31 December 2008
Due Within One Year	32.250.801	101.606.112
Due Within One to Two Years	64.594.910	106.672.562

8. Financial borrowings (cont'd)

Loans (cont'd)

The details of the Company's bank loans are summarized as follows

• Loans of Euro 30.000.000 was utilized on 19 June 2008, carry an effective interest rate of Euribor+0,60%. The maturity of the total loan is 30 May 2011. The accrued interest of the loan amounts to Euro 10.599 as of 31 December 2009 TL 214.090 of cash payment made in relation to the loan agreement is offset against the loan amount.

• A spot loan of TL 30.058.667 utilized with an effective interest of 8,80 %. The maturity of loan is 23 December 2010.

• An interest-free spot loan of TL 2.169.237 has been utilized for the Company's short term financing.

Financial Lease Payables	**31 December 2009**	**31 December 2008**
Finance Leasing Payables	159.256	36.273
Interest Expenses of Finance Leases	(16.657)	(7.117)
	142.599	29.156

Average lease term of financial leases is 3 years and the Company has option to purchase the vehicles at the end of lease term. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Net book value of leased assets as of 31 December 2009 is TL 555.530. (31 December 2008: TL 586.414) Interest rate of financial leasing agreements are fixed for the lease term. Average effective interest rate of financial leasing agreements is 22,6%. (2008: 25,6%)

9. Other financial liabilities

Other Financial Liabilities	**31 December 2009**	**31 December 2008**
Liabilities Arising From Derivatives (Note 38)	734.872	-
	734.872	-

10. Trade receivables and payables

	31 December 2009	31 December 2008
TRADE RECEIVABLES		
(Short-Term Trade Receivables)		
Trade Receivables	120.714.227	119.304.040
Due From Related Parties (Note 37)	5.899.707	6.415.719
Due From Related Parties-Credit Cards (Note 37)	2.480.303	4.925.420
Notes Receivables	14.853.387	15.980.542
Other Trade Receivables	22.834	130.398
Allowance For Doubtful Receivables (-)	(3.220.640)	(1.894.361)
	140.749.818	144.861.758
(Long-Term Trade Receivables)		
Notes Receivables	189.613	-
	189.613	-

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivable from the date initially granted up to the reporting date. The concentration of credit risk is limited due to large and diverse customer base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful receivables. The average maturity for the sales of goods is 48 days (31 December 2008: 51 days).

Disclosures related to the nature and extent of risks on trade receivables are presented in Note 38. Allowance for doubtful receivables provided for trade receivables is measured based on the historical experience on the uncollectibility.

Movement for allowance for doubtful receivables

	1 January- 31 December 2009	1 January- 31 December 2008
Opening Balance	1.894.361	946.588
Collections	(5.080)	(105.987)
Period Charge	1.331.359	1.053.760
Closing Balance	3.220.640	1.894.361

10. Trade receivables and payables (cont'd)

	31 Aralık 2009	31 Aralık 2008
TRADE PAYABLES		
(Short-Term Trade Payables)		
Short Term Trade Payables	47.894.399	32.448.492
Due to Related Parties (Note 37)	46.050.968	29.734.886
Payables to Contractors	2.779.841	3.715.512
	96.725.208	65.898.890

The average maturity on purchases are 32 days (2008: 35 days). For the settlement of its liabilities to its creditors at their respective maturity dates, the Company applies its financial risk management policies.

11. Other receivables and payables

	31 December 2009	31 December 2008
OTHER RECEIVABLES		
(Other Short-Term Receivables)		
Prepaid Taxes	-	5.365.871
Other Receivables From Related Parties (Note 37)	349.371	559.621
Doubtful Receivables	15.216	15.216
Allowance for Doubtful Receivables (-)	(15.216)	(15.216)
Other	16.491	11.589
	365.862	5.937.081

	31 December 2009	31 December 2008
OTHER RECEIVABLES		
(Other Long-Term Receivables)		
Deposits Given	60.657	33.355

Disclosures related to the nature and extent of risks on other receivables are presented in Note 38.

11. Other receivables and payables (cont'd)

	31 December 2009	31 December 2008
OTHER PAYABLES		
(Other Short-Term Payables)		
Taxes and Dues Payable	4.430.579	4.186.198
Social Security Premiums Payable	2.439.906	2.442.217
Due to Related Parties (Note 37)	4.553.961	2.366.165
Guarantees Received	619.501	539.912
	12.043.947	9.534.492

12. Receivables and payables from financial sector operations

None (2008 : None).

13. Inventories

	31 December 2009	31 December 2008
Raw Materials	25.635.236	37.083.954
Supplies	21.290.506	19.431.026
Work in Process	9.987.806	11.591.602
Finished Goods	27.794.164	66.212.159
Trade Goods	11.387.621	17.876.983
Goods in Transit	32.512.614	27.872.575
	128.607.947	180.068.299

14. Biological assets

None (2008 : None).

15. Assets related to ongoing construction contracts

None (2008 : None).

16. Invesments accounted for under the equity method

None (2008 : None).

17. Investment property

None (2008 : None).

18. Property, plant and equipment

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other	Construction In progress	Total
ACQUISITION COST									
Opening Balance 1 January 2009	5.215.185	11.025.218	206.857.712	899.543.401	3.359.378	18.662.669	7.473.680	30.060.100	1.182.197.343
Additions (*)	-	-	226.952	85.545	563.246	643.192	1.994.283	52.911.361	56.424.579
Disposals	-	-	(193.308)	(3.735.100)	(296.186)	(356.772)	(24.345)	-	(4.605.711)
Transfers From Intangible Assets	-	-	-	-	1.838.060	-	980.458	-	2.818.518
Transfer From Construction in Progress (*)	-	-	319.970	42.344.047	-	2.038.885	-	(45.187.040)	(484.138)
Closing Balance 31 December 2009	5.215.185	11.025.218	207.211.326	938.237.893	5.464.498	20.987.974	10.424.076	37.784.421	1.236.350.591
ACCUMULATED DEPRECIATION									
Opening Balance 1 January 2009	-	(9.487.789)	(99.351.554)	(728.517.348)	(2.469.877)	(6.890.044)	(1.792.078)	-	(848.508.690)
Charge for the Period	-	(186.773)	(6.633.678)	(41.588.980)	(736.714)	(1.878.102)	(1.125.565)	-	(52.149.812)
Transfers From Intangible Assets	-	-	-	-	(1.000.052)	-	(537.456)	-	(1.537.508)
Disposals	-	-	117.273	3.735.100	218.576	203.786	2.282	-	4.277.017
Closing Balance 31 December 2009	-	(9.674.562)	(105.867.959)	(766.371.228)	(3.988.067)	(8.564.360)	(3.452.817)	-	(897.918.993)
Net Book Value at 1 January 2009	5.215.185	1.537.429	107.506.158	171.026.053	889.501	11.772.625	5.681.602	30.060.100	333.688.653
Net Book Value at 31 December 2009	5.215.185	1.350.656	101.343.367	171.866.665	1.476.431	12.423.614	6.971.259	37.784.421	338.431.598

(*) The Company has associated, 12% and 34% of the Euro 30.000.000 and Euro 20.000.000 loans, totaling Euro 50.000.000, with qualifying assets. Interest expenses amounting TL 361.094 and foreign exchange of TL 322.022 TL has been capitalized as part of a qualifying asset.

