



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
Annual Report 2009

March 26, 2010
General Assembly Meeting
2009 Fiscal Year

Registered Capital
TL 20.000.000

Issued Capital
TL 10.650.794



CONTENTS

• Message from the Board of Directors	3
• Board of Directors and Auditors	4
• Meeting Agenda	5
• Annual Report of the Board of Directors	6
• General Information Regarding Our Activities	7
• Financial Indexes	8
• Statutory Auditors' Report	9
• Report on Compliance with Corporate Governance Principles	10
• Independent Auditors' Report	20
• Financial Statements Audited by Independent Auditors	21
- Statements of Financial Position	22
- Statements of Comprehensive Income	24
- Statements of Changes in Shareholders' Equity	25
- Statements of Cash Flows	26
- Notes to the Financial Statements	27
• Proposal for Profit Distribution	65



MESSAGE FROM THE BOARD OF DIRECTORS

Dear Shareholders,

In 2009 the world economy was faced with the most important crisis since the great depression of 1929. The result of this world wide recession was a widespread high rate of unemployment, a decline in world trade and increasing protectionism in trade.

The financial crisis that started with the mortgage crisis in the USA real estate market in 2008 expanded in 2009 showing all its destructive effects. In 2009, shrinkage in world economy attained 2,1%. This was 2,4% for the USA, and average of 4,1% in EU countries and 5,3% in Japan. Despite fiscal stimulus packages reaching trillions of dollars, unemployment became widespread and attained serious rates. As of the end of 2009, unemployment in the USA was 10% and an average of 9 % in EU countries. Unemployment reached very high rates in other countries of the world as well. Budget deficits mainly in the USA and in many major economies of the world have soured as a result of incentive measures and bail out packages. In the USA, the ratio of the budget deficit to the GNP exceeded 12%. Hence, world economy will have to deal with unemployment and budget deficits for a long time. Two countries which have suffered the least from this crisis are China and India. In 2009, economic growth in China was around 8,7% and in India 6,2%.

Turkey's economy was also inevitably affected by this global crisis. In relation to other countries, Turkey's most important advantage is the strength of its banking sector and the fact that mortgage loans are not widespread. Therefore, unlike other countries of the world Turkey did not have to bail out banks. However, naturally, it was still affected by such a serious and general economic crisis. In 2009, Turkish economy shrunk by about 5,5%. As a result of reduced foreign demand, exports decreased by 22,6% totaling to US\$ 102,2 billion and imports were reduced by 30,3% totaling to US\$ 140,8 billion. Foreign trade deficit was reduced by 44,8% totaling to US\$ 38,6 billion and the current accounts deficit decreased by 67% totaling US\$ 13,9 billion. Direct foreign capital inflow decreased by 56,3% over 2008 totaling US\$ 7,9 billion. As a result of the shrinkage in the economy, the rate of unemployment rose to 14% and the budget deficit to TL 52,2 billion. The budget deficit in relation to the GNP is around 5,5%. The inflation rate in the Consumer Price Index showed an increase of 6,53 %.

Global recession ended as of the last quarter of 2009 and a slow growth was observed. 2010 is expected to be a year in which global activity will start to recover.

The shrinkage in economy was also observed in the real estate sector and stocks in the sector rose to relatively high levels. Therefore, 2010 will be a year in which the existing stock in real estate will be destocked. We estimate that a recovery in the real estate sector will begin in 2011 and new projects will be started.

In 2009, when the economic crisis overthrew all the balances and the major companies of the world were in difficulty, our company was able to conserve its net value thanks to its balanced portfolio distribution and strong foreign exchange position. Sales of our completed housing project continued in 2009 and our real estate investments in the tourism sector generated a high amount of rent income. Our company keeps a close watch over economic indicators and we plan to start new projects when economic conjuncture is most appropriate.

Real estate investment trusts will continue to be major actors in creating resources and employment in the construction sector thanks to their corporate structures. Our company that has always executed high quality construction projects will continue to do so in the future.

With best regards to your esteemed committee.

Board of Directors



BOARD OF DIRECTORS AND AUDITORS

<u>Board of Directors</u>	<u>Duty</u>	<u>Commencement Date of Duty</u>	<u>Expiry Date of Duty</u>
Mustafa Filiz	Chairman	27.03.2009	26.03.2010
Ahmet Önder Kazazoğlu	Vice Chairman	27.03.2009	26.03.2010
Mehmet Alper Kaptanoğlu	Director	27.03.2009	26.03.2010
Mehmet Ahkemoğlu	Director	27.03.2009	26.03.2010
Hilmi Önder Şahin	Director	27.03.2009	26.03.2010
Sarper Volkan Özten	Director	27.03.2009	26.03.2010
İzzet Cemal Kışmir	Director	27.03.2009	26.03.2010

Board of Auditors

Ümit Nuri Yıldız	27.03.2009	26.03.2010
Aykut Baycan	27.03.2009	26.03.2010
Erol Uçmazbaş	27.03.2009	26.03.2010

Independent Auditor

Denge Bağımsız Denetim
Serbest Muhasebeci Mali Müşavirlik A.Ş.
(Member of Mazars)

Authorisation Limit of Board Members and Statutory Auditors

The Chairman and Directors are having the power and responsibility in accordance with the Turkish Commercial Legislations and Company's Articles of Association. Powers and responsibilities of Board Members are set forth in the Company's Articles of Association on 14th article. Powers and responsibilities of Statutory Auditors are set forth in the Company's Articles of Association 16th and 17th article.



AGENDA OF THE ANNUAL GENERAL ASSEMBLY MEETING OF MARCH 26, 2010

1. □ Moment of silence.
2. □ Deliberations and decision on the election of the Presiding Committee.
3. □ Deliberations and decision to authorize the Presiding Committee to sign the minutes □ of the General Assembly Meeting.
4. □ a) □ Reading of the Annual Report of the Board of Directors of 2009 and Balance Sheet □ and Income Statement of 2009. □
b) □ Reading of the Statutory Auditors' Report. □
c) □ Reading of the Independent Auditors' Report. □
d) □ Approval of the Balance Sheet and Income Statement of 2009. □
e) □ Deliberations and decision to acquit the Members of the Board of Director and the □ Statutory Auditors for the results of the Company in 2009.
5. □ Deliberations and decision on the proposal of the Board of Directors for the profit □ distribution for the year 2009.
6. □ Deliberations and decision on the election of the Board of Directors and determination □ of the salaries and terms of office of the members.
7. □ Deliberations and decision on the election of the Statutory Auditors and determination □ of the salaries and terms of office of the members.
8. □ Deliberations and decision concerning the signing of a contract for the auditing of the □ company's accounts by an independent auditing company selected by the Board of □ Directors in accordance with the Capital Market Regulations and approval of the draft □ of the contract.

Board of Directors



ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We hereby present the Balance Sheet and Income Statement together with the other financial statements which reflect the results of our Company's activities in 2009 for your consideration and criticism.

- a) Our annual report covers the period between January 1, 2009 and December 31, 2009.
- b) The Members of the Board and the Statutory Auditors during 2009 and their terms in office are presented on page 4.

The financial statements showing the results of the activities of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. in 2009 have been audited independently by Denge Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Mazars).

- c) The Company's registered capital ceiling in 2009 was TL 20.000.000.
- d) Our issued capital is TL 10.650.794 and our net profit for the period TL 8.387.313.
- e) The rate of participation to our Ordinary General Assembly Meeting held on March 27, 2009 was 52,46 %. The shareholders that hold more than 10 % of our capital are; Alarko Holding A.Ş. with 15,94 % of the shares and Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. with 34,78 % of the shares.

During the last three-year operational periods, in 2006 a dividend of 18,00 % and in 2007 a dividend of 14,00 % over issued capital was paid in cash. A dividend of 94,00 % was paid in 2008 in the form of bonus shares.

The proposal for profit distribution for the year 2009 submitted by the Board of Directors to the approval of the General Assembly is at 65th page of the report. At the time this report was written, the nominal value of TL 1 of our share certificate registered with the İstanbul Stock Exchange, where their transaction is carried out, was TL 18,90.

- f) No donation was made to foundations and associations in 2009.
- g) Information concerning the ownership percentage in participation as of December 31, 2009, the dividends obtained in 2008 and 2009 are given in notes 7 and 32 to the Financial Statements.



GENERAL INFORMATION REGARDING OUR ACTIVITIES

The year 2009 has been one in which the global financial crisis affected the real sector hence turning into a global economic crisis. As a result, the construction sector was also affected by the instability and shrinkage in global economy.

The real estate stock in our country reached quite a high level with constructions conducted in 2007 and 2008. In 2009, the real estate sector underwent an inactive year due to a recession of approximately 5,5%. A perceivable recovery in the economy and decrease in real estate and stocks must be observed before any new real estate projects can be started. Our company follows the leading indicators of the economy closely and will initiate new projects when conjuncture is most favorable.

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

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

The net assets of our company which was TL 245.124.762,- at the end of 2008 attained TL 254.974.866,- in 2009 with an increase of 4 %. Our net profit for the period of 2009 was TL 8.387.313.

DATA ABOUT HUMAN RESOURCES

The average employee quantity on the 01.01.2009 - 31.12.2009 term is 9.

As of 31.12.2009, the company has calculated TL 137.576 employment termination indemnities with full provision.

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

Job descriptions are developed for every position. Performance and reward criteria are determined on a yearly basis and are then implemented upon agreement with the employees.

A safe working environment is provided to the personnel and it is improved continuously.



FINANCIAL INDEXES

According to the independently audited financial statements prepared as of December 31, 2009.

- a) Net Sales are TL 27.151.616. A total of TL 245.900 of this amount consists of land sales, TL 19.019.789 consists of villa sales, TL 7.885.927 consists of rent income.
- b) Net Profit for the Period is TL 8.387.313. As known, the profit of real estate investment trust companies is exempt from corporation tax.
- c) The real estate portfolio value, net value of assets and net value of assets per share of our Company are as follows:

	(TL)	
İstanbul/Büyükçekmece	Eskice Village Land – 1 Parcel	3.940.000
İstanbul/Büyükçekmece	Eskice Village Land – 5 Parcels	7.690.000
Maslak/Sarıyer	Land	32.235.000
İstanbul/Beyoğlu	Alarko DIM Business Center	1.500.000
İstanbul/Karaköy	Alarko Business Center	1.210.000
Ankara/Çankaya	Alarko Business Center	2.425.000
İstanbul/Büyükçekmece	Eskice Village Investment Costs	22.272.349
Fethiye Hillside Beach Club	□ Holiday Village	60.480.000
Etiler Alkent Shopping Center	□ 39 Stores	6.805.000
Share Certificates		2.408.558
Government Bonds and Bills		84.722.788
Mutual Funds		3.640.606
TL Time Deposits		1.681.269
Foreign Currency Time Deposits		22.319.877
TOTAL PORTFOLIO VALUE		253.330.447
Liquid Assets	□	105.222
Receivables		7.608.329
Liabilities (-)		7.965.152
Other Assets		1.896.020
NET VALUE OF ASSETS		254.974.866
NUMBER OF SHARES		10.650.794
NET VALUE OF ASSETS PER SHARE		23,94
BASIC RATIOS		
Current Ratio		20,75
Liquidity Ratio		15,35



STATUTORY AUDITORS' REPORT TO THE ANNUAL GENERAL ASSEMBLY OF ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

THE COMPANY

- **NAME** : ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- **HEAD OFFICE** : Muallim Naci Cad. No: 69 34347 Ortaköy-Istanbul/TURKEY
- **CAPITAL** : REGISTERED TL 20.000.000.
ISSUED : TL 10.650.794.
- **SCOPE OF ACTIVITY** : As described in the Articles of Association.

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

1. ÜMIT NURİ YILDIZ (Term of office: 27.03.2009 - 26.03.2010. He is not a shareholder or a personnel of the Company.)
2. AYKUT BAYCAN (Term of office: 27.03.2009 - 26.03.2010. He is not a shareholder or a personnel of the Company.)
3. EROL UÇMAZBAŞ (Term of office: 27.03.2009 - 26.03.2010. He is not a shareholder or a personnel of the Company.)

NUMBER OF BOARD OF DIRECTORS MEETINGS ATTENDED AND BOARD OF STATUTORY AUDITORS MEETINGS HELD :

The number of Board of Directors Meetings attended was three. The number of Board of Statutory Auditors Meetings held was two.

SCOPE OF EXAMINATION PERFORMED ON COMPANY ACCOUNTS, BOOKS AND DOCUMENTS, DATES OF EXAMINATION, CONCLUSION REACHED :

The Company's legal books of accounts and documents were inspected twice for compliance with the provisions of the Turkish Commercial Code, of laws and regulations, of the Company's Article of Incorporation and of General Assembly and Board of Directors regulations. The first inspection was performed on July 22-23, 2009 for the first six months of the year, and the second on January 28-29, 2010 for the second six months. The results of the both inspections were satisfactory.