18. Property, plant and equipment (cont'd)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other	Construction in Progress	Total
ACQUISITION COST									
Opening Balance 1 January 2008	5.215.185	10.988.743	172.212.891	849.947.926	3.262.473	15.605.437	5.962.804	51.840.618	1.115.036.077
Additions (*)	-	-	1.417.128	127.450	128.877	1.288.210	1.510.876	67.214.621	71.687.162
Disposals	-	-	-	(2.249.714)	(31.972)	(521.839)	-	-	(2.803.525)
Transfers From Construction in Progress	-	36.475	33.227.693	51.717.739	-	2.290.861	-	(88.995.139)	(1.722.371)
Closing Balance 31 December 2008	5.215.185	11.025.218	206.857.712	899.543.401	3.359.378	18.662.669	7.473.680	30.060.100	1.182.197.343
ACCUMULATED DEPRECIATION									
Opening Balance 1 January 2008	-	(9.277.418)	(93.260.902)	(693.846.319)	(2.085.033)	(5.720.995)	(960.515)	-	(805.151.182)
Charge for the Period	-	(210.371)	(6.090.652)	(36.908.295)	(389.640)	(1.540.629)	(831.563)	-	(45.971.150)
Disposals	-	-	-	2.237.266	4.796	371.580	-	-	2.613.642
Closing Balance 31 December 2008	-	(9.487.789)	(99.351.554)	(728.517.348)	(2.469.877)	(6.890.044)	(1.792.078)	-	(848.508.690)
Net Book Value at 1 January 2008	5.215.185	1.711.325	78.951.989	156.101.607	1.177.440	9.884.442	5.002.289	51.840.619	309.884.895
Net Book Value at 31 December 2008	5.215.185	1.537.429	107.506.158	171.026.053	889.501	11.772.625	5.681.602	30.060.100	333.688.653

(*) The Company has associated, 27% and 57% of the Euro 30.000.000 and Euro 20.000.000 loans, totaling Euro 50.000.000, with qualifying assets. Interest expenses amounting TL 832.248 and foreign exchange of TL 1.544.216 TL has been capitalized as part of a qualifying asset.

18. Property, plant and equipment (cont'd)

The depreciation rates used for property, plant and equipment are as follows

Buildings	25 years
Land Improvements	10 years
Machinery and Equipment	8 years
Vehicles	5 years
Furniture and Fixtures	10 years

TL 42.977.255 of the depreciation expense is charged to 'cost of goods sold' (2008: TL 36.142.430), TL , 1.044.758 of the depreciation expense is charged to 'research and development expenses' (2008: TL : 895.455), TL 4.828.189 of the depreciation expense is included in 'selling and marketing costs' (2008: TL 3.688.370), TL 1.251.213 of the depreciation expense is in 'general administrative expenses' (2008: TL 1.239.595) and TL 2.048.397 of the depreciation expense is included in 'finished goods inventory' (2008: TL 4.005.300).

Capitalised borrowing cost definitions and amounts are summarized in the table below.
Capitalised total borrowing costs for the period ended on 31 December 2009;

	Machinery and Equipment	Furniture and fixtures	Construction in progress
Interest Expense	593.594	39.338	170.763
Foreign Exchange Gains and Losses	868.733	31.460	191.891
	1.462.327	70.798	362.654

19. Intangible assets

	Rights	Other Intangible Assets	Total
ACQUISITION COST			
Opening Balance 1 January 2009	21.977.423	18.743.051	40.720.474
Additions	2.251.864	394.198	2.646.062
Disposals	(62.000)	(28.545)	(90.545)
Transfers to Property, Plant and Equipment	-	(2.818.518)	(2.818.518)
Transfer From CIP	-	484.138	484.138
Closing Balance 31 December 2009	24.167.287	16.774.324	40.941.611
ACCUMULATED AMORTIZATION			
Opening Balance 1 January 2009	(9.515.916)	(13.025.995)	(22.541.911)
Charge for the Period	(4.056.309)	(998.808)	(5.055.117)
Transfers to Property, Plant and Equipment	-	1.537.508	1.537.508
Disposals	9.300	3.330	12.630
Closing Balance 31 December 2009	(13.562.925)	(12.483.965)	(26.046.890)
Net Book Value at 1 January 2009	12.461.507	5.717.056	18.178.563
Net Book Value at 31 December 2009	10.604.362	4.290.359	14.894.721

19. Intangible assets (cont'd)

	Rights	Other Intangible Assets	Total
ACQUISITION COST			
Opening Balance 1 January 2008	17.404.166	16.492.842	33.897.008
Additions	4.851.099	575.093	5.426.192
Disposals	(277.842)	(47.255)	(325.097)
Transfer From CIP	-	1.722.371	1.722.371
Closing Balance 31 December 2008	21.977.423	18.743.051	40.720.474
ACCUMULATED AMORTIZATION			
Opening Balance 1 January 2008	(5.832.090)	(10.917.982)	(16.750.072)
Charge for the Period	(3.738.196)	(2.143.458)	(5.881.654)
Disposals	54.370	35.445	89.815
Closing Balance 31 December 2008	(9.515.916)	(13.025.995)	(22.541.911)
Net Book Value at 1 January 2008	11.572.076	5.574.860	17.146.936
Net Book Value at 31 December 2008	12.461.507	5.717.056	18.178.563

Estimated useful lives used for rights and other intangible assets are 5 years and 5-8 years, respectively.

TL 555.711 of the amortisation expense is charged to 'cost of goods sold' (2008: TL 1.087.292), TL 55.117 of the amortisation expense is included in 'research and development expenses' (2008: TL 45.244), TL 4.063.629 of the amortisation expense is in 'selling and marketing costs' (2008: TL 4.218.286), TL 354.173 of the amortisation expense is included in 'general administrative expenses' (2008: TL : 410.338) and TL 26.487 of the amortisation expense is charged to 'finished goods in stock' (2008: TL 120.494).

20. Goodwill

None (2008 : None).

21. Government grants and incentives

None (2008 : None).

22. Provisions, contingent assets and contingent liabilities

	31 December 2009	31 December 2008
PROVISIONS		
(Short Term Liabilities)		
Provision for Disabled Personnel Employment Quota	1.683.582	2.665.476
Provision for Warranty Claims (*)	1.093.431	1.079.180
Other Lawsuit Provisions	570.423	394.345
Provision for Lawsuits for Contract Terminations	-	2.791.116
	3.347.436	6.930.117

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

31 December 2009	Provision for Disabled People and Ex-convicts	Provision for Lawsuits for Contract Terminations	Provision for Warranty Claims	Other Lawsuit Provisions	Total
Opening Balance 1 January	2.665.476	2.791.116	1.079.180	394.345	6.930.117
Additional Provision	329.623	-	1.476.055	706.067	2.511.745
Payments/ Reversed Provisions	(1.311.517)	(2.791.116)	(1.461.804)	(529.989)	(6.094.426)
Closing Balance 31 December	1.683.582	-	1.093.431	570.423	3.347.436

23. Commitments

	31 December 2009	31 December 2008
Letters of Guarantees Given	7.310.811	6.326.389

As of 31 December 2009, ratio of guarantees given to equity is 1,71%. (31 December 2008: 1,52 %)

The 2010-2014 modernization plan of the plant, amounting to TL 272.000.000, was accepted on December 28, 2009 dated Board of Directors meeting. Also, decided that, for these investments, obtaining an investment incentive certificates and apllying the T.C. Undersecretariat of Treasury for closing the recent certificates, its validity was ended at the end of 2009.

24. Employment benefits

	31 December 2009	31 December 2008
SHORT TERM EMPLOYMENT BENEFITS		
Wages Payable to Personnel	1.239.524	839.423
Provisions for Bonuses	727.082	668.000
Provisions for Unused Vacation	884.892	453.187
Private Pension Insurance Premium Payables	3.871	89.834
Other	41.782	-
	2.897.151	2.050.444

	31 December 2009	31 December 2008
LONG TERM EMPLOYMENT BENEFITS		
Provision for Retirement Pay	17.698.395	16.257.940

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article of 60 the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively.

The amount payable consists of one month's salary limited to a maximum of TL 2.365,16 for each period of service at 31 December 2009 (31 December 2008: TL 2.173,19).