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

The Company's cash office was inspected and counted four times.

DATES OF INSPECTION PERFORMED AS REQUIRED BY ARTICLE 353, PARAGRAPH 1, SUBPARAGRAPH 4 OF THE TURKISH COMMERCIAL CODE AND THE CONCLUSION REACHED :

The Company's records were checked every month to see whether the instruments referred to in Article 353/I-4 of the Turkish Commercial Code were present. The instruments were found to be in accordance with the records.

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

No complaints or irregularities were referred to the statutory auditors since March 27, 2009, the date we assumed our duty.

We have examined the accounts and transactions of Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi for the period of January 1, 2009 to December 31, 2009, according to the requirements of the Turkish Commercial Code, the Company's Articles of Association, and other laws and regulations as well as of generally accepted accounting principles and standards. It is our opinion that the attached Balance Sheet issued as of December 31, 2009, the contents of which we approve, realistically and accurately reflects the financial standing of the Company on that date; that the Income Statement for the period of January 1, 2009 to December 31, 2009 similarly reflects the results of its activities for the same period and that the proposal is in compliance with laws and the Company's Articles of Association.

We recommend a vote for the approval of the Statement of Financial Position and the Statement of Comprehensive Income and for the acquittal of the Board of Directors of their fiduciary responsibilities.

BOARD OF AUDITORS

Ümit Nuri YILDIZ

Aykut BAYCAN

Erol UÇMAZBAŞ



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Statement of Compliance with Corporate Governance Principles

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

PART I - SHAREHOLDERS

2. Unit in Charge of Relations with Shareholders

Duties of the unit in charge of relations with the shareholders are carried out by the Shareholder's Department formed within the Alarko Group of Companies.

Director and staff of the department are Lawyer Aysel Yürür and Emel Ecevit.

For communication:

Phone +90 212 310 33 00 - 227 52 00 pbx

Fax : +90 212 236 42 08

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

The general assembly meeting of the Company was held, documents to be referred by the shareholders at the meeting were prepared and outcomes of the meeting were informed to Istanbul Stock Exchange and Capital Markets Board for publishing. Questions of about 50 investors have been answered during the year.

3. Exercise of Right to Obtain Information by the Shareholders

Questions of the shareholders commonly relate to investments, turnover, capital increase and dividend payments of the Company. Some 50 questions were asked within the year. Questions and answers given were communicated to the Board of Directors.

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

4. Information About General Assembly

Ordinary annual general assembly meeting of the company was held with a quorum of 52,46 %. The meeting was attended by representatives of the media.

Invitation to the meeting was made by way of public announcement and the Istanbul Stock Exchange was duly notified.

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

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

Minutes of general assembly meetings are maintained at the Company's headquarters open to the shareholders for review.



5. **Voting Rights and Minority Rights**

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

6. **Policy and Time of Profit Distribution**

No concession is granted in connection with participation in company's profits. Profit distribution is carried out within the periods set forth in applicable laws.

The amount of profit available for distribution will be determined taking into account the new investments to be made and liquidity status if the Capital Markets Board terminates profit distribution obligation in 2010 and the following years.

7. **Transfer of Shares**

Articles of Association of the Company contains no provision restricting transfer of shares.

PART II - PUBLIC INFORMATION AND TRANSPARENCY

8. **Company's Informing Policy**

Below you will find our company's Informing Policy developed within the scope of the Corporate Governance Principles and in Article 43 of the Capital Markets Board's communiqué Series VI, No.11 "Principles Concerning Real Estate Investment Companies".

1. **Main Framework of our Informing Policy**

Our Public Information and Clarification Policy has been developed based on the principles explained in our Corporate Governance Principles Report and our company's rules of ethics. Our Informing Policy is based on principals of transparency and our shareholders and stakeholders are informed fairly, equally and correctly. All technical infrastructure necessary for the information to reach the public, shareholders, stakeholders and other interested parties is ready.

2. **Scope of Information to be Presented to the Public**

Information will be given on subjects and in the way determined by communiqué Series IV, No. 1 "Principles to be Observed by Corporations Amenable to the Capital Markets Law", communiqué Series VI, No.11 "Principles Concerning Real Estate Investment Companies", communiqué Series VIII, No.54 "Principles Concerning Informing the Public About Special Cases".

3. **Ways to Inform the Public**

The necessary Special Case Declaration is made if there are developments important enough to be made public during the year.

In addition to informing the Istanbul Stock Exchange and Capital Markets Board, the manner in which Special Case Declarations made within the scope of the Capital Markets Board communiqué mentioned above are made public is given below.



a. Web Page:

- i. All information concerning our company is given in detail in our web page www.alarkoyatirim.com.tr
- ii. Information on our real estate portfolio is given in our portfolio table as well in the "General Information on our Portfolio" link with photographs attached.
- iii. The list showing the information included in our web page is given in Part II article 10 of the "Report on Compliance with Corporate Governance Principles".
- iv. The continuous information form can be found in the links section of our web page.
- v. Changes excluding information made public periodically is updated weekly.

b. Annual Report

Our annual reports are prepared in Turkish and English and are offered to the inspection of investors at our company headquarters and web page 21 days prior to the General Assembly. If they so wish, the Report is sent to those who cannot come to headquarters electronically or by mail.

c. Press Bulletins

Information offered to the public in the form of press bulletins are prepared by Investors Relations Department of the company and is distributed in accordance with the informing policy principles.

d. Interviews and Press Conferences

- i. Following the Annual Ordinary General Assembly information regarding the year and expectations for the coming year are made public by the General Manager through the printed and visual media.
- ii. Declarations through interviews and press conferences are made by the Investors Relations Department. The interview must be in the form of a written text approved by us.
- iii. Media meetings are held when necessary to give information on projects started by the company, continuing projects, long and short term strategies and other similar issues.
- iv. The meeting agenda and summary in the form of a press bulletin is distributed before the meeting.
- v. All the press is treated equally on the issue of invitation to interviews or press conferences.

e. Informing Investors and Brokerage House Analysts

- i. In such requests, a meeting time is set and information is given at this meeting.
- ii. If a meeting is requested by a group, or if there is more than one meeting request, the meeting is set as a group.
- iii. Presentations to be made at the meetings are prepared by our company and also made available on the internet to everybody.



Requests made by Telephone

- i. If information requested by telephone is available in our web page, the party/parties concerned are directed to the internet address.
- ii. If information requested is not available in our web page, information requests should be given by e-mail and are answered in the same way within one week. If the request is not made by e-mail, the answer is given in writing.

4. Staff Responsible of Executing the Informing Policy

The Shareholders' Service Governance is in charge of everything concerning enlightening the public and answering questions directed to the company. Questions asked to the company during the year verbally or in writing are answered by this department and the Board of Directors is informed accordingly.

The staff in charge of implementing the Company's informing policy are;

1. Harun H. Moreno : General Manager
2. Ahmet Y. Varol : Assistant General Manager
3. Aysel Yürür : Shareholders' Service Manager

9. Announcement of Special Cases

During the year 2009, announcements in connection with 8 special cases were made. No additional explanation was requested.

10. Company's Web page and Its Content

The web page of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. is: www.alarkoyatirim.com.tr

"Report on Compliance with Corporate Governance Principles of the Capital Markets Board" which contains a number of links for the following headings may accessed from the "Investor Relations" link of the web page.

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

LIST OF LINKS :

- 1) **Statement Of Compliance With Corporate Governance Principles**

PART I - SHAREHOLDERS

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



PART II - PUBLIC INFORMATION AND TRANSPARENCY

- 8) Company's Informing Policy
- 9) Announcement of Special Cases
- 10) Company's Web page and Its Contents
 - Trade register information
 - Recent partnership and management structure
 - Detailed information on preference stocks
 - Current text of Company's Articles of Association including date and issue number of Trade Register Gazettes where amendments thereto are published
 - Announcement of special cases
 - Annual Reports
 - Periodical financial statements and reports
 - Portfolio table
 - Registration statements and public offering circulars
 - Agendas of General Assembly Meetings
 - Lists of Attendance and Minutes of General Assembly Meetings
 - Specimen form for voting by proxy
 - Specimen forms for compulsory information prepared in collection of share certificates or proxy by way of invitation
 - Minutes of Board Meetings where important decisions are taken which may effect the value of Capital Market Tools
 - Frequently asked questions (demands for information, questions and denunciations to the Company and their answers)
 - Continuous Information Form
 - Portfolio Data
 - Ratios According to the Total Portfolio Value
 - Members of the Board of Directors and General Manager
 - Purpose/Strategy of Investment
 - Articles of Association
 - Explanations
 - Financial Statements
 - Explanation of Special Cases
 - Real Estate Appraisal (Inspection) Reports
- 11) Announcement of Real Person Plenary Shareholder(s)
- 12) Publication of Insiders

PART III - OWNERS OF INTEREST

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



PART IV - BOARD OF DIRECTORS

- 18) Structure, Composition of Board of Directors and Independent Members of Board of Directors
- 19) Qualifications of members of the Board of Directors
- 20) Mission, Vision and Strategic Objectives of the Company
- 21) Risk Management and Internal Audit Mechanism
- 22) Powers and Responsibilities of Board Members and Managers
- 23) Operational Principles of Board of Directors
- 24) Restraint on Doing Business and Competition with the Company
- 25) Rules of Ethics
- 26) Number, Composition and Independence of Board of Director's sub-committees
- 27) Financial Rights Granted to Board of Directors

11. Announcement of Real Person Plenary Shareholder(s)

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

12. Announcement of Insiders

List of insiders has been announced to public firstly in the annual report of 2004, and the names of insiders are as follows at the end of year 2009.

- Ayhan Yavrucu
- Mustafa Filiz
- Ümit Nuri Yıldız
- Mehmet Ahkemoğlu
- Ahmet Önder Kazazoğlu
- Mehmet Alper Kaptanoğlu
- Hilmi Önder Şahin
- Harun Hanne Moreno
- Sarper Volkan Özten
- İzzet Cemal Kışmir
- Aykut Baycan
- Erol Uçmazbaş
- Ömer Çelik
- Ahmet Yüksel Varol
- Aysel Yürür
- Fatma Acar

PART III - OWNERS OF INTEREST

13. Informing Owners of Interest

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

Employees of the Company are informed through annual meetings regularly held. In addition, developments within the Company are announced on a continuous basis through our web page, e-bulletins, technical publications and books.



14. Participation of Owners of Interest in Management

No particular model has been developed regarding participation of stakeholders in the Company's management.

Rights of stakeholders are protected by virtue of applicable legislation.

15. Human Resources Policy

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

Recruitment criteria, which should be strictly complied with by the staff in charge of recruitment, are defined in writing.

The physiological, psychological and intellectual characteristics required by each job are taken into consideration in the recruitment process. These characteristics are measured and evaluated by a written test. Following the initial evaluation by the human resources department, the candidate is interviewed by the manager of the particular unit to employ him/her.

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

Job descriptions are developed for every position. Performance and reward criteria are determined on a yearly basis and are then implemented upon agreement with the employees.

The performance and evaluation system used in measuring and evaluating individual performance is taken into account at wage and career planning.

On the other hand, a certain number of personnel are granted "Golden Badge" as a reward of their outstanding performance. And employees winning the "Invention Prize" competition are also awarded. Thus, the creative personnel are motivated.

A safe working environment is provided to the personnel and it is improved continuously.

16. Information on Relations with Customers and Suppliers

Our company works as customer focused and measures and evaluates the level of customer satisfaction on a regular basis. Questions asked to our post-sales services department are answered within 48 hours at most.

17. Social Accountability

Social contributions are made through the GYO (Real Estate Investment) Association and the Education Foundation founded by the Group of Companies being the major shareholder.

There is no litigation or warning filed against our Company either during the current year or in the past for damages on the environment.



PART IV - BOARD OF DIRECTORS

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

Board of Directors

Mustafa Filiz	Chairman
Ahmet Önder Kazazođlu	Vice Chairman
Mehmet Alper Kaptanođlu	Director
Mehmet Ahkemođlu	Director
Hilmi Önder Şahin	Director
Sarper Volkan Özten	Director (independent)
İzzet Cemal Kişmir	Director (independent)

General Manager

Harun Hanne Moreno

There are 2 independent members at the Board of Directors.

Board members are in no way restricted in assuming positions in other organizations or entities other than the company.

19. Qualifications of Board Members

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

20. Mission, Vision and Strategic Objectives of the Company

Our trust is the first real estate investment trust established in Turkey and publicly held by 49 % with the objective of experience and knowledge of the Alarko Group of Companies in the land development sector more efficiently.