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4,8% and a discount rate of 11%, resulting in a real discount rate of approximately 5,92% (31 December 2008: 6,26%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2.427,04 effective as of 1 January 2010 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2008: TL 2.260,05).

24. Employment benefits (cont'd)

	1 January - 31 December 2009	1 January - 31 December 2008
RETIREMENT PAY PROVISION MOVEMENT SCHEDULE		
Provision at January, 1	16.257.940	15.480.108
Service Costs	2.380.866	3.874.863
Interest Costs	962.470	302.554
Payments Made	(1.902.881)	(3.399.585)
Provision at December, 31	17.698.395	16.257.940

25. Retirement benefits

None (2008 : None).

26. Other current/non-current assets and short/long term liabilities

	31 December 2009	31 December 2008
Other Short-Term Assets		
Order Advances Given	12.893.605	25.457.510
Prepaid Expenses	2.009.399	1.912.624
Due From Personnel	1.265.846	1.018.319
VAT Claims Receivable	1.377	1.298.869
Advances Given	121.809	164.422
VAT Carried Forward	5.118.662	10.204.053
Other	345.096	719.887
	21.755.794	40.775.684

	31 December 2009	31 December 2008
Other Long-Term Assets		
Advances Given for Property, Plant and Equipment	1.430.408	1.971.822
	1.430.408	1.971.822

26. Other current/non-current assets and short/long term liabilities (cont'd)

	31 December 2009	31 December 2008
Other Short-Term Liabilities		
Liability for Canceled Equipment Purchase (*)	1.147.661	-
Provisions for Export Commissions	626.000	608.190
Sales Premium	550.000	560.695
Due to Shareholders	142.704	127.980
Other	501	1.269
	2.466.866	1.298.134

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

Other Liabilities (Long Term)

None. (2008 : None).

27. Shareholders' equity

As of 31 December 2009 and 31 December 2008, the share capital held is as follows:

	(%)	31 December 2009	(%)	31 December 2008
Shareholders				
H.Ö. Sabancı Holding A.Ş.	43,63	3.246.619	43,63	3.246.619
Bridgestone Corporation	43,63	3.246.619	43,63	3.246.619
Other	12,74	948.637	12,74	948.637
Share Capital at Nominal Value	100,00	7.441.875	100,00	7.441.875

The Company's share capital comprises of 744.187.500 shares (2008: 744.187.500 shares). The nominal value of each share amounts to 1 Kr. (2008: 1 Kr). In accordance with the article of association, Hacı Ömer Sabancı Vakfı has a privilege over the profit with 100 redemable shares; and such privileges are measured based on the requirements of the article of association.

	31 December 2009	31 December 2008
Inflation Adjustments to Share Capital	352.660.701	352.660.701
Premium in Excess of Par	4.903	4.903
Restricted Reserves	22.267.584	19.414.285
Retained Earnings/Accumulated Loss	6.029.391	5.991.817

Restricted reserves consist of legal reserves.

27. Shareholders' equity (cont'd)

Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 5% per annum of all cash dividend distributions.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss deduction.

However, in accordance with the CMB's Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;

- "Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Other equity items are carried at the amounts that are valued based on the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital.

Profit distribution

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2009, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (31 December 2008: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as staded within the "Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law" (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

Resources available for profit distribution

The Company has in its legals books a profit for the period of TL 43.621.178 (31 December 2008 Profit TL 36.526.159) and Extraordinary reserves of TL 32.968.376 that can be utilized for profit distribution (31 December 2008 : TL 28.200.598).

28. Sales revenue and cost of sales

	1 January-31 December 2009	1 January-31 December 2008
Domestic Sales	600.025.128	610.590.748
Foreign Sales	264.186.976	247.181.348
Sales Returns (-)	(3.167.363)	(3.382.671)
Sales Discounts (-)	(63.695.685)	(58.769.598)
Other Deductions From Sales (-)	(21.470.570)	(23.415.926)
	775.878.486	772.203.901

	1 January-31 December 2009	1 January-31 December 2008
COST OF SALES (-)		
Raw Material Consumed (-)	(341.657.261)	(410.221.332)
Direct Labor Attributable to Production (-)	(50.153.431)	(54.960.422)
Production Overheads (-)	(85.899.896)	(95.480.844)
Depreciation of Production Facilities (-)	(41.410.027)	(38.553.965)
Change in Work in Progress Inventories	(534.122)	3.956.730
Change in Finished Goods Inventories	(38.177.296)	34.638.737
Cost of Product Sold (-)	(557.832.033)	(560.621.096)
Cost of Merchandise Sold (-)	(44.902.124)	(37.229.789)
Cost of Sales (-)	(602.734.157)	(597.850.885)
Cost of Idle Period (-) (*)	(12.750.664)	(7.641.126)
Total Cost of Sales (-)	(615.484.821)	(605.492.011)

28. Sales revenue and cost of sales (cont'd)

	1 January-31 December 2009	1 January-31 December 2008
Cost of Idle Period (-) (*)		
Direct Labor Attributable to Production (-)	(3.930.931)	(1.610.987)
Production Overheads (-)	(4.621.910)	(3.228.588)
Depreciation of Production Facilities (-)	(4.197.823)	(2.801.551)
	(12.750.664)	(7.641.126)

(*) Since the Company's production was suspended in between 05 February 2009 - 11 February 2009, 24 February 2009 - 03 March 2009, 01 April 2009 – 08 April 2009, 20 May 2009 – 23 May 2009 and 27 July – 6 August 2009, TL 12.750.664 in total, which includes the related direct labor expense of TL 3.930.931, fixed overhead cost of TL 4.621.910 and depreciation expense of TL 4.197.823, is recognized in the "cost of sales" account..

29. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses

	1 January-31 December 2009	1 January-31 December 2008
Marketing, Selling and Distribution Expenses (-)		
Marketing Expenses (-)	(18.974.937)	(29.216.794)
Royalty (-)	(12.664.241)	(10.212.586)
Personnel Expenses (-)	(11.847.526)	(11.267.665)
Depreciation (-)	(8.891.818)	(7.906.656)
Transportation and Storage Expenses (-)	(6.121.202)	(6.953.707)
Supply & Overhead and Other Expenses (-)	(5.934.441)	(6.573.684)
Insurance (-)	(3.096.961)	(2.733.646)
Claim Adjustment (-)	(2.931.807)	(2.351.980)
Energy (-)	(1.129.325)	(909.061)
Communication and Information Technology Expenses (-)	(934.887)	(1.210.957)
Tire Test Expenses (-)	(331.254)	(388.677)
Consultancy, Security and Cleaning Expenses (-)	(317.043)	(146.624)
Rent Expense (-)	(102.891)	(134.177)
	(73.278.333)	(80.006.214)

29. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses (cont'd)

	1 January-31 December 2009	1 January-31 December 2008
General Administrative Expenses (-)		
Personnel Expenses (-)	(14.841.137)	(12.857.678)
Supply & Overhead and Other Expenses (-)	(5.158.733)	(5.939.767)
Consultancy, Security and Cleaning Expenses (-)	(3.103.821)	(2.804.178)
Communication and Information Technology Expenses (-)	(2.516.844)	(2.570.544)
Depreciation (-)	(1.605.386)	(1.649.933)
Allowance for Doubtful Receivables Expense (-)	(1.326.279)	(947.773)
Expense Related With the Canceled Equipment Order (-) (*)	(1.147.661)	-
Property and Environment Cleanup Tax (-)	(819.716)	(751.136)
Energy (-)	(427.937)	(341.623)
Insurance (-)	(266.442)	(211.124)
Rent Expense (-)	(262.492)	(206.457)
Legal Case Expenses for Terminated Personnel (-)	-	(2.752.185)
	(31.476.448)	(31.032.398)

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

	1 January-31 December 2009	1 January-31 December 2008
Research and Development Expenses (-)		
Personnel Expenses (-)	(4.809.727)	(4.248.503)
Depreciation (-)	(1.099.875)	(940.699)
Tire Test Expenses (-)	(839.799)	(759.848)
Energy (-)	(874.750)	(737.790)
Supply & Overhead and Other Expenses (-)	(378.565)	(354.340)
Insurance (-)	(114.368)	(84.536)
Communication and Information Technology Expenses (-)	(74.233)	(74.232)
	(8.191.317)	(7.199.948)

30. Expenses by nature

	1 January-31 December 2009	1 January-31 December 2008
Personnel Expenses (-)	(31.498.390)	(28.373.846)
Marketing Expenses (-)	(18.974.937)	(29.216.794)
Royalty (-)	(12.664.241)	(10.212.586)
Depreciation (-)	(11.597.079)	(10.497.288)
Supply & Overhead and Other Expenses (-)	(11.471.739)	(12.867.791)
Transportation and Storage Expenses (-)	(6.121.202)	(6.953.707)
Communication and Information Technology Expenses (-)	(3.525.964)	(3.855.733)
Insurance (-)	(3.477.771)	(3.029.306)
Consultancy, Security and Cleaning Expenses (-)	(3.420.864)	(2.950.802)
Claim Adjustment (-)	(2.931.807)	(2.351.980)
Energy (-)	(2.432.012)	(1.988.474)
Allowance for Doubtful Receivables Expense (-)	(1.326.279)	(947.773)
Tire Test Expenses (-)	(1.171.053)	(1.148.525)
Expense Related With the Canceled Equipment Order (-)	(1.147.661)	-
Property and Environment Cleanup Tax (-)	(819.716)	(751.136)
Rent Expense (-)	(365.383)	(340.634)
Legal Case Expenses for Terminated Personnel (-)	-	(2.752.185)
	(112.946.098)	(118.238.560)

31. Other operating income / (expenses)

	1 January-31 December 2009	1 January-31 December 2008
Reversal of Legal Provisions	300.953	-
Other Operating Income and Profit	796.253	1.125.782
	1.097.206	1.125.782
Other Operating Expense and Loss (-)	(1.833.182)	(889.541)

32. Finance income

	1 January-31 December 2009	1 January-31 December 2008
Interest Income From Sales Maturities	12.718.543	21.631.007
Foreign Currency Gains	9.001.895	22.286.348
Interest Income From Trade Receivables	1.028.601	633.375
Interest Income on Bank Deposits	129.076	32.481
Revenue From Sale of Financial Assets	-	122.129
	22.878.115	44.705.340

33. Finance expenses

	1 January-31 December 2009	1 January-31 December 2008
Short Term Borrowing Cost	(11.604.354)	(35.933.822)
Less: Capitalized Interest and Foreign Currency Losses	683.116	2.376.464
Foreign Currency Losses	(7.329.337)	(15.244.000)
Interest Expenses From Maturities of Purchases	(2.189.638)	(4.978.358)
Forward Trade Valuation Difference	(734.872)	-
Leasing Cost	(51.336)	(48.524)
	(21.226.421)	(53.828.240)

The Company has associated, respectively, 12% and 34% of the Euro 30.000.000 and Euro 20.000.000 loans, totaling Euro 50.000.000, with a qualifying asset. Interest expenses amounting TL 361.094 and foreign exchange of TL 322.022 has been capitalized as part of qualifying assets.

34. Assets held for sale and discontinued operations

None (2008 : None).

35. Current tax assets and liabilities (Including deferred tax assets and liabilities)

	31 December 2009	31 December 2008
CURRENT TAX LIABILITY		
Provision for Corporate Tax	10.585.540	9.350.696
Prepaid Corporate Taxes	(8.587.807)	(14.716.567)
Tax asset (-) / Tax Liability (Note 11)	1.997.733	(5.365.871)

	1 January-31 December 2009	1 January-31 December 2008
TAX EXPENSES IN INCOME STATEMENT		
Current Corporate Tax Expenses	10.585.540	9.350.696
Deferred Tax Earnings	(1.284.732)	(1.559.981)
Total Tax Expenses	9.300.808	7.790.715

35. Current tax assets and liabilities (Including deferred tax assets and liabilities) (cont'd)

Corporate tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 20%).

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 and 25 April following the end of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within the following five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. The investments without investment incentive certificates do not qualify for tax allowance.

Application of investment incentive

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive, due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

The Compnay does not have any right of the investment incentive.

The tax rate that companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled. Since the Company management does not plan on utilizing the investment incentive, a corporate tax rate of 20% has been applied as at 31 December 2009.

35. Current tax assets and liabilities (Including deferred tax assets and liabilities) (cont'd)

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and are set out below.

The deferred taxes are calculated at a rate of 20%. (31 December 2008: 20%)

	31 December 2009	31 December 2008
Deferred Tax (Assets)/Liabilities		
Valuation Differences of Property, Plant and Equipment	4.667.537	5.592.817
Discount on Trade Payables	17.877	20.658
Provision for Retirement Pay	(3.539.679)	(3.251.588)
Doubtful Receivables Provision	(244.358)	(163.529)
Provision for Warranty Claims	(218.686)	(215.836)
Discount on Trade Receivables	(211.287)	(428.242)
Personnel Expenses Provision	(176.978)	(90.637)
Forward Trade Valuation Difference	(146.974)	-
Sales Premium and Dividend Provision	(145.416)	(133.600)
Sales Premium Provision	(110.000)	(112.139)
Valuation Differences of İnventories	(2.503)	241.480
Legal Case Provision for Terminated Personnel	-	(558.223)
Other Provisions	(273.104)	-
	(383.571)	901.161

	1 January-31 December 2009	1 January-31 December 2008
Movement of Deferred Tax Liabilities		
Opening Balance, 1 January	901.161	2.461.142
Deferred Tax Income	(1.284.732)	(1.559.981)
Closing Balance, 31 December	(383.571)	901.161

35. Current tax assets and liabilities (Including deferred tax assets and liabilities) (cont'd)

Current period tax reconciliation is as follows

	1 January-31 December 2009	1 January-31 December 2008
Tax Reconciliation		
Profit Before Taxes on Income	48.363.285	39.586.671
Tax at the Effective Rate 20% (2008: 20%)	9.672.657	7.917.334
Tax Effect		
Income Not Subject to Tax	(470.104)	(289.337)
Non Deductible Expenses	98.255	301.134
Other	-	(138.416)
Tax Provision Expense on Income Statement	9.300.808	7.790.715

36. Earnings per share

Earnings per share and weighted average of outstanding shares for 2009 and 2008 are given below:

	1 January-31 December 2009	1 January-31 December 2008
Share Capital as of 31 December (TL)	7.441.875	7.441.875
Net Profit / (Loss) (TL)	39.062.477	31.795.956
Preferred Shares (100 units) Gross (TL)	24.182	19.793
Earnings Per Each Ordinary Share With TL 1 Nominal Value– (TL)	4,92	4,01
Earnings Per Each Ordinary Share With TL 1 Nominal Value (%)	% 492	% 401

37. Related party transactions

Trade receivables from related parties stem mainly from the sales transactions and average maturity is 48 days. (31 December 2008 : 51) No interest is accrued and no guarantee exists for the related party receivables.

Trade payables to related parties is mainly the result of purchase transactions and average maturity is 32 days. No interest is accrued for the related party payables.

	31 December 2009	31 December 2008
Time deposits on Akbank T.A.Ş Bank Time Deposits on Akbank T.A.Ş. Bank		
Demand Deposits	1.187.892	1.891.203
Time Deposits	10.464.246	608.331
Credit Card Receivables (*)	2.480.303	4.925.420
	14.132.441	7.424.954

	31 December 2009	31 December 2008
Financial Liabilities		
Akbank T.A.Ş.	-	30.040.000
Ak Finansal Kiralama A.Ş.	142.599	29.156
	142.599	30.069.156

(*) Included in trade receivables in the balance sheet.