The main purpose of our land development projects dating back 37 years is to provide people construction that;

- Have perfectly designed infrastructures,
- Meet all requirements of contemporary life-style,
- Integrate and preserve all particulars of the natural environment,
- Maintain the character of being a profitable investment.

At the same time, our publicly held Investment Trust offers the opportunity of investing in securities which are of similar risk character but more liquid instruments instead of investing directly in such residences.



21. Risk Management and Internal Audit Mechanism

A risk governance and internal Audit mechanism is set by the Board of Directors. Managerial risks are reviewed periodically by the Auditing Committee constituted by the Board members. The Committee has decided to establish, audit and update an internal control mechanism and this duty is assigned to an Auditing Group. The Auditing Group inspects the internal control mechanism regularly through the approved annual audit plans and communicates its opinions and findings to top management.

Furthermore, the established Auditing Committee reviews related matters and advises the Board of Directors accordingly. The Committee and the Board determine the measures to be taken and instruct the company's managers through the General Manager.

22. Powers and Responsibilities of Board Members and Managers

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

23. Operational Principles of Board of Directors

The Board has convened 11 times within the year. The agenda of the Board meetings is determined by the President. Personal attendance at the meetings is ensured.

Board decisions are taken unanimously. No weighed voting right is granted to the Board members.

24. No Business or Competition with the Company

Board members are banned to do business or compete with the company within the year.

25. Rules of Ethics

Rules of ethics approved by the Company's Board of Directors, agreed by all Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. personnel and managers and defined in the Alarko Group of Companies Philosophy are summarized here below.

These rules are integrated to the policies, objectives, procedures and principles of Alarko.

- Act honestly in all business activities towards the government, clients, shareholders, personnel, partners and sub- and By- industries,
- Protect the environment and maintain the inter-company social balance,
- Orient the customers without forcing and give priority to their needs,
- Maintain high-quality; try to supply the best at the lowest price even when the customers are satisfied and contented with what is given already,
- Achieve the profits deserved by the shareholders under the current conditions,
- Give priority to teamwork as a corporation performing systematically on the basis of pre-defined procedures; share profit, loss and success and failure.



Our policies are shaped by this philosophy. And this philosophy is affixed at easily visible points in various units of our Company. In addition, all employees are informed through annual Policy Meetings and “Our Policy” book published. Our existing and newly recruited personnel are trained on this philosophy and related rules regularly.

Our philosophy including the rules of ethics is accessible via the intranet and our web page www.alarkoyatirim.com.tr

All Alarko Gayrimenkul Yatırım Ortaklığı. A.Ş. personnel are obliged to act in compliance with these rules.

Rules of ethics are followed-up by the superiors of all employees in the hierarchical order.

The management must be immediately notified of any act or behavior contrary to the rules of ethics.

Any infraction of rules noticed, notified or suspected by the Board of Auditors, General Manager or other managers are reviewed by the Board of Directors or instructed to be reviewed by the Board of Auditors to ensure compliance therewith.

Disciplinary sanctions are applied to doers of actually proven infractions by the General Manager authorized by the Board of Directors.

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

The Auditing Committee is established within the legal term and performs the duties set forth in the communiqué of Capital Markets Board. This committee is constituted by Mustafa Filiz and Ahmet Önder Kazazoğlu.

27. Financial Rights Granted to the Board of Directors

No right or interests are granted to the Board members including remuneration as per the decision of general assembly.

No money is lent to the Company’s Board Members or Managers including credit utilization or suretyship.



INDEPENDENT AUDITORS' REPORT

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

AUDITOR'S REPORT FOR THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

**To the Board of Directors of
Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi**

We have audited the accompanying financial statements of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") which comprise the balance sheet at December 31, 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Independent Auditing issued by Capital Market Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements is 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 financial statements presentation and disclosures.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. as of December 31, 2009 and its financial performance and cash flows for the year then ended, in accordance with the financial reporting standards issued by Capital Market Board.

Istanbul, March 5, 2010

DENGE BAĞIMSIZ DENETİM
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of MAZARS


Moris Moreno
CPA, Turkey

**FINANCIAL STATEMENTS AUDITED
BY INDEPENDENT AUDITORS**



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009 AND 2008 (TL)

ASSETS	Note Reference	Current Period December 31, 2009	Previous Period December 31, 2008
CURRENT ASSETS		162.336.015	170.468.935
Cash and Cash Equivalents	6	7.746.974	1.794.148
Financial Investments	7	84.722.788	83.675.564
Trade Receivables		7.588.666	6.520.867
Trade Receivables	10	273.151	612.119
Trade Receivables From Related Parties	37	7.315.515	5.908.748
Receivables From Finance Sector Operations	12	—	—
Other Receivables	11	19.664	18.422
Inventories	13	41.571.839	58.132.569
Biological Assets	14	—	—
Other Current Assets	26	686.084	327.365
Sub-Total		162.336.015	170.468.935
Non-Current Assets Held for Sale and Discontinued Operations	34	—	—
NON-CURRENT ASSETS		38.216.369	36.767.361
Trade Receivables	10	—	—
Receivables from Finance Sector Operations	12	—	—
Other Receivables	11	—	—
Financial Investments	7	2.410.254	971.172
Equity Accounted Investments	16	—	—
Biological Assets	14	—	—
Investment Property	17	35.790.093	35.774.248
Tangible Assets	18	11.047	15.744
Intangible Assets	19	4.975	6.197
Goodwill	20	—	—
Deferred Tax Assets	35	—	—
Other Non-Current Assets	26	—	—
TOTAL ASSETS		200.552.384	207.236.296

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



LIABILITIES	Note Reference	Current Period December 31, 2009	Previous Period December 31, 2008
SHORT-TERM LIABILITIES		7.824.648	24.337.706
Financial Liabilities	8	—	—
Other Financial Liabilities	9	—	—
Trade Payables		1.671.081	2.033.101
Payables to Related Parties	37	1.542.959	1.474.100
Other Trade Payables	10	128.122	559.001
Other Payables	11	192.474	1.973.273
Payables From Finance Sector Operations	12	—	—
Government Grants	21	—	—
Allowances For Liabilities	22	748.014	666.893
Other Short Term Liabilities	26	5.213.079	19.664.439
Sub - Total		7.824.648	24.337.706
Liabilities Related To Non-Current Assets Held for Sale	34	—	—
LONG-TERM LIABILITIES		137.576	114.163
Financial Liabilities	8	—	—
Other Financial Liabilities	9	—	—
Trade Payables	10	—	—
Other Payables	11	—	—
Payables From Finance Sector Operations	12	—	—
Government Grants	21	—	—
Allowances For Liabilities	22	—	—
Provision For Retirement Pay Liability	24	137.576	114.163
Deferred Tax Liability	35	—	—
Other Long Term Liabilities	26	—	—
SHAREHOLDERS' EQUITY		192.590.160	182.784.427
Capital and Reserves Attributable to Parent			
Paid-in Capital	27	11.650.794	11.490.100
Inflation Restatement on Capital	1 and 27	54.712.578	54.712.578
Investment-Capital Elimination		—	—
Share Premium	27	1.076.541	1.076.541
Financial Assets Value Increase Fund		1.147.102	(271.318)
Foreign Currency Translation Differences		—	—
Restricted Reserves on Profit	27	1.218.802	864.630
Accumulated Profit / Loss	27	115.397.030	95.102.525
Net Profit / (Loss) for the Year		8.387.313	25.809.371
Minority Interest		—	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		200.552.384	207.236.296



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (TL)

	Note Reference	Current Period January 01, 2009 December 31, 2009	Previous Period January 01, 2008 December 31, 2008
CONTINUING OPERATIONS			
Sales	28	27.151.616	24.271.573
Cost of Sales (-)	28 and 31	(20.433.944)	(22.481.880)
Gross Profit from Operations		6.717.672	1.789.693
Interest, Wage, Premium, Commission and Other Income	28	—	—
Interest, Wage, Premium, Commission and Other Expenses (-)	28	—	—
Gross Profit/Loss From Finance Sector Operations		—	—
GROSS PROFIT		6.717.672	1.789.693
Marketing, Selling and Distribution Expenses (-)	29 and 30	—	—
General Administrative Expenses (-)	29 and 30	(1.774.540)	(3.773.166)
Research and Development Expenses (-)	29 and 30	—	—
Income From Other Operations	31	1.079.770	—
Expenses From Other Operations (-)	31	(2.421.186)	(2.053.533)
OPERATING PROFIT / LOSS		3.601.716	(3.122.117)
Profit/Loss From Equity Accounted Investments	16	—	—
Financial Income (Other than Main Operations)	32	17.168.885	32.592.835
Financial Expense (Other than Main Operations (-))	33	(12.383.288)	(3.661.347)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		8.387.313	25.809.371
Tax Income/Loss from Continuing Operations		—	—
Current Tax Income/Expense	35	—	—
Deferred Tax Income/Expense	35	—	—
INCOME FROM CONTINUING OPERATIONS		8.387.313	25.809.371
DISCONTINUING OPERATIONS			
Income/Loss After Tax From Discontinuing Operations	34	—	—
PROFIT FOR THE PERIOD		8.387.313	25.809.371
Other Comprehensive Income		—	—
Change In Financial Assets Value Increase Fund		1.418.420	(1.180.999)
Tax Income/Expense Related To Other Comprehensive Incomes		—	—
OTHER COMPREHENSIVE INCOME (AFTER TAX)		9.805.733	24.628.372
TOTAL COMPREHENSIVE INCOME		9.805.733	24.628.372
Profit For The Year		8.387.313	25.809.371
Attributable to:			
Minority Interest		—	—
Equity Holders of The Company		8.387.313	25.809.371
Total Comprehensive Income		9.805.733	24.628.372
Attributable to:			
Minority Interest		—	—
Equity Holders of The Company		9.805.733	24.628.372
Basic Earnings Per Share	36	0,787	4,701
Diluted Earnings Per Share	36	0,787	4,701
Basic Earnings Per Share From Continuing Operations	36	0,921	4,486
Diluted Earnings Per Share From Continuing Operations	36	0,921	4,486

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

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (TL)

	Note Reference	Paid-in Capital	Inflation Restatement on Capital	Share Premium	Restricted Reserves on Profit	Financial Assets Value Increase Fund	Accumulated Profit / (Loss)	Net Profit / (Loss) for the Year	Total
Balances as of January 1, 2008		5.490.100	54.712.578	1.076.541	696.565	909.681	92.933.028	3.106.176	158.924.669
Inflation Restatement on Equity	1 and 27	—	—	—	—	—	—	—	—
Transfers From Accumulated Profit / (Loss)	27	—	—	—	—	—	2.169.497	(2.169.497)	—
Other Comprehensive Income	27	—	—	—	—	(1.180.999)	—	—	(1.180.999)
Transfers to Restricted Reserves on Profit	27	—	—	—	168.065	—	—	(168.065)	—
Dividends Trasferred to Capital	27	—	—	—	—	—	—	—	—
Cash Dividends to Shareholders	27	—	—	—	—	—	—	(768.614)	(768.614)
Profit For the Period	27 and 36	—	—	—	—	—	—	25.809.371	25.809.371
Balances as of December 31, 2008		5.490.100	54.712.578	1.076.541	864.630	(271.318)	95.102.525	25.809.371	182.784.427
Balances as of January 1, 2009		5.490.100	54.712.578	1.076.541	864.630	(271.318)	95.102.525	25.809.371	182.784.427
Capital Increase		—	—	—	—	—	—	—	—
Transfers From Accumulated Profit / (Loss)	27	—	—	—	—	—	20.294.505	(20.294.505)	—
Other Comprehensive Income	27	—	—	—	—	1.418.420	—	—	1.418.420
Transfers to Restricted Reserves on Profit	27	—	—	—	354.172	—	—	(354.172)	—
Dividends Trasferred to Capital	27	5.160.694	—	—	—	—	—	(5.160.694)	—
Cash Dividends to Shareholders	27	—	—	—	—	—	—	—	—
Profit For the Period	27 and 36	—	—	—	—	—	—	8.387.313	8.387.313
Balances as of December 31, 2009		10.650.794	54.712.578	1.076.541	1.218.802	1.147.102	115.397.030	8.387.313	192.590.160

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





ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008(TL)