37. Related party transactions (cont'd)

	31 December 2009			
	Receivables		Payables	
	Current		Current	
Balances With Related Parties	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**
Principle Shareholders				
Bridgestone Corporation	2.908.446	262.293	22.782.730	3.773.877
Other Companies Controlled by the Principle Shareholders				
Bridgestone Singapore Pte. Ltd.	-	-	10.930.801	-
Temsa San.ve Tic. A.Ş.	1.032.000	13.975	-	-
Kordsa Global End.İpk Kord Bezi San.Tic.A.Ş.	-	65.209	4.613.771	93.840
Enerjisa Enerji Üretim A.Ş.	-	-	3.609.676	34.186
Bridgestone (Shenyang) Steel Cord.	-	-	1.744.511	-
Bimsa Uluslararası İş.Bilgi ve Yön. Sis.A.Ş.	-	-	816.499	-
Birlas Mot.Spor Otom.San.ve Tic. A.Ş.	1.768.086	-	-	-
Exsa UK Limited	-	-	-	599.279
Other	191.175	7.894	1.552.980	52.779
	5.899.707	349.371	46.050.968	4.553.961

In addition to the payables stated above; liability for canceled equipment order (Note 26) amounting to TL 1.147.661, represents a liability to Bridgestone Corporation and due to shareholders (Note 26) amounting to TL 142.704 represents liability to shareholders. These liabilities are included in "Other Short Term Liabilities" in the balance sheet.

	31 December 2008			
	Receivables		Payables	
	Current		Current	
Balances With Related Parties	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**
Principle Shareholders				
Bridgestone Corporation	1.628.086	435.291	6.992.735	1.334.067
Other Companies Controlled by the Principle Shareholders				
Bridgestone Singapore Pte. Ltd.	-	-	13.423.085	-
Temsa San.ve Tic. A.Ş.	3.036.066	21.397	-	-
Kordsa Global End.İpk Kord Bezi San.Tic.A.Ş.	-	92.862	3.325.278	365.633
Enerjisa Enerji Üretim A.Ş.	-	-	2.928.909	43.489
Bimsa Uluslar arası İş.Bilgi ve Yön. Sis.A.Ş.	-	-	1.014.817	-
Birlas Mot.Spor Otom.San.ve Tic. A.Ş.	1.158.975	-	-	-
Other	592.592	10.071	2.050.062	622.976
	6.415.719	559.621	29.734.886	2.366.165

37. Related party transactions (cont'd)

	1 January - 31 December 2009								
Transactions With Related Parties	**Inventory Purchases**	**Purchases of Goods and Services**	**Sales**	**Interest Received**	**Interest Paid**	**Rent Expense**	**Commission Income**	**Commission Expense**	**Other Sales**
Principle Shareholders									
H. Ö. Sabancı Holding A.Ş.	-	159.697	-	-	-	95.676	-	-	-
Bridgestone Corporation	185.219	54.792.490	96.500.565	-	-	-	-	12.664.241	389.908
Other Companies Controlled by the Principle Shareholders									
Bridgestone Singapore Pte. Ltd.	76.583.831	-	-	-	-	-	-	-	-
Enerjisa Enerji Üretim A.Ş.	-	31.085.005	-	-	-	-	-	-	1.282
Kordsa Glb End.İpl Kordbezi San. Tic.A.Ş.	19.324.553	1.160.496	-	-	-	-	-	-	159.997
Bridgestone (Shenyang) Steel Cord Co.	11.458.893	-	-	-	-	-	-	-	-
Naklog Lojistik ve Servis Hiz. Tic. Ltd. Şti.	-	13.217.018	109.701	-	-	-	-	-	1.898
Bridgestone Plant Eng.	-	1.623.365	-	-	-	-	-	-	-
Bridgestone Europe SA./N.V.	-	3.840.972	-	-	-	-	-	-	-
Temsa San.ve Tic. A.Ş.	-	240.915	2.210.137	-	-	166.816	-	7.078	52.588
Birlas Mot.Spor Otom.San.ve Tic. A.Ş.	-	125.851	6.723.402	-	-	-	-	874.781	-
Bridgestone Metalpha Italia.	1.622.146	-	-	-	-	-	-	-	-
Bimsa Uluslar arası İş.Bilgi ve Yön. Sis.A.Ş.	-	4.514.831	-	-	-	-	-	-	29.827
Bridgestone Carbon Black Co. Ltd.	3.801.978	-	-	-	-	-	-	-	-
Aksigorta A.Ş.	-	8.456.291	-	-	-	31.800	171.368	-	-
Vista Turizm ve Seyahat A.Ş	-	790.840	-	-	-	-	-	-	-
Exsa UK Limited	-	46.557	-	-	-	-	-	4.687.434	-
Akbank T.A.Ş.	-	-	-	66.122	2.145.649	-	-	-	-
Other	1.775.900	2.183.060	1.081.433	-	-	1.610	-	246.117	15.048
	114.752.520	122.237.388	106.625.238	66.122	2.145.649	295.902	171.368	18.479.651	650.548

37. Related party transactions (cont'd)

	1 January - 31 December 2008								
Transactions With Related Parties	**Inventory Purchases**	**Purchases of Goods and Services**	**Sales**	**Interest Received**	**Interest Paid**	**Rent Expense**	**Commission Income**	**Commission Expense**	**Other Sales**
Principle Shareholders									
H. Ö. Sabancı Holding A.Ş.	-	204.820	-	-	-	88.500	-	-	-
Bridgestone Corporation	6.834.846	42.933.572	99.610.431	-	-	-	-	10.212.586	630.145
Other Companies Controlledby the Principle Shareholders									
Bridgestone Singapore Pte. Ltd.	129.780.658	-	-	-	-	-	-	-	-
Enerjisa Enerji Üretim A.Ş.	-	35.833.117	-	-	-	-	-	-	72.978
Kordsa Glb End.İpl Kordbezi San. Tic.A.Ş.	23.102.554	40.409	-	-	-	-	-	-	351.485
Beksa Çelik Kord San. Ve Tic. A.Ş.	18.953.207	-	-	-	-	-	-	-	-
Bridgestone (Shenyang) Steel Cord Co.	6.775.560	-	-	-	-	-	-	-	-
Naklog Lojistik ve Servis Hiz. Tic. Ltd. Şti.	-	15.565.391	161.624	-	-	-	-	-	-
Bridgestone Europe SA./N.V.	-	8.671.474	-	-	-	-	-	-	-
Temsa San.ve Tic. A.Ş.	-	874.556	11.131.159	-	-	157.647	-	25.965	119.810
Birlas Mot.Spor Otom.San.ve Tic. A.Ş.	-	30.019	6.864.735	-	-	-	-	865.126	-
Bridgestone Carbon Black Co. L.	8.221.215	-	-	-	-	-	-	-	-
Bimsa Uluslar arası İş.Bilgi ve Yön. Sis.A.Ş.	-	5.568.372	-	-	-	-	-	-	-
Carrefoursa	-	132.373	1.608.849	-	-	-	-	204.075	-
Aksigorta A.Ş.	-	7.254.937	-	-	-	28.824	255.199	-	-
Vista Turizm ve Seyahat A.Ş	-	3.581.707	-	-	-	-	-	-	-
Exsa UK Limited	-	496.428	-	-	-	-	-	3.276.821	-
Akbank T.A.Ş.	-	-	-	28.537	7.103.038	-	-	-	-
Other	4.452.361	1.021.549	137.084	-	48.523	11.143	-	353.038	25.866
	198.120.401	122.208.724	119.513.882	28.537	7.151.561	286.114	255.199	14.937.611	1.200.284

37. Related party transactions (cont'd)

Benefits provided to key management personnel

Benefits provided to key management personnel during the period are stated below:

	1 January-31 December 2009	1 January-31 December 2008
Wages and Other Short-Term Benefits	3.282.077	2.579.905

Benefits provided to key management personnel for 2008 has been restated.

38. Nature and level of risks derived from financial instruments

a. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and the equity balance.

The capital structure of the Company consists of debt which includes the borrowings disclosed in Note 8, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The Company's strategy are same as 2007. 31 December 2009 and 31 December 2008 dated equity / liabilities ratios are in below table:

	31 December 2009	31 December 2008
Total Liabilities	234.899.918	311.179.008
Cash and Cash Equivalents (-)	(15.044.732)	(2.364.999)
Net Liabilities	219.855.186	308.814.009
Total Equity	427.466.931	417.309.537
Total Capital	7.441.875	7.441.875
Liability / Equity Ratio	51%	74%

38. Nature and level of risks derived from financial instruments (cont'd)

b. Financial risk factors

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Company.

b.1. Credit risk management

Credit risk is the risk that the counterparty of a financial instrument defaults on its obligations under the terms of the transaction. The holder of a bond is exposed to the risk that the issuer undergoes a credit event and defaults on a coupon or principal payment. The Company management minimizes its credit risk by limiting the average risk for the counterparty and receiving collaterals, if necessary. The Company's credit risk exposure arises primarily from its trade receivables. The Company's credit limits are determined based on the collaterals received. Credit limits are monitored on a consistent basis and credit worthiness of customers are evaluated on a regular basis considering the customers' financial position, past experiences and other factors. Trade receivables are followed based on the Company policies and principles and the Company provides an allowance for doubtful receivables and then they are recognized in net amounts in the balance sheet (Note 10).

Trade receivables consist of a large number of customers, spread accross diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

38. Nature and level of risks derived from financial instruments (cont'd)

b.1 Credit risk management (cont'd)

Credit risk of Financial Instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2009	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Banks**	**Derivative Instruments**	**Other**
Maximum Net Credit Risk as of Balance Sheet Date (*)	8.380.010	132.369.808	349.371	16.491	1.923.419	-	-
The Part of Maximum Risk Under Guarantee With Collateral etc. (**)	2.940.555	83.780.734	-	-	-	-	-
A. Net Book Value of Financial Assets That are Neither Past Due Nor Impaired	7.353.997	124.645.431	349.371	16.491	-	-	-
B. Net Book Value of Financial Assets That are Renegotiated, If Not That Will be Accepted as Past Due or Impaired	394.758	4.121.093	-	-	-	-	-
C. Carrying Value of Financial Assets That are Past Due But Not Impaired	631.255	3.603.284	-	-	-	-	-
The Part Under Guarantee With Collateral etc.	-	2.319.762	-	-	-	-	-
D. Net Book Value of Impaired Assets	-	-	-	-	-	-	-
Past Due (Gross Carrying Amount)	-	3.220.640	-	15.216	-	-	-
Impairment (-)	-	(3.220.640)	-	(15.216)	-	-	-
The Part of Net Value Under Guarantee With Collateral etc.	-	-	-	-	-	-	-
Not Past Due (Gross Carrying Amount)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
The Part of Net Value Under Guarantee With Collateral etc.	-	-	-	-	-	-	-
E. Off-Balance Sheet Items With Credit Risk	-	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**)Guarantees include letter of guarantees, unused DBS limits, gurantees related to foreign receivables.

38. Nature and level of risks derived from financial instruments (cont'd)

b.1 Credit risk management (cont'd)

Credit Risk of Financial Instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2008	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Banks**	**Derivative Instruments**	**Other**
Maximum Net Credit Risk as of Balance Sheet Date (*)	11.341.139	133.520.619	559.621	5.377.460	2.363.974	-	-
The Part of Maximum Risk Under Guarantee With Collateral etc. (**)	5.415.420	82.211.627	-	-	-	-	-
A. Net Book Value of Financial Assets That are Neither Past Due Nor Impaired	10.622.832	121.446.659	559.621	5.377.460	-	-	-
B. Net Book Value of Financial Assets That are Renegotiated, If Not That Will be Accepted as Past Due or Impaired	-	4.093.386	-	-	-	-	-
C. Carrying Value of Financial Assets That are Past Due But Not Impaired	718.307	7.980.574	-	-	-	-	-
The Part Under Guarantee With Collateral etc.	-	4.249.123	-	-	-	-	-
D. Net Book Value of Impaired Assets	-	-	-	-	-	-	-
Past Due (Gross Carrying Amount)	-	1.894.361	-	15.216	-	-	-
Impairment (-)	-	(1.894.361)	-	(15.216)	-	-	-
The Part of Net Value Under Guarantee With Collateral etc.	-	-	-	-	-	-	-
Not Past Due (Gross Carrying Amount)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
The Part of Net Value Under Guarantee With Collateral etc.	-	-	-	-	-	-	-
E. Off-Balance Sheet Items With Credit Risk	-	-	-	-	-	-	-

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**) Guarantees include letter of guarantees, unused DBS limits, gurantees related to foreign receivables.

38. Nature and level of risks derived from financial instruments (cont'd)

b.1 Credit risk management (cont'd)

Aging of the past due receivables are as follows:

	Receivables					
31 December 2009	**Trade Receivables**	**Other Receivables**	**Deposits in Banks**	**Derivative Instruments**	**Other**	**Total**
Past Due 1-30 Days	3.870.905	-	-	-	-	3.870.905
Past Due 1-3 Months	237.805	-	-	-	-	237.805
Past Due 3-12 Months	1.186.033	-	-	-	-	1.186.033
Past Due 1-5 Years	2.160.774	-	-	-	-	2.160.774
Past Due More Than 5 Years	-	-	-	-	-	-
Total Past Due Receivables	7.455.517	-	-	-	-	7.455.517
The Part Under Guarantee With Collateral	2.319.761	-	-	-	-	2.319.761

	Receivables					
31 December 2008	**Trade Receivables**	**Other Receivables**	**Deposits in Banks**	**Derivative Instruments**	**Other**	**Total**
Past Due 1-30 Days	6.754.700	-	-	-	-	6.754.700
Past Due 1-3 Months	1.812.251	-	-	-	-	1.812.251
Past Due 3-12 Months	131.930	-	-	-	-	131.930
Past Due 1-5 Years	1.894.361	-	-	-	-	1.894.361
Past Due More Than 5 Years	-	-	-	-	-	-
Total Past Due Receivables	10.593.242	-	-	-	-	10.593.242
The Part Under Guarantee With Collateral	4.249.123	-	-	-	-	4.249.123

38. Nature and level of risks derived from financial instruments (cont'd)

b.1 Credit risk management (cont'd)

Collaterals held for the trade receivables that are past due but not impaired as of balance sheet date are as follows:

	31 December 2009	31 December 2008
	Nominal Value	**Nominal Value**
Letter of Guarantees	1.871.409	3.839.179
Mortgages	447.295	396.946
DBS limit	1.058	12.998
	2.319.762	4.249.123

As of balance sheet date, there are no collaterals held for the trade receivables that are past due and impaired.

b.2 Liquidity risk management

Main responsibility related to liquidity risk management belongs to the Company management. The Company management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuosly monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table details the Company's expected maturity for its non derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	31 December 2009					
		Total Cash Outflow				
Contractual Maturity Analysis	**Carrying Value**	**According to Contract (I+II+III+IV)**	**Less Than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More Than 5 Years (IV)**
Non Derivative Financial Liabilities						
Bank Borrowings	96.845.711	100.652.532	2.369.968	33.286.192	64.996.372	-
Debt Securities	-	-	-	-	-	-
Finance Lease Liabilities	142.599	159.256	86.831	65.139	7.286	-
Trade Payables	96.725.208	96.814.592	76.549.808	20.264.784	-	-
Other Liabilities	12.043.947	12.043.947	12.043.947	-	-	-
Employee Benefits	2.008.388	2.008.388	2.008.388	-	-	-
Other Short-Term Liabilities	2.466.866	2.466.866	2.466.866	-	-	-
Total Liabilities	210.232.719	214.145.581	95.525.808	53.616.115	65.003.658	-