	Note Reference	Current Period January 01, 2009 December 31, 2009	Previous Period January 01, 2008 December 31, 2008
A. CASH FLOWS FROM MAIN OPERATIONS			
Net Income Before Tax (+)		8.387.313	25.809.371
Adjustments			
Change in Retirement Pay Liability (+)	24	23.413	(1.357)
Depreciation (+)	17,18 and 19	1.603.067	1.565.245
Rediscount Interest Expenses (+)	33	659	12.026
Rediscount Interest Income (-)	32	(976)	(19.028)
Accrued Expenses	22	81.121	89.491
Operating Income Before Working Capital Changes (+)			
		10.094.597	27.455.748
Increase (-) / Decrease (+) in Trade and Other Receivables	10,11 and 37	(1.068.724)	1.862.363
Decrease (+) in Inventories	13	16.560.730	16.037.192
Increase (-) / Decrease (+) in Other Current Assets	26	(358.719)	3.338.937
Decrease (+) in Other Non-Current Assets	26	—	—
Increase (+) in Trade Payables	10 and 37	(362.020)	(3.193.776)
Decrease (-) in Other Liabilities	11 and 26	(16.232.159)	(16.011.042)
Net Cash Provided by (+) Operating Activities		8.633.705	29.489.422
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Tangible and Intangible Assets (-)	18 and 19	(2.419)	(7.639)
Purchase of Investment Property (-)	17	(1.610.574)	—
Increase (-) in Financial Investments	7 and 31	(1.067.886)	(27.443.441)
Net Cash Used in (-) / Provided by (+) Investing Activities		(2.680.879)	(27.451.080)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Payments (-)	27	—	(768.614)
Net Cash Used in (-) Financing Activities		—	(768.614)
Net Decrease in Cash		5.952.826	1.269.728
Cash and Cash Equivalents at January 1	6	21.794.148	20.524.420
Cash and Cash Equivalents at December 31	6	27.746.974	21.794.148

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

(Turkish Lira (TL) and foreign currencies in full unless otherwise indicated)

1-ORGANIZATION AND OPERATIONS OF THE COMPANY

The name of Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi, founded in June 6, 1978, whose main activity was to undertake the production and trading of the electrical, electronic equipment and construction materials, was changed into Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the Company) through the publication in Turkish Trade Register Gazette numbered 4096 and dated August 06, 1996. Within the framework of this change, the essentials of the main activity were completely restructured in order to let the Company to activate as a real estate investment partnership in accordance with the statements and regulations of Capital Market Board. On these basis, on October 31, 1996, the Company applied to the Capital Market Board (Board) for the registration of share certificates to be issued due to share capital increase and has been registered by the Board through December 13, 1996 dated and G.Y.O. 1/1552 numbered certificate in line with Capital Market Board Law.

The Company operates as a real estate investment partnership in accordance with the statements and regulations of the Board. In this context, the Company invests real estates, real estate projects and capital market instruments.

The shareholder structure of the Company as of December 31, 2009 and December 31, 2008 are as follows:

Name of the shareholders	31 December 2009		31 December 2008	
	Ownership Percentage (%)	Amount (TL)	Ownership Percentage (%)	Amount (TL)
Alarko Holding A.Ş.	15,94 %	1.697.899	15,94 %	875.206
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	34,78 %	3.704.641	34,78 %	1.909.609
Publicly Traded	49,00 %	5.218.889	49,00 %	2.690.149
Other (*)	0,28 %	29.365	0,28 %	15.136
	100,00 %	10.650.794	100,00 %	5.490.100

(*) Represents the shareholders with ownership percentage of less than 10 %.

The difference resulted from the inflation restatement of the nominal value of the share capital as at December 31, 2009 and December 31, 2008 amounts to TL 54.712.578.

The address of the Company's head office is Muallim Naci Caddesi, No:69 P.K. 34347 Ortaköy – Beşiktaş/ İstanbul. The majority of the shares are owned by Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. The 49 % of the shares of the Company are publicly quoted on Istanbul Stock Exchange Market ("ISEM") since 1996.

The average number of personnel of the Company within December 31, 2009 and December 31, 2008 are 9 and 10, respectively.



Financial statements are approved by the board of directors and are authorized for publication on 05.03.2010. The General Assembly has the authority to change the financial statements.

2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Basis of Presentation

Basis of Preparation of Financial Statements

The Company maintains its books of account in accordance with the Uniform Chart of Accounts, Turkish Commercial Code, Turkish Tax Legislations and the generally accepted accounting principles issued by the Turkish Capital Market Board ("CMB") that are effective for the companies quoted to ISE and prepares its TL based statutory financial statements in line with these principles.

Communique XI-25 of CMB, that was prepared in line with International Accounting / Financial Reporting Standards, namely "Accounting Standards in Capital Markets" was published in the reiterated Official Gazette on November 15, 2003 and became valid for first interim financial statements that is to be prepared after 01.01.2005.

After publishing Communique XI-25 of CMB on November 15, 2003, in the context of worldwide adaptation of International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS) significant changes were applied and new IFRS's were issued. Considering these changes to IAS / IFRS's, with the amendment dated December 12, 2004 made by Communique XI-27 "Changes to Accounting Standards in Capital Markets" to Communique XI-25, the application of IAS / IFRS's including financial statements together with explanatory notes said to be served as redeeming the obligations set by the Communiques of Capital Market Board.

Communique XI-29 of Capital Market Board (CMB) "Principles of Financial Reporting in Capital Markets" that was published in Official Gazette numbered 26842 on September 9, 2008 that supersede Communique XI-29 is prepared by considering the regulations of European Union regarding financial reporting, studies by Turkish Accounting Standards Board (TMSK) and new Turkish Trade Law.

In the implementation of Communique XI-29 of CMB "Principles of Financial Reporting" original form of IAS/IFRS's shall be applied until the differences between IAS/IFRS's that were adopted by the European Union and IAS / IFRS's that were issued by IASB are declared by TMSK. It should be stated in the explanatory notes that the financial statements were prepared in line with original form of IAS/IFRS's. In this context, the adoption does not violate TMS / TFRS 's were released by TMSK shall prevail.

In order the accompanying financial statements to be in conformity with IFRS, they are prepared with adjustments and reclassifications to local statutory books regarding fair value measurement and presentation.

Restatement of Financial Statements in Hyperinflationary Periods

Financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:



- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power. □
- the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency. □
- sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short. □
- interest rates, wages and prices are linked to a price index. □
- the cumulative inflation rate over three years is approaching, or exceeds, 100%. □

As a result, the Company's financial statements are prepared in accordance with this section of the communique to reflect the effect of the changes of current purchasing power as of December 31, 2004. □

Notwithstanding, with the announcement of CMB, it is declared that the high inflationary period is over furthermore, the other indicators of continuation of high inflationary period is almost disappeared and therefore the application of restatement of financial statements is terminated for the year 2005. Accordingly, inflation accounting has not been applied to the financial statements starting from January 1, 2005. □

Presentation and Reporting Currency □

The Company's financial statements are presented in the currency (functional currency) that is valid in the environment in the main economic activity. According to the Law on the Currency Unit of the Republic of Turkey, effective from January 1, 2009, the prefix "New" from the "New Turkish Lira" and the "New Kurus" has been removed with respect to the decision of the Council of Ministers dated April 4, 2007 and numbered 2007/11963. Within the context of the decision, there will not be any change in the value of the currency that, in the conversion; 1 New Turkish Lira (YTL) equals to 1 Turkish Lira (TL) and 1 New Kurus (Kr) is equal to 1 Kurus (Kr) in which 1 TL equals to 100 Kr. The accompanying financial statements as at December 31, 2008 and the comparative financial statements as at December 31, 2007 were prepared in TL. □

Comparative Information and Corrections on the Prior Year's Financial Statements □

Balance sheets have been presented comparatively with December 31, 2009 and 2008; statement of income, cash flow statement and statement of changes in equity have been presented comparatively with 1 January – 31 December 2008. Accounting principles are constantly applied by the Company in consistency with prior periods. Financial statements are classified to ensure comparability to prior period financial statements As of 31 December 2008, impairment in the amount of TL 5,377,143 belonging to the year 2008 in which houses are sold, is shown in the general administrative expenses account are classified to cost of sales account. □

Offsetting □

Financial assets and liabilities are stated with their net value in the balance sheet in cases of where the offsetting right exists legally, paying the net value or collection is possible or acquisition of the asset and the obligation realizes at the same time. □



b) Changes in Accounting Policies

Significant changes in accounting policies were applied retrospectively and prior period's financial statements are re-issued. The Company's accounting policies during the current period has not changed.

c) Changes in Accounting Estimates and Errors

Errors are corrected retrospectively and the comparative amounts for the prior periods are restated. The effect of a change in an accounting estimate is recognised prospectively if the change affects that period only; or the period of the change and future periods, if the change affects both. The Company's accounting estimates for the current period has not changed.

d) New Standards and Interpretations not yet adopted as of December 31, 2009

In the current period the Company implemented new and revised standards and interpretations of issues related to their activities which are published by International Accounting Standards Board and International Accounting Standards Board's International Financial Reporting Interpretations Committee and are effective as of January 1, 2009.

Although standards and changes to standards and interpretations which are stated below are mandatory for financial periods brought on 1 January 2009 or beginning after the date in question, are not related to the Company's activities;

IFRS 1, "The First Time Application of International Financial Reporting Standards" and IAS 27, "Consolidated and Non-Consolidated Financial Statements (IFRS First-Time Investment Cost Concerning the Implementation Amendment) IFRS 2, "Share-Based Payments" (Concerning the Payment and Cancellation Agreement Amendment) IAS 1, "Presentation of Financial Statements" and IAS 32, "Financial Instruments: Presentation" (Financial Instruments and Cash Back to the Optional Purchase Requirements Disclosure of translate unborn About Amendment) IAS 39, "Financial Instruments: Accounting and Measurement" (Classification of Financial Instruments Derivative-related changes in the Reserved) Improvements in May 2008 (IAS 1, "Presentation of Financial Statements", IAS 16, "Tangible Fixed Assets, IAS 19, "Employee Benefits ", IAS 20, " State Incentives ", IAS 23, " Borrowing Costs ", IAS 27, " Consolidated and Individual Financial Statements ", IAS 28, " Investments in affiliated companies, "IAS 31" Business in Partnership Shares ", IAS 29, " High Inflation Economies in Financial Reporting ", IAS 36, "Impairment of Assets of the "IAS 39" Financial Instruments: Accounting and Measurement", IAS 40, "Investment Property", IAS 41, " Agricultural Activities ") IFRIC 15, "Agreements Related to Real Estate Construction" IFRIC 16, "Net foreign investment Related to Financial Risk Management of Protection"

The following standards and comments on the approval of these financial statements have been published but has not entered into force:



IFRS 2, "Share-Based Payments" (as the Group's cash paid to the Equity-Based Payment Transactions Regarding Amendment) IFRS 3, "Business Combinations", IAS 27, "Consolidated and Individual Financial Statements" IAS 28, "Investments in affiliated companies," IAS 31 "Business in Partnership Shares" (about the implementation of the Comprehensive Method of Purchase Amendment) IAS 39, "Financial Instruments: Accounting and Measurement" IFRIC 17, "Non-Monetary Assets Distribution to Shareholders" Improvements in May 2008 (IFRS 5, "Assets held for sale and Discontinued Activities") Improvements in April 2009 (IFRS 2, "Share-Based Payments", IFRS 5, " Assets held for sale and Discontinued Activities", IFRS 8 "Operating Segments", IAS 1, "Financial Statement Presentation", IAS 7, "Cash Flow Statement", IAS 17," Rental Operations ", IAS 36," Impairment of Assets ", IAS 38" Intangible Assets ", IAS 39" Financial Instruments: Accounting and Measurement ").

e) Summary of Significant Accounting Policies

Revenue

Sales are mainly constituted of income derived from real estates that were delivered and rents from investment properties. Sales are accounted for by the accrual principle calculated over the services provided, reliable determination of the income amount and income from possible economical benefits acquired by the Company over the transaction. If cash and cash equivalents are obtained from the sale, the income is the balance of these cash and cash equivalents. Revenue from the sale of real estates are included in the financial statements when the delivery has made and rent income has been accounted on accrual basis. If there is a large amount of financial cost involved with the sales the relevant value of the sale is determined by discounting the receivables. To discount receivables, the interest rate that discounts the nominal sale value to the cash price of the service. The difference from this discounting is accounted for as interest income for related periods(Note 36).

If the balances recorded as income become doubtful balances, the provision for these accounts are not deducted from income accounts, these are accounted for as expenses in financial statements.

Net sales are constituted of the invoiced sale balances after discounts and returns are deducted.

Cost of Sales

Cost of sales are mainly derived from the cost of real estates that were delivered and the depreciation and relevant expenses of the rent generating investment properties.

Inventories

Inventories were revaluated by the acquisition cost adjusted for inflation. However, expertise value that constitute a basis for the fair value of the inventory for the inventories contractually not sold and contract value of the inventories that are sold but not delivered, are compared with the adjusted acquisition costs and in the case that the expertise value or the sales contract value are lower than the adjusted acquisition costs, impairment is calculated in accordance with the principles in "Impairment in Assets" article. Such impairment is determined and applied for all inventories separately.



Investment Properties

Investment properties are held either to generate rent income and / or capital gain, are recognized after the deduction of accumulated depreciation and permanent losses in values, if any.

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

Depreciation is calculated with respect to estimated economic useful lives of investment properties and using straight-line depreciation method on pro-rata basis. The depreciation rates applied considering the useful lives of investment properties is as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Buildings	2,0 - 5,0 %	2,0 - 5,0 %
Rights	3,125 %	3,125 %

Rights represent usage right over Hillside Beach Club Holiday Village.

Tangible Assets

Tangible assets are expressed with their beginning values restated to equivalent purchasing power of TL as of December 31, 2004 and subsequent period acquisitions after the deduction of accumulated depreciation and permanent losses in values, if any. Depreciation is calculated with respect to estimated economic useful lives of the tangible assets and using straight-line depreciation method on pro-rata basis. The depreciation rates applied considering the useful lives of tangible assets is as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Buildings	10,0 %	10,0 %
Land Improvements	12,5 %	12,5 %
Machinery and Equipment	25,0 %	25,0 %
Furniture and Fixtures	10,0 % - 33,33 %	10,0 % - 33,33 %
Other Tangible Assets	25,0 %	25,0 %

Repair and maintenance expenses are expensed when realized. In case repair and maintenance expenses increase the useful lives of tangible assets, they are capitalized.

In case the book value of a tangible asset is higher than the recoverable amount, the book value is decreased to the recoverable amount.

The profit or loss resulting from the sale of a tangible asset is determined by comparing the restated amount of the asset sold and amount collected and reflected to the current year income or loss.



Intangible Assets

Intangible assets are comprised of rights and leasehold improvements.

Intangible assets are expressed with their beginning values restated to equivalent purchasing power of TL as of December 31, 2004 and for the year 2005 and current year acquisitions after the deduction of accumulated depreciation and permanent losses in values, if any. Depreciation is calculated with respect to estimated economic useful lives of the intangible assets and using straight-line depreciation method on pro-rata basis. The depreciation rate used for leasehold improvements is 25 %, while it is 6,66 % - 33,33 % for rights.

Impairment of Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that the assets may be impaired. If such evidence exists, the recoverable amounts of assets are estimated. Impairment exists if the carrying amount of the concerned asset or a cash-generating unit related to this asset is higher than the recoverable amount to be obtained through its use or sale. Recoverable amount is determined as the higher of the net sales price of the asset and the value in use of the asset. Value in use is the estimated net present value of the cash flows through the continuous use or sale of the asset at the end of its economic useful life. Impairment losses are accounted in the income statement. A reversal of impairment loss on receivables shall be recognized if the subsequent increase in the recoverable amount of the asset is reconciled with an event occurred in the following periods of impairment loss has been accounted.

Impairment losses of other assets shall be reversed if any change exists in the assumptions used in the determination of its recoverable amount. The increase in asset's carrying value resulting from the reversal of impairment should not exceed the carrying value that is going to be determined in case of no impairment loss has been recorded (net value after depreciation) in the balance sheets in previous years.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to get ready for its intended use or sale shall be capitalized as part of the cost of that asset. Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Financial Instruments

Financial instruments are comprised of cash and cash equivalents, held to maturity investments, available for sale financial assets, trade receivables and trade payables.

Cash and Cash Equivalents

Cash and cash equivalents represents cash on hand, cash deposited at banks or other financial institutions and fund utilized in the context of repurchasing agreements with short maturity of three months or less from the date of acquisition.



Foreign currency denominated cash and cash equivalents are measured by translating into Turkish Lira at the exchange rates prevailing at the balance sheet date.

Cash and cash equivalents are measured with their acquisition cost plus their accrued interests.

Held-To-Maturity Investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, if any.

Available-For-Sale Financial Assets

Available-For-Sale Financial Assets are financial assets that are not classified as held-to-maturity investments or financial assets held for trading.

A gain or loss derived from the changes in fair value of available-for-sale financial assets are recognised directly in equity, through the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

Trade Receivables and Trade Payables

Trade receivables and trade payables are measured at amortised cost using the effective interest method.

If there are no interest rate indicated for those short term receivables and payables and in event that the interest accrual is not material, those short term receivables and payables are measured with the invoice values.

Impairment of Financial Assets

The Company assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired . If any such evidence exists, the Company determines the amount of any impairment loss.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Business Combinations

As of December 31, 2009 and December 31, 2008, the Company has no merging activities.



Effects of Foreign Currency Changes

Transactions in foreign currencies are translated into Turkish Lira by using the exchange rates prevailing at the date of transaction. Foreign currency denominated assets and liabilities are translated into TL with foreign currency rates prevailing at the balance sheet date. Foreign exchange income or losses arising from foreign currency denominated transactions are included in income statement.

Earnings per Share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net profit by the average number of shares outstanding.

Events After the Balance Sheet Date

The Company is obliged to revise the amounts in the financial statements with respect to events occur after the balance sheet date. Events which occur after the balance sheet date and do not require adjustments are explained in the footnotes to the financial statements in case that they have effect on the economic decisions of parties using financial statements.

Provisions, Contingent Assets and Liabilities

Provisions are recognized if and only if the Company has a present liability (legal or constructive), as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made off the amount of obligation. Where the effect of time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation computed by a discount rate representing pre-tax rate. When the present value is used, the increase resulting from time difference in the provisions is recorded as interest expense. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision at each balance sheet date.

Contingent liabilities and contingent assets are not recognized in the financial statements, and disclosed in the notes to the financial statements. The Company recognizes a provision for the obligation for which an outflow of resources embodying economic benefits is probable, except in the circumstances where no reliable estimate can be made, when the change in estimations occurs.

Accounting Policies, Changes in Accounting Estimates and Errors

When an accounting policy is changed, the total difference amount regarding to previous periods is adjusted to retained earnings. The data relating to previous periods are also re-arranged. In case of existence of an effect of the accounting policy change to current period, previous periods or operating result of the consequent periods; the cause of the difference, the adjustment amount related to the current period and previous periods, and the re-arrangement of the comparative data is disclosed or if estimating the adjustment is impracticable, that fact is disclosed.



The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit and loss in the period of the change if the change affects that period only or in the period of the change and future periods if the change affects both.

Prior period errors are corrected retrospectively. An error is corrected by restating the comparative amounts for the prior periods in which the error occurred or if the error occurred before the earliest prior period by restating the opening balances of retained earnings. If the re-arrangement of the data causes excessive cost, the comparative data related to the previous periods are not re-arranged; retained earnings account for the next period is adjusted with the cumulative impact of the error (misstatement) at the beginning of the corresponding period.

Leasing Transactions

The Company does not have any leasing transaction as of December 31, 2009 and December 31, 2008.

Related Parties

In the context of the report, the Company's shareholders, Alarko Holding and Alarko Holding Group Companies, their executives and the companies controlled by these companies or other companies related to them are accepted as related parties. Transactions between related parties are described in the financial statement's notes.

Segment Reporting

Since the Company has only one operation and operates in one geographic location, no segment reporting is made.

Construction Contracts

The Company has no transaction within the context of construction contracts.

Discontinuing Operations

The Company has no discontinuing operations.

Biological Assets

The Company has no transaction within the context of biological assets.

Equity Accounted Investments

The Company has no transaction within the context of equity accounted investments.

Goodwill

The Company has no transaction regarding goodwill.



Accounting for Government Grants and Disclosure of Government

The Company has no government grants and disclosure of government.

Income Taxes

Since the Company is registered as Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi as of July 31, 1996 as published in Trade Registry Gazette dated August 6, 1996 and numbered 4096, as of this date the Company is exempt from corporate income tax and withholding tax with respect to Corporate Tax Law article 5 code 4-d and Provisional Article 1 code 4. Consequently, the Company does not have any income tax liability or deferred tax asset or deferred tax liability for the periods January 1 – December 31, 2009 and January 1 – December 31, 2008.

Employee Benefits / Employment Termination Benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Corresponding amounts are paid based on the ceiling of the retirement payment at the balance sheet date. Provision for retirement payment is recognized as the net present value of the cumulative retirement pay liability payable in the future.

Retirement Benefit Plans

The Company has no retirement benefit plans.

Cash Flow Statement

In the statement of cash flow, current period cash flows are classified as main operations, investment activities and financing activities and accordingly reported.

The amount of cash flows arising from operating activities is a key indicator of the operations of the Company.

Cash flows arising from investing activities represent the expenditures have been made for resources intended to generate future income and cash flows.

Cash flows arising from financing activities represent future cash flows used in financing activities and repayments.

Cash and cash equivalents represents cash on hand, cash deposited at banks or other financial institutions and fund utilized in the context of repurchasing agreements with short maturity of three months or less from the date of acquisition.



f) Significant Accounting Judgement, Estimations and Assumptions

In preparation of the financial statements in compliance with IAS, the Company management has to make assumptions and estimations with regards to factors affecting current period income expenses, liabilities and contingencies likely to occur and reported asset and liability amounts as at balance sheet date. Accordingly, actual results may differ than those estimated. Estimates and judgements are continually evaluated, corrections are made if necessary and classified in income statement when realized. Accounting estimates are mainly related to impairment of assets, useful lives of tangible and intangible assets and provisions.

3-BUSINESS COMBINATIONS

As of December 31, 2009 and December 31, 2008, the Company has no merging activities.

4-INTERESTS IN JOINT VENTURES

As of December 31, 2009 and December 31, 2008, the Company has no transaction within the context of interests in joint ventures.

5-SEGMENT REPORTING

The Company has only one type of operation and operates in one geographic location.

6-CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2009 and December 31, 2008 are as follows:

	31 December 2009	31 December 2008
Banks	24.106.368	21.193.337
Time Deposits	24.001.146	21.168.086
Demand deposits	105.222	25.251
B type liquid funds	3.640.606	560.208
Cheques	—	40.603
Total	27.746.974	21.794.148

Demand deposits consist of TL, USD and Euro bank deposits, and net interest rate on these deposits varies between 2,08 % and 8,08 % (for the year 2008: 5,10 % and 17,21 %) with maturities up to one month.

The Company does not have any blocked deposits as of December 31, 2009 and 2008.



7- FINANCIAL INVESTMENTS

As of December 31, 2009 and December 31, 2008 breakdown of short term financial investments of the Company is as follows:

Financial assets held to maturity;

Currency Type	31 December 2009			31 December 2008		
	Book Value	Interest Rate	Maturity Date	Book Value	Interest Rate	Maturity Date
USD	34.819.728	3,72 %	20.01.2010	34.818.653	3,90 %	01.04.2009
USD	36.012.018	4,65 %	15.09.2010	34.818.653	3,90 %	01.04.2009
USD	13.891.042	3,78 %	20.01.2010	14.038.258	3,90 %	01.04.2009
Total	84.722.788			83.675.564		

As the financial assets held to maturity have no significant interest rates for the reason that they are short term, their amortized costs are equal to their book value and they are presented as their book value.

As of December 31, 2009 and December 31, 2008 breakdown of long term financial investments of the Company is as follows:

Available for Sale Financial Assets	31 December 2009		31 December 2008	
	Participation Rate %	Amount	Participation Rate %	Amount
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	0,00	1.196	0,00	1.196
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	0,00	500	0,00	500
Alarko Holding A.Ş.	0,00	2.408.558	0,00	969.476
Total	0,00	2.410.254	0,00	971.172

Alarko Holding A.Ş. is a quoted company on İstanbul Stock Exchange Market (ISEM). Investment in Alarko Holding A.Ş. is valued based on the stock price which is the current best bid as of December 31, 2009 and 2008. The Company accounts for the positive and negative differences arising from fair value recognition in shareholders' equity account under "Financial Assets Value Increase Fund" account in the accompanying financial statements. Accordingly, fair value recognition differences amounting to TL 271.318 as of December 31, 2007 and as a result of the loss generated as of December 31, 2008 amounted to TL 1.418.420, TL 1.147.102 have been accounted under "Financial Assets Value Increase Fund" account.

Since Alarko Deyaar Gayrimenkul Geliştirme A.Ş. and Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş. are not quoted companies and the fair value of these companies can not be accurately determined, the participation amounts of these companies are presented based on the restated acquisition costs in the accompanying financial statements.



8- FINANCIAL LIABILITIES

The Company does not have any short term and long term financial liabilities as of December 31, 2009 and 2008.

9- OTHER FINANCIAL LIABILITIES

The Company does not have any other financial liabilities as of December 31, 2009 and 2008.