38. Nature and level of risks derived from financial instruments (cont'd)

b.2 Liquidity risk management (cont'd)

	31 December 2008					
		Total Cash Outflow				
Contractual Maturity Analysis	Carrying Value	According to contract (I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
Non Derivative Financial Liabilities						
Bank Borrowings	208.278.674	224.385.252	69.404.939	40.149.248	114.831.065	-
Debt Securities	-	-	-	-	-	-
Finance Lease Liabilities	29.156	29.156	29.156	-	-	-
Trade Payables	65.898.890	66.002.178	66.000.879	1.299	-	-
Other Liabilities	9.534.492	9.534.492	9.534.492	-	-	-
Employee Benefits	1.507.423	1.507.423	1.507.423	-	-	-
Other Short-Term Liabilities	1.298.134	1.298.134	1.298.134	-	-	-
Total Liabilities	286.546.769	302.756.635	147.775.023	40.150.547	114.831.065	-

		Total Cash Outflow			
Contractual Maturity Analysis	Carrying Value	According to Contract (I+II+III)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)
Derivative Financial Liabilities					
Derivative Cash Flow	10.121.276	10.121.276	-	10.121.276	-
Derivative Cash Outflow	(10.856.148)	(11.206.900)	-	(11.206.900)	-

b.3 Market risk management

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Derivatives are used for some of the liabilities in foreign currency in order to control risks related with foreign currency. Market risk exposures of the Company are measured using sensitivity analysis.

In the current period, there has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

b.3.1 Foreign currency risk management

Transactions in foreign currencies expose the Company to foreign currency risk. Foreign currency risk is managed through the forward foreign currency purchase/sale agreements based on the approved policies. The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

38. Nature and level of risks derived from financial instruments (cont'd)

b.3.1 Foreign currency risk management (cont'd)

	31 December 2009				
	TL Equivalent (Functional Currency)	USD	EURO	JPY	GBP
1. Trade Receivables	18.722.889	2.713.902	5.678.600	-	991.582
2 a. Monetary Financial Assets	1.308.607	724.891	99.964	-	497
2 b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	11.106	-	5.491	344.409	-
4. Current Assets	20.042.602	3.438.793	5.784.055	344.409	992.079
5. Trade Receivables	-	-	-	-	-
6 a. Monetary Financial Assets	-	-	-	-	-
6 b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	14.447	9.595	-	-	-
8. Non-Current Assets	14.447	9.595	-	-	-
9. Total Assets	20.057.049	3.448.388	5.784.055	344.409	992.079
10. Trade Payables	(22.006.885)	(1.011.966)	(63.739)	(1.245.180.599)	(19.478)
11. Financial Liabilities	-	-	-	-	-
12 a. Other Monetary Financial Liabilities	(5.391.273)	(2.908.046)	(316.186)	(12.874.382)	(50.097)
12 b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
13. Current Liabilities	(27.398.158)	(3.920.012)	(379.925)	(1.258.054.981)	(69.575)
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	(64.594.910)	-	(29.900.898)	-	-
16 a. Other Monetary Financial Liabilities	-	-	-	-	-
16 b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. Non-Current Liabilities	(64.594.910)	-	(29.900.898)	-	-
18. Total Liabilities	(91.993.068)	(3.920.012)	(30.280.823)	(1.258.054.981)	(69.575)
19. Net Asset / Liability Position of Off-Balance Sheet Derivatives (19a+19b)	(10.121.276)	-	-	(620.861.000)	-
19 a. Off-Balance Sheet Foreign Currency Derivative Assets	-	-	-	-	-
19 b. Off-Balance Sheet Foreign Currency Derivative Liabilities	(10.121.276)	-	-	(620.861.000)	-
20. Net Foreign Currency Asset Liability Position	(61.814.743)	(471.625)	(24.496.768)	(636.849.572)	922.504
21. Net Foreign Currency Asset / Liability Position of Monetary Items (1+2a+5+6a+10+11+12a+14+15+16a)	(71.961.572)	(481.219)	(24.502.259)	(1.258.054.981)	922.504
22. Fair Value of Foreign Currency Hedged Financial Assets	-	-	-	-	-
23. Hedged Foreign Currency Assets	-	-	-	-	-
24. Hedged Foreign Currency Liabilities	-	-	-	-	-
25. Exports(*)	266.447.256	38.441.027	89.524.366	-	5.189.637
26. Imports(*)	320.366.190	130.712.557	30.497.189	3.187.639.826	183.286

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

38. Nature and level of risks derived from financial instruments (cont'd)

b.3.1 Foreign currency risk management (cont'd)

	31 December 2008				
	TL Equivalent				
	(Functional Currency)	USD	EURO	JPY	GBP
1. Trade Receivables	16.384.521	3.346.666	4.277.991	-	987.518
2 a. Monetary Financial Assets	1.237.732	665.988	104.848	8.528	2.717
2 b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	465.584	306.820	738	-	-
4. Current Assets	18.087.837	4.319.474	4.383.577	8.528	990.235
5. Trade Receivables	-	-	-	-	-
6 a. Monetary Financial Assets	-	-	-	-	-
6 b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	14.511	9.595	-	-	-
8. Non-Current Assets	14.511	9.595	-	-	-
9. Total Assets	18.102.348	4.329.069	4.383.577	8.528	990.235
10. Trade Payables	(2.968.333)	(1.423.277)	(304.456)	(7.356.300)	(18.722)
11. Financial Liabilities	-	-	-	-	-
12 a. Other Monetary Financial Liabilities	(1.954.834)	(664.867)	(280.391)	(12.399.623)	(64.598)
12 b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
13. Current Liabilities	(4.923.167)	(2.088.144)	(584.847)	(19.755.923)	(83.320)
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	(106.672.562)	-	(49.828.364)	-	-
16 a. Other Monetary Financial Liabilities	-	-	-	-	-
16 b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. Non-Current Liabilities	(106.672.562)	-	(49.828.364)	-	-
18. Total Liabilities	(111.595.729)	(2.088.144)	(50.413.211)	(19.755.923)	(83.320)
19. Net Asset / Liability Position of Off-Balance Sheet Derivatives (19a+19b)	-	-	-	-	-
19 a. Off-Balance Sheet Foreign Currency Derivative Assets	-	-	-	-	-
19 b. Off-balance sheet foreign currency Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Asset Liability Position	(93.493.381)	2.240.925	(46.029.634)	(19.747.395)	906.915
21. Net Foreign Currency Asset / Liability Position of Monetary Items (1+2a+5+6a+10+11+12a+14+15+16a)	(93.973.476)	1.924.510	(46.030.372)	(19.747.395)	906.915
22. Fair Value of Foreign Currency Hedged Financial Assets	-	-	-	-	-
23. Hedged Foreign Currency Assets	-	-	-	-	-
24. Hedged Foreign Currency Liabilities	-	-	-	-	-
25. Exports (*)	250.390.103	39.253.210	98.562.271	-	4.690.468
26. Imports (*)	372.707.311	208.167.196	33.159.771	3.152.725.479	31.401

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

38. Nature and level of risks derived from financial instruments (cont'd)

b.3.1 Foreign currency risk management (cont'd)

Foreign currency sensitivity

The Company undertakes certain transactions denominated in USD, Euro, GBP and JPY hence exposures to certain exchange rate fluctuations arise.