10- TRADE RECEIVABLES AND PAYABLES

Breakdown of short term trade receivables is as follows:

	31 December 2009	31 December 2008
Notes Receivable	73.136	512.062
Trade Receivables, net	200.015	100.057
Total	273.151	612.119

The nature and the amounts of the guarantees received against the receivables are as follows:

	31 December 2009	31 December 2008
Notes received	1.096.414	1.338.661
Guarentee chegues	—	72.000
Guarantee letters received	75.229	70.129
Total	1.171.643	1.480.790

Doubtful receivables as of December 31, 2009 and 2008 are TL 84.710 and TL 719 respectively.

Breakdown of short term trade payables are as follows:

	31 December 2009	31 December 2008
Suppliers, net	128.122	559.001
Total	128.122	559.001

The Company does not have any long term trade receivables or trade payables as of December 31, 2009 and 2008.

11- OTHER RECEIVABLES AND PAYABLES

Other short term receivables comprised of deposits and gurantees and amounted to TL 19.664 and 18.422 as of December 31, 2009 and 2008, respectively.



The Company's other short term liabilities as of December 31, 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Deposits and gurantees received	186.420	257.365
Due to central management	4.755	3.905
Advances received	—	1.312.260
Partially collected notes	—	398.042
Other	1.299	1.701
Total	192.474	1.973.273

The Company does not have any long term other trade receivables or other trade payables as of December 31, 2009 and 2008.

12-RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

The Company does not have any receivables or payables from finance sector operations as of December 31, 2009 and 2008.



13-INVENTORIES

Inventories consist of real estates held for trading. Breakdown of inventories as of December 31, 2009 and 2008 is as follows:

	31 December 2009				31 December 2008			
	Restated Book Value	Sales Amount	Expertise Amount	Expertise Date	Restated Book Value	Sales Amount	Expertise Amount	Expertise Date
Domicile Project								
Land share (1 Parcel) and Project cost	—	—	—	—	—	—	—	—
Projects not yet sold	20.041.034	—	19.695.000	04.12.2009	24.235.865	—	20.750.000	03.12.2008
Projects that are contracted	3.704.897	3.427.659	—	—	19.846.568	18.046.406	—	—
Decrease in the value (-)	(1.601.371)	—	—	—	(5.377.143)	—	—	—
Total	22.144.560	3.427.659	19.695.000	—	38.705.290	18.046.406	20.750.000	—
Büyükçekmece Land								
Land cost (5 Parcel)	4.321.594	—	7.690.000	04.12.2009	4.321.594	—	7.690.000	03.12.2008
Maslak Land								
Land cost	15.105.685	—	32.235.000	—	15.105.685	—	31.290.000	02.12.2008
Total	41.571.839	3.427.659	59.620.000	—	58.132.569	18.046.406	59.730.000	—



Domicile Project: The Company has received the construction permit on October 21, 2005 for 63 villas and 1 social club to be constructed on 239.466 m² . land located in Büyükçekmece - Eskice block no. 106, parcel no. 18 and started on sales activities. As of December 31, 2009, sales agreements have been made for 43 villas.

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

Maslak Land: The Company plans to build a shopping center on the 18.962 m² land in Istanbul Maslak.

For domicile project the Company has construction all risk and employer's liability insurance amounting to TL 34.037.854 ve TL 58.937.452 respectively.

The Company has requested additional time from the Capital Market Board on 29.07.2009 associated with the provision located in sub-paragraph Serial: VI, No: 11 No. of Real Estate Investment Trust Concerning the Principles Communiqué 27 Article (d) " land and unused land which has passed five years from the purchase date, but has no development or savings in the project shall not exceed % 10 rate in the portfolio " The Capital Market Board has granted an extension until the date of 30.06.2010 related to compliance issues on 21.08.2009.

14-**BIOLOGICAL ASSETS**

Biological assets are not within the operations of the Company.

15-**RECEIVABLES FROM CONSTRUCTION CONTRACTS IN PROGRESS**

The Company has no transaction within the scope of construction contracts.

16-**EQUITY ACCOUNTED INVESTMENTS**

The Company has no transaction within the context of equity accounted investments.

17-**INVESTMENT PROPERTIES**

As of December 31, 2009 and December 31, 2008 ,the movement of investment properties is as follows:

	31 December 2009	31 December 2008
January 1	43.500.590	43.500.590
Additions	1.610.574	—
Accumulated depreciation	(9.321.071)	(7.726.342)
Before impairment, net	35.790.093	35.774.248
Impairment	—	—
After impairment, net	35.790.093	35.774.248

As of December 31, 2009 and 2008, total insurance coverage on investment properties of the Company is amounting to TL 48.300.091 and TL 48.303.959.



As of December 31, 2009 and December 2008, the comparison of restated amounts with fair values is as follows:

31 December 2009

Definition of the Property	Expertise Date	Market Value	Cost Value, Net
Hillside Beach Club Holiday Village	04.12.2009	60.480.000	30.820.020
Etiler Alkent Sitesi – Stores	03.12.2009	6.805.000	3.132.500
Ankara Çankaya Trade Center	01.12.2009	2.425.000	1.172.960
İstanbul Karaköy Trade Center	02.12.2009	1.210.000	663.430
İstanbul Şişhane Trade Center	02.12.2009	1.500.000	1.183
Total		72.420.000	35.790.093

31 December 2008

Definition of the Property	Expertise Date	Market Value	Cost Value, Net
Hillside Beach Club Holiday Village	04.12.2008	59.520.000	30.493.738
Etiler Alkent Sitesi – Stores	02.12.2008	6.465.000	3.342.500
Ankara Çankaya Trade Center	03.12.2008	2.330.000	1.202.972
İstanbul Karaköy Trade Center	04.12.2008	1.125.000	733.815
İstanbul Şişhane Trade Center	04.12.2008	1.350.000	1.223
Total		70.790.000	35.774.248

18-TANGIBLE ASSETS

As of December 31, 2009;

COST

	Balance at January 1, 2009	Additions	Disposals	Allowances (-)	Balance at December 31, 2009
Land Improvements	123.365	—	—	—	123.365
Buildings	311	—	—	—	311
Machinery, Installations and Equipment	4.216	—	—	—	4.216
Furniture and Fixture	147.049	2.529	(337)	—	149.241
Other Tangible Assets	342.604	—	—	—	342.604
Total	617.545	2.529	(337)	—	619.737



ACCUMULATED DEPRECIATION

	Balance at January 1, 2009	Additions	Disposals	Transfer	Balance at December 31, 2009
Land Improvements	123.365	—	—	—	123.365
Buildings	311	—	—	—	311
Machinery, Installations and Equipments	4.216	—	—	—	4.216
Furniture and Fixture	131.303	6.923	(34)	—	138.192
Other Tangible Assets	342.606	—	—	—	342.606
Total	601.801	6.923	(34)	—	608.690
Net Book Value	15.744				11.047

As of December 31, 2008;

COST

	Balance at January 1, 2008	Additions	Disposals	Allowances (-)	Balance at December 31, 2008
Land Improvements	123.365	—	—	—	123.365
Buildings	311	—	—	—	311
Machinery, Installations and Equipments	4.216	—	—	—	4.216
Furniture and Fixture	154.204	2.536	(9.691)	—	147.049
Other Tangible Assets	342.604	—	—	—	342.604
Total	624.700	2.536	(9.691)	—	617.545

ACCUMULATED DEPRECIATION

	Balance at January 1, 2008	Additions	Disposals	Transfer	Balance at December 31, 2008
Land Improvements	119.986	3.379	—	—	123.365
Buildings	311	—	—	—	311
Machinery, Installations and Equipments	4.141	75	—	—	4.216
Furniture and Fixture	132.649	7.344	(8.690)	—	131.303
Other Tangible Assets	342.606	—	—	—	342.606
Total	599.693	10.798	(8.690)	—	601.801
Net Book Value	25.007				15.744

As of December 31, 2009 and 2008, the total insurance coverage on tangible fixed assets are TL 52.850 and TL 44.326, respectively.



19-INTANGIBLE ASSETS

As of December 31; 2009 the movement of the intangible assets is as follows:

Cost	January 1, 2009	Additions	Transfer	Disposals	December 31, 2009
Rights	11.094	—	—	—	11.094
Other intangible Assets	85.763	193	—	—	85.956
Total	96.857	193	—	—	97.050

Accumulated Depreciation	January 1, 2009	Current Year Charge	Transfer	Disposals	December 31, 2009
Rights	10.594	159	—	—	10.753
Other intangible Assets	80.066	1.256	—	—	81.322
Total	90.660	1.415	—	—	92.075
Net book value	6.197				4.975

As of December 31, 2008 the movement of the intangible assets is as follows:

Cost	January 1, 2008	Additions	Transfer	Disposals	December 31, 2008
Rights	11.094	—	—	—	11.094
Other intangible Assets	79.659	6.104	—	—	85.763
Total	90.753	6.104	—	—	96.857

Accumulated Depreciation	January 1, 2008	Current Year Charge	Transfer	Disposals	December 31, 2008
Rights	8.255	2.339	—	—	10.594
Other intangible Assets	79.659	407	—	—	80.066
Total	87.914	2.746	—	—	90.660
Net book value	2.839				6.197



20-**GOODWILL**

The Company has no positive or negative goodwill as of December 31, 2009 and 2008.

21-**GOVERNMENT GRANTS**

The Company does not benefit from any government grants or incentives as of December 31, 2009 and 2008.

22-**PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

As of December 31, 2009 and 2008, details of other provisions for liabilities are as follows;

	31 December 2009	31 December 2008
Rent fee Payable to T.C.		
Ministry of Forestry	740.968	662.963
Other	7.046	3.930
Total	748.014	666.893

On the 2 parcels of the land located in Büyükçekmece Eskice Region, there exists a right on behalf of İSKİ to take over the related land for the protection of the water sources existing on that land.

Related to stores which were purchased in Beşiktaş, Etiler Alkent, according to the title-deed registry dated October 14, 1987 and numbered 6430; there are usage rights in favor of the patch numbered 1411-1 and against the patch numbered 1408-1 in order to use the central heating systems and in some parts in order to construct 1,5 meters width channels in the heating systems and in some parts in order to construct 1,5 meters width channels in the heating systems for 49 years period and with an amount of TL 7,72.

Apart from aforementioned usage right, with title deed registry dated February 26, 1992 and numbered 784, there is a personal usage right in favor of the owners on these patches which enables them to use the parking space that had been projected.

23-**COMMITMENTS**

There are no commitments as of December 31, 2009 and December 31, 2008.



24-EMPLOYEE BENEFITS

In accordance with existing social legislation, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service within the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay in historical terms to a maximum of TL 2.365 as of December 31, 2009 (2008 – TL 2.173) per year of employment at the rate of pay applicable at the date of retirement or termination. The limit is generally increased in line with inflation rate every six months.

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

According to the 20th part named as "Employee Benefits" of the CMB's Communiqué Serial Number XI-25, the Company has used the actuarial assumption in calculating the reserve for employment termination benefits. Provision for retirement payment is recognized in the accompanying consolidated financial statements as the net present value of the cumulative retirement pay liability in the future. The principal actuarial assumptions used in calculating of the liability are as follows:

	31 December 2009	31 December 2008
Inflation rate	4,8 %	5,4 %
Interest rate	11 %	12 %
Rate for the probability of retirement	—	—

Basic assumption is proportional increase of the ceiling liability determined for the each year in proportion to inflation. Accordingly, discount rate applied represents the actual rate without the effect of inflation.

Movements in the retirement pay liability recognized in the accompanying consolidated balance sheet are as follows:

	31 December 2009	31 December 2008
Beginning Period as of January 1	114.163	115.520
Provision for the Year	23.413	(1.357)
End of period	137.576	114.163

25-RETIREMENT BENEFIT PLANS

The Company has no retirement benefit plans within the scope of the related standard.



26-OTHER ASSETS AND LIABILITIES

Breakdown of other current assets are as follows:

	31 December 2009	31 December 2008
Prepaid Taxes and Funds	541.616	193.267
Short-Term Prepaid Expenses	133.109	128.459
Service Advances	10.500	5.639
Job Advances	859	—
Total	686.084	327.365

As of December 31, 2009 and 2008, the Company does not have any other non current assets.

Breakdown of other short-term liabilities is as follows:

	31 December 2009	31 December 2008
Advances Received	4.120.980	19.425.233
Taxes and Funds Payable	1.037.647	229.454
Income Accruals	54.452	9.752
Total	5.213.079	19.664.439

Advances received represents the amounts received from customers for advance payments of Domicile Project.

The Company does not have any other long term liabilities as of December 31, 2009 and 2008.

27-EQUITY

Paid-in Capital

As of December 31, 2009 and 2008, the Company's historical authorized share capital is comprised of 10.650.794 and 5.490.100 shares per value Kr 0,10 each and a total of 10.650.794.000 and 5.490.100.000 shares, respectively. Breakdown of the Shareholders' Equity structure is expressed in Note 1.

Mutual participate capital proof has not to exist.

Inflation Restatement on Capital

The difference resulted from the inflation restatement of the nominal value of the share capital as at December 31, 2009 and December 31, 2008 amounts to TL 54.712.578.

Share Premium

The difference resulted from the inflation restatement of the share premium as at December 31, 2009 and December 31, 2008 amounts to TL 1.076.541.



Financial Assets Value Increase Fund

Alarko Holding A.Ş. is a quoted company on İstanbul Stock Exchange Market (ISEM). Investment in Alarko Holding A.Ş. is valued based on the stock price which is the current best bid as of December 31, 2009 and 2008. The company accounts for the positive and negative differences arising from fair value recognition in shareholders' equity account under "Financial Assets Value Increase Fund" account in the accompanying financial statements. Accordingly, fair value recognition differences amounting to TL 271.318 as of December 31, 2008 and as a result of the loss generated as of December 31, 2009 amounted to TL 1.418.420, TL 1.147.102 have been accounted under "Financial Assets Value Increase Fund" account.

Restricted Reserves on Profit

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

Restricted reserves on profit is comprised of legal reserves and amounted to TL 1.218.802 and TL 864.630 as of December 31, 2009 and 2008 respectively.

Accumulated Profit / Loss

The details of accumulated profit and loss is as follows:

	31 December 2009	31 December 2008
Extraordinary reserves	95.102.525	91.043.545
Accumulated profit	20.294.505	4.058.980
Total	115.397.030	95.102.525

As of December 31, 2009, profit for the period in the accompanying financial statements is TL 8.387.313 and the total amount of reserves that may be subject to profit distribution is TL 115.397.030. As of the same date, in statutory books, profit for the period is TL 4.839.360 and the total amount of reserves that may be subject to profit distribution is TL 126.488.345.

28- SALES AND COST OF SALES

The changes in the sales of services and goods realized in the current year for each main sales group separately are as follows:

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
Main Sales Group		
Villa Sales	19.019.789	17.160.260
Rent Income	7.885.927	6.287.615
Land Sales	245.900	392.285
Project Sales	—	431.413
Total	27.151.616	24.271.573



	01.01.2009	01.01.2008
	31.12.2009	31.12.2008
Cost of Sales	20.433.944	22.481.880
Total	20.433.944	22.481.880

Cost of sales mainly consist of selling costs of lands and cost of construction of villas and depreciation charge of investment properties. As of December 31, 2009 impairment related with the houses sold in the current period is amounting to TL 1.601.371. The difference between the current year and previous year's impairment amounting to TL 3.775.772 and is deducted from cost of sales and recognized as income for the current period. As of 31 December 2008, impairment amounting to TL 5,377,143 which was recognized as general administrative expenses is reclassified to cost of sales account.

29-RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	01.01.2009	01.01.2008
	31.12.2009	31.12.2008
Research and Development Expenses (-)	—	—
General Administrative Expenses (-)	(1.774.540)	(3.773.166)
Research and Development Expenses (-)	—	—
Total	(1.774.540)	(3.773.166)

30-OPERATING EXPENSES AS TO THEIR NATURES

General administrative expenses as to their natures are as follows:

	01.01.2009	01.01.2008
	31.12.2009	31.12.2008
Wages and Salary Expenses	634.632	515.184
Rent Expenses	306.630	245.059
Other Consultancy Expenses	258.000	3.050
Tax, Stamp and Other Duties	185.994	1.893.308
Services Rendered From Other Parties	160.514	112.285
Juridical Consultancy Expenses	36.600	33.550
Financial Consultancy and Audit Expenses	32.420	37.835
Press and Publication	16.633	14.570
Study, Project, Translation Expenses	87	795.392
Transportation Cost	—	24.431
Other	143.030	98.502
Total	1.774.540	3.773.166



Depreciation and amortization expenses are as follows: (TL)

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
Project Cost	5.892	2.446
Cost of Sales (Note 28)	1.594.729	1.551.701
General Administrative Expenses (Note 29)	2.446	2.408
Total	1.603.067	1.556.555
Investment Properties (Note 17)	1.594.729	1.551.701
Tangible Fixed Assets (Note 18)	6.923	2.108
Intangible Fixed Assets (Note 19)	1.415	2.746
Total	1.603.067	1.556.555

The detail of wages and other benefits to employees are as follows; (TL)

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
General Administrative Expenses	634.632	515.184
Project Cost	652.167	884.566
Total	1.286.799	1.399.750
Personel Wages	1.071.987	1.148.670
Personel Transportation	72.208	93.831
Food and Beverage	21.946	27.680
Personel Health	3.199	3.337
Other	117.459	126.232
Total	1.286.799	1.399.750

31- OTHER OPERATING INCOME / EXPENSE

Detail of other operating income is as follows: (TL)

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
Rent Fee -T.C. Ministry of Forestry	808.552	662.963
Land Reservation Fee - T.C. Ministry of Forestry	195.941	161.009
Income From Properties Other Than Rent	52.606	58.739
Services to Related Parties	—	10.896
Other	22.671	21.282
Total	1.079.770	914.889



Detail of other operating expenses is as follows: (₺)

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
Rent Fee -T.C. Ministry of Forestry	1.244.684	662.963
Land Reservation Fee - T.C. Ministry of Forestry	195.941	161.009
Construction Costs of Villas Sold	187.400	795.316
Due Date Differences	168.573	362.632
Other	624.588	71.613
Total	2.421.186	2.053.533

32-FINANCIAL INCOME

The details of financial income as of December 31, 2009 and December 31, 2008 is as follows: (₺)

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
Exchange Rate Income	12.015.071	25.337.294
Interest Income	4.991.296	5.051.805
Income on Marketable Securities	99.547	272.830
Due Date Differences	33.252	96.443
Rediscount Income	976	19.028
Income on Forward Contract	—	1.809.195
Dividends Income	28.743	6.240
Total	17.168.885	32.592.835

33-FINANCIAL EXPENSES

The details of financial expense as of December 31, 2009 and December 31, 2008 is as follows: (₺)

	01.01.2009 31.12.2009	01.01.2008 31.12.2008
Exchange Rate Losses	12.382.282	2.955.320
Rediscount Expense	659	12.026
Loss on Marketable Securities	—	693.716
Other Expense	347	285
Total	12.383.288	3.661.347

34-DISCONTINUED OPERATIONS AND NON CURRENT ASSETS HELD FOR SALE

As of December 31, 2009 and 2008, the Company has no plans or intention in the context of discontinued operations.



35-**TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

Since the Company is registered as Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi as published in Trade Registry Gazette dated August 6, 1996 and numbered 4096, as of this date the Company is exempt from corporate income tax and withholding tax with respect to Corporate Tax Law article 5 code 4-d and Provisional Article 1. Consequently, the Company does not have any income tax liability or deferred tax asset or deferred tax liability as of December 31, 2009 and 2008.

36-**EARNINGS PER SHARE**

Earnings per share is as follows:

	31 December 2009	31 December 2008
Current year income	8.387.313 A	25.809.371 A
Comprehensive year income	9.805.733 A	24.628.372 A
Weighted Average Number of Shares (Unit – Lot)		
Weighted average of shares lot amount	10.654.794 B	5.490.100 B
Earnings per share – lot (in TL)	0,787 A/B	4,701 A/B
Comprehensive earnings per share (TL)	0,921 A/B	4,486 A/B

37-**EXPLANATIONS REGARDING RELATED PARTIES**

Breakdown of receivable and payable balances of related parties of the Company are as follows:

	31 December 2009		31 December 2008	
	Trade	Non	Trade	Non
Due from related parties				
Attaş Alarko Turistik Tes. A.Ş.	7.316.174	—	5.909.724	—
Minus: Deferred income	(659)	—	(976)	—
Total	7.315.515	—	5.908.748	—

	31 December 2009		31 December 2008	
	Trade	Non	Trade	Non
Due to related parties				
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	1.538.464	—	1.471.152	—
Alarko Holding A.Ş.	144	—	95	—
Altek Alarko Elek. San. Tes. Tic. A.Ş.	3.876	—	—	—
Alarko Carrier San. ve Tic. A.Ş.	475	—	715	—
Alarko-Makyol Adi Ortaklığı	—	—	2.138	—
Total	1.542.959	—	1.474.100	—



The Company does not have any balances with the other related parties as of December 31, 2008 and 2007.

The Company has income and expenses arising from related party transactions. These transactions are summarized as follows:

	31 December 2009	31 December 2008
Expenses		
Due Date Differences	514.971	262.672
Exchange Rate Expenses	307.310	248.512
Services Rendered	168.573	362.632
Rent Expenses	122.844	258.045
Rediscount Expenses	659	976
Other	271.536	92.256
Total	1.385.893	1.225.093

	31 December 2009	31 December 2008
Income		
Rent Income	6.276.014	4.476.339
Exchange Rate Income	741.985	678.826
T.C. Ministry of Forestry Land Rent Income (2%)	808.552	662.963
T.C. Ministry of Forestry Land Patent Income	174.067	161.009
Interest Income	31.486	72.311
Other	21.874	493.771
Total	8.053.978	6.545.219

Transactions with related parties are as follows:

	31 December 2009			31 December 2008		
Purchases	Goods	Service	Other	Goods	Service	Other
Attaş Alarko Turistik Tes. A.Ş.	—	—	514.971	—	192.734	263.416
Alarko Carrier San. ve Tic. A.Ş.	944	—	1.663	—	—	1.088
Alarko Holding A.Ş.	—	134.760	350.871	6.104	136.569	251.626
Alsim Alarko San. Tes. ve Tic. A.Ş.	—	—	423.259	267	2.449.858	1.446.892
Alarko-Makyol Adi Ortaklığı	—	—	—	—	—	2.138
Total	944	134.760	1.290.764	6.371	2.779.161	1.965.160



	31 December 2009			31 December 2008		
Sales	Goods	Service	Other	Goods	Service	Other
Attaş Alarko Turistik Tesis. A.Ş.	—	—	7.728.350	—	—	5.814.906
Alarko Carrier San. ve Tic.A.Ş.	—	—	263.198	—	—	210.179
Alsim Alarko San. Tes. ve Tic. A.Ş.	—	—	—	—	41.235	—
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	—	—	—	—	431.413	—
Altek Alarko Elektrik Sant. Tes. İşletme ve Tic. A.Ş.	—	—	62.430	—	—	47.486
Total	—	—	8.053.978	—	472.648	6.072.571

There are no doubtful receivables due from related parties as of December 31, 2009 and 2008.

Wages and salaries and other fringed benefits provided to top management as of December 31, 2009 and 2008 is TL 716.683 and TL 734.835, respectively.

38-FINANCIAL RISK FACTORS

Financial Instruments and Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out under the policies described below;

Credit risk

Credit risk mainly arises from the collection of the trade receivables. Trade receivables are evaluated based on past experiences and current economic situation and presented on net basis in the balance sheet after deducting provision for doubtful receivables, if any.

Exposed Credit Risks As to Nature of Financial Instruments

	Receivables				
	Trade Receivables		Other Receivables		
	Related Party	Other	Related Party	Other	Bank Deposits
31 December 2009					Cash and Cash Equivalent
Maximum Credit Risk exposed as of Reporting Date (A+B+C+D+E) (1)	7,315,515	273,151	—	19,664	27,746,974
-Maximum risk guaranteed by warranties and etc.	—	—	—	—	—
A- Net book value of financial assets that are not impaired nor over due (2)	7,315,515	269,963	—	19,664	27,746,974
B- Net book value of financial assets rescheduled, or otherwise accepted as impaired or over due	—	—	—	—	—
C- Net book value of financial assets not impaired but over due (3)	—	3,188	—	—	—
Guaranteed by warranties and etc.	—	—	—	—	—
D- Net book value of financial assets impaired	—	—	—	—	—
E- Off balance sheet credit risk factors	—	—	—	—	—
	Trade Receivables		Other Receivables		
	Related Party	Other	Related Party	Other	Bank Deposits
31 December 2008					Cash and Cash Equivalent
Maximum Credit Risk exposed as of Reporting Date (A+B+C+D+E) (1)	5,908,748	612,119	—	18,422	21,753,545
-Maximum risk guaranteed by warranties and etc.	—	6,049	—	—	—
A- Net book value of financial assets that are not impaired nor over due (2)	5,908,748	576,171	—	18,422	21,753,545
B- Net book value of financial assets rescheduled, or otherwise accepted as impaired or over due	—	—	—	—	—
C- Net book value of financial assets not impaired but over due (3)	—	35,948	—	—	—
Guaranteed by warranties and etc.	—	6,049	—	—	—
D- Net book value of financial assets impaired	—	—	—	—	—
E- Off balance sheet credit risk factors	—	—	—	—	—





- (1) Factor increasing credit trustibility, like warranties received, are not considered in determination of the amounts.
- (2) Financial assets, that are not impaired nor past due, are not likely to be impaired in the future and no credit risk is expected.
- (3) Since maturity of financial assets not impaired but past due is short term, impairment in the future is not expected.