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

	31 December 2009	
	Income / (Expense)	
	Appreciation of Foreign Currency	**Devaluation of Foreign Currency**
If US Dollar Appreciated Against TL by 10%		
1 - US Dollar Net Asset / Liability	(71.013)	71.013
2- Part of Hedged From US Dollar Risk (-)	-	-
3- US Dollar Net Effect (1 +2)	(71.013)	71.013
If Euro Appreciated Against TL by 10%		
4 -Euro Net Asset / Liability	(5.292.037)	5.292.037
5- Part of Hedged From Euro Risk (-)	-	-
6- Euro Net Effect (4 +5)	(5.292.037)	5.292.037
If JPY Appreciated Against TL by 10%		
7 -JPY Net Asset / Liability	(1.038.192)	1.038.192
8- Part of Hedged From JPY Risk (-)	1.012.128	(1.012.128)
9- JPY Net Effect (4 +5)	(26.064)	26.064
If GBP Appreciated Against TL by 10%		
10- GBP Net Asset / Liability	220.404	(220.404)
11- Part of Hedged From JPY Risk (-)	-	-
12- GBP Net Effect (10+11)	220.404	(220.404)
TOTAL (3 + 6 + 9 + 12)	**(5.168.710)**	**5.168.710**

38. Nature and level of risks derived from financial instruments (cont'd)

b.3.1 Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

	31 December 2008	
	Income / (Expense)	
	Appreciation of Foreign Currency	Devaluation of Foreign Currency
If US Dollar Appreciated Against TL by 10%		
1 - US Dollar Net Asset / Liability	338.895	(338.895)
2- Part of Hedged From US Dollar Risk (-)	-	-
3- US Dollar Net Effect (1 +2)	338.895	(338.895)
If Euro Appreciated Against TL by 10%		
4 -Euro Net Asset / Liability	(9.854.024)	9.854.024
5- Part of Hedged From Euro Risk (-)	-	-
6- Euro Net Effect (4 +5)	(9.854.024)	9.854.024
If JPY Appreciated Against TL by 10%		
7 -JPY Net Asset / Liability	(33.041)	33.041
8- Part of Hedged From JPY Risk (-)	-	-
9- JPY Net Effect (4 +5)	(33.041)	33.041
If GBP Appreciated Against TL by 10%		
10- GBP Net Asset / Liability	198.832	(198.832)
11- Part of Hedged From JPY Risk (-)	-	-
12- GBP Net Effect (10+11)	198.832	(198.832)
TOTAL (3 + 6 + 9 + 12)	**(9.349.338)**	**9.349.338**

Forwarded currency buying/selling contracts

Company contracted JPY 1.243.086.447 forward currency buying agreement in order to avoid from the exchange rate risk from foreign currency liabilities, which comes from the JPY 620.861.000 fixed asstets buying. Below table shows the detailed unrealised buying/selling future contracts on report date.

Unrealised Buying / Selling Contracts	Average Exchange Rate	Foreign Currency	Contract Value	Realised Value
	2009	2009	2009	2009
	TL	Yen	TL	TL
Between 3 - 12 Months	0.01805	620.861.000	11.206.900	10.121.276

38. Nature and level of risks derived from financial instruments (cont'd)

b.3.2 Interest rate risk management

Financial liabilities based on fixed and floating interest rates expose the Company to interest rate risk.

Interest rate sensitivity

The financial instruments that are sensitive to interest rate are as follows:

	31 December 2009	31 December 2008
FIXED INTEREST RATE FINANCIAL INSTRUMENTS		
Financial Assets		
Fair Value Through Profit and Loss	-	-
Available for Sale Financial Assets	-	-
Financial Liabilities	32.227.904	84.189.662
Floating Interest Rate Financial Instruments		
Financial Assets	13.573.238	608.331
Financial Liabilities	64.617.808	119.022.562

Sensitivity analysis has been determined based on the interest rate risk that the non-derivative instruments are exposed with on the balance sheet date. Assumption related to the analysis of floating rate liabilities is that the year end balance exists for the whole year. The Company management expects a fluctuation of 1% in TL interest rates and a fluctuation of 0,5% in the foreign currency borrowing ratio.

Had the interest rate at the reporting date been 1% higher/lower and the foreign currency borrowing ratio had been 0,5% higher/lower, and all other variables were held constant: Investment loan of EUR 30.000.000 (31 December 2008: EUR 50.000.000; export loan) is indexed to Euribor.

On the reporting date if Euribor interest rates had been 0,5% higher/lower and all other variables were held constant, net income of the Company would have increased/decreased EUR 150.000 (1 January-31 December 2008: EUR 250.000).

Amount of variable rate TL loans is TL 0 as of balance sheet date. (31 Aralık 2008: TL 12.350.000). On the reporting date if the interest rates of these loans had been 1% higher/lower and all other variables were held constant, net income of the Company would have increased/decreased TL 0 (1January-31 December 2008: TL 123.500).

39. Financial instruments

Categories and fair values of financial instruments:

31 December 2009	Financial Assets at Amortised Cost	Fair Value Through Profit and Loss Financial Assets	Loans and Receivables (Cash and Cash Equivalents Included)	Financial Liabilities at Amortised Cost	Carrying Value	Note
Financial Assets						
Cash and Cash Equivalents	15.044.732	-	-	-	15.044.732	6
Financial Invenstments	-	-	452.128	-	452.128	7
Trade Receivables	-	-	140.749.818	-	140.749.818	10
Receivables From Related Parties	-	-	349.371	-	349.371	11
Financial Liabilities						
Financial Liabilities	-	-	-	96.988.310	96.988.310	8
Other Financial Liabilities	-	-	-	734.872	734.872	9
Trade Payables	-	-	-	96.725.208	96.725.208	10
Other Liabilities to Related Parties	-	-		4.553.961	4.553.961	11

The Company management believes that the carrying values of the financial assets reflect their fair values.

31 December 2008	Financial Assets at Amortised Cost	Fair Value Through Profit and Loss Financial Assets	Loans and Receivables (Cash and Cash Equivalents Included)	Financial Liabilities at Amortised Cost	Carrying Value	Note
Financial Assets						
Cash and Cash Equivalents	2.364.999	-	-	-	2.364.999	6
Financial Investments	-	-	608.331	-	608.331	7
Trade Receivables	-	-	144.861.758	-	144.861.758	10
Receivables From Related Parties	-	-	559.621	-	559.621	11
Financial Liabilities						
Financial Liabilities	-	-	-	208.307.830	208.307.830	8
Trade Payables	-	-	-	65.898.890	65.898.890	10
Other Liabilities to Related Parties	-	-	-	2.366.165	2.366.165	11

The company management believes that the carrying values of the financial assets reflect their fair values.

39. Financial instruments (cont'd)

Categories and fair values of financial instruments: (cont'd)

Fair values for financial assets and liabilities are determined as follows:

• First Level: Values of financial assets and liabilities are valued with the price of similar assets and liabilities that are issued on active stock market.

• Second Level : Financial assets and liabilities are not only determined with the price of related financial assets and liabilities that are on the stock market as mentioned in first level, but also determined with the inputs that are used to set observed price in direct or indirect market.

• Third Level : Financial assets and liabilities are valued with inputs which are not related with inputs that are used for setting the observed fair values in market.

Levels of fair values of financial assets and liabilities are given as below:

		Fair Value Levels on Repot Date		
Financial Liabilities	**31 December 2009**	**1. Level TL**	**2. Level TL**	**3. Level TL**
Fair Value Losses / Profits	-	-	-	-
Other Financial Liabilities	734.872	-	734.872	-
	734.872	-	734.872	-

40. Events after the balance sheet date

The collective agreement meeting was started on February 5, 2010 between the Türkiye Patrol, Chemical and Tire Industry Labor Union and the Company (Brisa). The meeting will be held to decide future years' salary raise rates and has no effect to financial statements as of December 31, 2009.

41. Other issues that significantly affect the financial statements or other issues required for the clear understanding of financial statements

None.

NOTES

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BRİSA

Brisa Bridgestone Sabancı
Lastik Sanayi ve Ticaret A.Ş.