Aging of financial assets past due but not impaired is as below;

31 December 2009	Related Parties	Trade Receivables
Past due 1-30 days	—	—
Past due 1-3 months	—	—
Past due 3-12 months	—	3.188
Past due 1-5 years	—	—
-Secured by warranties	—	—

31 December 2008	Related Parties	Trade Receivables
Past due 1-30 days	—	5.135
Past due 1-3 months	—	10.271
Past due 3-12 months	—	20.542
Past due 1-5 years	—	—
-Secured by warranties	—	6.049

Liquidity risk

Liquidity risk arises through funding of operations and closing out market positions. Risk covers the inability of not funding the assets in suitable due dates and rates, and risk of not liquidating the assets at fair price and in suitable time frame.

Table below presents the maturity of financial liabilities that are not derivatives;

31 December 2009	Book Value	Total Cash Out Flow	Less than 3 months
Trade payables to related parties	1.542.959	1.542.959	1.542.959
Other trade payables	128.122	128.122	128.122
Other payables	1.845.467	1.791.014	1.783.968

31 December 2008	Book Value	Total Cash Out Flow	Less than 3 months
Trade payables to related parties	1.474.100	1.474.100	1.474.100
Other trade payables	559.291	559.291	559.291
Other payables	2.622.007	901.695	238.732



As of December 31, 2009 and December 31, 2008 maturity table for assets and liabilities is as follows:

	31 December 2009					
	0-1	1-3	3-6	6-12	1	Total
	month	months	months	months	year or more	
Monetary Assets						
Cash and Cash Equivalents	5.418.208	—	—	—	—	5.418.208
Inventories	—	—	22.144.560	—	19.427.279	41.571.839
Other Current Assets	583.437	77.623	13.718	806	10.500	686.084
Trade Receivables, net	215.072	58.079	—	—	19.664	292.815
Due from Related Parties, net	—	—	—	—	—	—
Total TL Assets	6.216.717	135.702	22.158.278	806	19.457.443	47.968.946
Cash and Cash Equivalents	22.328.766	—	—	—	—	22.328.766
Financial Investments	70.831.746	—	—	13.891.042	—	84.722.788
Trade Receivables, net	—	—	—	—	—	—
Due from Related Parties, net	—	—	7.315.515	—	—	7.315.515
Total Foreign Currency Assets	93.160.512	—	7.315.515	13.891.042	—	114.367.069
Total Monetary Assets	99.377.229	135.702	29.473.793	13.891.848	19.457.443	162.336.015
Monetary Liabilities						
Trade Payables	128.122	—	—	—	—	128.122
Due to Related Parties	1.542.959	—	—	—	—	1.542.959
Employee Termination Benefit	—	—	—	—	137.576	137.576
Deposits and Guarantees Received	—	—	—	—	84.730	84.730
Advances Received	—	4.044.638	50.438	—	25.904	4.120.980
Other Short-term Liabilities and Provisions for Expenses	871.409	11.802	755.282	21.000	186.674	1.846.167
Total TL Liabilities	2.542.490	4.056.440	805.720	21.000	434.884	7.860.534
Total Foreign Currency Liabilities	—	—	—	—	101.690	101.690
Total Monetary Liabilities	2.542.490	4.056.440	805.720	21.000	536.574	7.962.224



31 December 2008

	0-1	1-3	3-6	6-12	1	Total
	month	months	months	months	year or more	
Monetary Assets						
Cash and Cash Equivalents	1.385.075	27.103	—	—	560.208	1.972.386
Inventories	—	—	—	44.082.436	14.050.133	58.132.569
Other Current Assets	227.905	62.382	30.413	1.026	5.639	327.365
Trade Receivables, net	611.619	500	—	—	18.422	630.541
Due from Related Parties, net	—	—	—	—	—	—
Total TL Assets	2.224.599	89.985	30.413	44.083.462	14.634.402	61.062.861
Cash and Cash Equivalents	19.821.762	—	—	—	—	19.821.762
Financial Investments	—	83.675.564	—	—	—	83.675.564
Trade Receivables, net	—	—	—	—	—	—
Due from Related Parties, net	5.908.748	—	—	—	—	5.908.748
Total Foreign Currency Assets	25.730.510	83.675.564	—	—	—	109.406.074
Total Monetary Assets	27.955.109	83.765.549	30.413	44.083.462	14.634.402	170.468.935
Monetary Liabilities						
Trade Payables	559.001	—	—	—	—	559.001
Due to Related Parties	1.474.100	—	—	—	—	1.474.100
Employee Termination Benefit	—	—	—	—	114.163	114.163
Deposits and Guarantees Received	—	—	—	—	147.179	147.179
Advances Received	—	19.378.020	46.695	—	518	19.425.233
Other Short-term Liabilities and Provisions for Expenses	1.681.238	6.502	9.752	666.893	257.622	2.622.007
Total TL Liabilities	3.714.339	19.384.522	56.447	666.893	519.482	24.341.683
Total Foreign Currency Liabilities	—	—	—	—	110.186	110.186
Total Monetary Liabilities	3.714.339	19.384.522	56.447	666.893	629.668	24.451.869

Market Risk

Market risk is the risk arises due to change in the market prices which effects the fair value of a financial asset or fluctuations in future cash flows that may have reverse impact on the Company. Main market risks are, foreign exchange risk, interest rate risk and price risk.

Foreign exchange risk

Foreign currency risk stems from the change in the value of a financial instrument depending on a change in foreign currency exchange rate. The Company may face foreign currency risk because of its foreign currency denominated receivables and payables. The Company continuously follows up the mentioned risk and takes the necessary precautions. The main foreign currencies constituting the said risk are USD and Euro.

The Company has net foreign currency assets amounted to TL 114.265.379 as of December 31, 2009. If the currency had weakened / strengthened by 10 % against the TL with all other variables held constant, post-tax profit for the year would have been higher / lower TL 11.426.538.



Foreign Currency Position

Total;	31 December 2009	31 December 2008
A. Foreign Currency Assets	114.367.069	109.406.074
B. Foreign Currency Liabilities	101.690	110.186
Net Foreign Currency Position (A-B)	114.265.379	109.295.888

In Details;

	31 December 2009			31 December 2008		
	TL Equivalent	Foreign Currency (Full)	Exchange Rate (Full)	TL Equivalent	Foreign Currency (Full)	Exchange Rate (Full)
1. Banks						
US Dollars	8.889	5.903	1,5057	6.474.706	4.281.363	1,5123
Euro	22.319.877	10.331.841	2,1603	13.347.056	6.234.611	2,1408
2. Financial Investments						
US Dollars	84.722.788	56.268.040	1,5057	83.675.564	55.330.003	1,5123
3. Due from Related Parties						
US Dollars	7.315.515	4.858.547	1,5057	5.908.748	3.907.127	1,5123

TOTAL FOREIGN CURRENCY

DENOMINATED ASSETS 114.367.069

109.406.074

Deposits and Guarantees Received (Short Term)

US Dollars	101.690	67.537	1,5057	110.186	72.860	1,5123
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TOTAL FOREIGN CURRENCY

DENOMINATED LIABILITIES 101.690

110.186

NET FOREIGN CURRENCY

POSITION

114.265.379

109.295.888

As of December 31, 2009, the Company has notes receivable amounting to TL 15.057 corresponding to USD 10.000 related with the sales from Domicile Project. Although the said sales agreement have been made in TL, the collections related to these sales have been indexed to foreign currency.



Foreign Currency Sensitivity Analysis Table

31 December 2009

	Profit/Loss		Equity	
	Strengthened of foreign currency	Weakened of foreign currency	Strengthened of foreign currency	Weakened of foreign currency
	10% change of USD against TL		10% change of USD against TL	
1- USD net asset/liability	9.194.550	(9.194.550)	—	—
2- Hedged portion (-)	—	—	—	—
3- USD net Effect (1+2)	9.194.550	(9.194.550)	—	—
	10% change of Euro against TL		10% change of Euro against TL	
	Strengthened of foreign currency	Weakened of foreign currency	Strengthened of foreign currency	Weakened of foreign currency
	10% change of Euro against TL		10% change of Euro against TL	
4- Euro net asset/liability	2.231.988	(2.231.988)	—	—
5- Hedged portion (-)	—	—	—	—
6- Euro Net Effect (4+5)	2.231.988	(2.231.988)	—	—

Foreign Currency Sensitivity Analysis Table

31 December 2008

	Profit/Loss		Equity	
	Strengthened of foreign currency	Weakened of foreign currency	Strengthened of foreign currency	Weakened of foreign currency
	10% change of USD against TL		10% change of USD against TL	
1- USD net asset/liability	9.594.883	(9.594.883)	—	—
2- Hedged portion (-)	—	—	—	—
3- USD net Effect (1+2)	9.594.883	(9.594.883)	—	—
	10% change of Euro against TL		10% change of Euro against TL	
	Strengthened of foreign currency	Weakened of foreign currency	Strengthened of foreign currency	Weakened of foreign currency
	10% change of Euro against TL		10% change of Euro against TL	
4- Euro net asset/liability	1.334.706	(1.334.706)	—	—
5- Hedged portion (-)	—	—	—	—
6- Euro Net Effect (4+5)	1.334.706	(1.334.706)	—	—

Interest rate risk

The Company's activities are exposed to interest rate risk due to the differences in payment date and payment amounts or restructuring of interest sensitive assets and liabilities. Corresponding interest rate risk is managed by natural measures aimed to balance assets and liabilities having interest rate sensitivity. The Company does not have material financial assets that are interest rate sensitive as of December 31, 2009 and 2008.



Price risk

The Company is exposed to price risk due to changes in prices of common stock portfolio. If the stock price which is the current best bid as of December 31, 2009 in Istanbul Stock Exchange Market (ISEM) had increased/decreased by 10% with all other variables held constant, the equity of the Company would be higher/lower by TL 241,045 (31.12.2008 : 96,948 TL).

39-FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING EXPLANATIONS)

Financial instruments

Financial instruments are comprised of financial assets and liabilities. The Company is exposed to variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk depending on its financial instruments. Financial instruments are reviewed regularly for impairment.

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

The Company has determined the fair values of its financial instruments by using current market information at present and by using appropriate valuation methods. However, assessing market information and forecasting actual values requires judgment. The forecasts presented as a conclusion, may not always represent the values that are acquired by the Company in current market transactions.

Methods and assumptions used to estimate the fair value of financial instruments are as follows:

Financial Assets

Foreign currency denominated balances are translated by using the exchange rates valid at the balance sheet date. It is foreseen that these balances are close to their carrying values. The fair values of certain financial assets, which also include cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature.

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

The fair value of held-to-maturity investments is based on amortised cost using the effective interest method less impairment, if any.

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.



Financial Liabilities

The carrying value of trade payables are assumed to approximate their fair values.

40- EVENTS AFTER THE BALANCE SHEET DATE

There is no other matter that requires to be reported as of December 31, 2009.

41- OTHER MATTERS REQUIRED TO BE EXPLAINED TO ACHIEVE COMPREHENSIBILITY, CLEARNESS AND INTERPRETABILITY OF FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED TO BE EXPLAINED WHICH EFFECTS FINANCIAL STATEMENTS SIGNIFICANTLY

There is no other matter that requires to be reported as of December 31, 2009 and December 31, 2008.



PROPOSAL FOR PROFIT DISTRIBUTION

After setting aside TL 241.968 as first order legal reserves pursuant to the Capital Market Legislation, Company's Articles of Association and other applicable laws out of TL 8.387.313 representing the profit for the year 2009 as shown in the financial statements presented to the approval of the General Assembly, the net distributable profit for the period considering the unrealized capital gains is TL 8.145.345.

We propose:

- Transferring to extraordinary reserves after TL 873.915 which represents 20 % of the net distributable profit for the period amounting to TL 4.369.573 the amount remaining after TL 3.775.772 representing the unrealized increase in value is deducted from the net distributable profit for the period pursuant to the Capital Market Legislation is calculated as first dividend,
- Transferring the remaining TL 7.271.430 to extraordinary reserves.

Board of Directors



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