

FIRM VALUE, COST OF EQUITY AND APPLICATION IN SOME
CERTAIN TURKISH COMPANIES

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Toplam Sayfa Sayısı : 80

Anahtar Kelimeler (Türkçe)

- 1) Özsermaye maliyeti
- 2) Firma deęeri
- 3) Nakit akım
- 4) Net bugünkü deęer

Anahtar Kelimeler (İngilizce)

- 1) Cost of equity
- 2) Firm value
- 3) Cash flow
- 4) Net present value

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ABSTRACT

Valuation is a sophisticated topic which has been discussed for years either by academic people and by professionals. There are several technics used in order to be able to determine the value of any company : Discounted cash flows, price to earnings ratio, market-to-book value ratio, etc). The essential point in valuation concept is the term “cost of equity”. There are famous theorems such as Gordon Model and Modigliani-Miller discussing about this concept and about its effects on the firm value.

This study aims to forecast the cost of equity, which is used for valuation, of a few certain Turkish firms listed on IMKB, according to Gordon Model and to compare the forecasted costs with the realized ones. Consequently, there are evident deviations between the forecasted costs and the realized ones which implicitly explains that the the model may not always perform realistic outcomes in the surrounding market conditions.

ÖZET

Değerleme, gerek akademisyenler gerek kurumsal profesyoneller tarafından uzun yıllardır tartışılan oldukça karmaşık bir kavramdır. Bir şirketi değerleyebilmek için kullanılan çeşitli yöntemler mevcuttur : iskontolanmış nakit akımları, fiyat-kazanç oranı, piyasa-defter değeri oranı, vb).

Değerleme konusunun en hassas noktası “özkaynak maliyeti” kavramıdır. Bu konuda yazılmış ünlü teoriler arasında Gordon Modeli, ve Modigliani-Miller modelleri gösterilebilir.

Bu çalışma, şirket değerlemesinde kullanılan özkaynak maliyetinin, İ.M.K.B. ‘ye kote olan bazı şirketler için Gordon Modeli’ne göre tahmin edilmesi ve tahmin edilen maliyetin gerçekleşen maliyet ile karşılaştırmasını yapmaktadır. Tahmin edilen özkaynak maliyeti ile gerçekleşen özkaynak maliyeti belirgin oranda sapmalar göstermektedir. Bu sapmalar da kullanılan özkaynak maliyeti tahminleme modellerinin, içinde bulunulan piyasa koşullarında gerçekçi sonuçlar üretmeyebileceğini açıklamaktadır.

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1. INTRODUCTION

In finance, valuation is the process of estimating the potential market value of a financial asset or liability. Valuations can be done on assets (for example, investments in marketable securities such as stocks, options, business enterprises, or intangible assets such as patents and trademarks) or on liabilities (e.g., Bonds issued by a company). Valuations are required in many contexts including investment analysis, capital budgeting, merger and acquisition transactions, financial reporting, taxable events to determine the proper tax liability, and in litigation.

2. VALUATION OF FINANCIAL ASSETS

Valuation of financial assets is made using :

- . Discounted Cash Flows to determine the value by estimating the expected future earnings from owning the asset discounted to their present value (Damodaran A.,2002, Investment Valuation).
- . Relative value models which determine the value based on the market prices of similar assets.
- . Option pricing models that are used for certain types of financial assets (e.g., warrants, put options, call options, employee stock options, investments with embedded options such as a callable bond) and which are complex present value models. The most common option pricing models are the Black-Scholes-Merton models and lattice models.

Common terms for the value of an asset or liability are fair market value, fair value, and intrinsic value. The meanings of these terms differ. The most common sets market price. For instance, when an analyst believes a stock's intrinsic value is greater than its market price, the analyst makes a "buy" recommendation and vice versa. Moreover, an asset's intrinsic value may be subject to personal opinion and vary among analysts (Brealey, Myers, Marcus, "Fundamentals of Corporate Finance").

2.1 Discounted Cash Flows Method

This method estimates the value of an asset, based upon its expected future cash flows, which are discounted to present. This concept of discounting

future cash flows is commonly known as the time value of money. For instance, an asset that matures and pays \$1 in one year is worth less than \$1 today. The size of the discount is based on the opportunity cost of capital and it is expressed as a percentage. This percentage is the discount rate.

The opportunity cost can be illustrated in an example. A person with only \$100 to invest can make only one investment of \$100 even if he is presented two or more investment choices. If this person is later offered an alternative investment choice, the investor has lost the opportunity to make that second investment since the \$100 is spent to buy the first opportunity. This example illustrates that money is limited and people make choices in how to spend it. By making a choice, they give up other opportunities.

The rate of the opportunity cost is based on a relation between the risk and return of some sort of investment. Classic economic theory maintains that people are rational and averse to risk. They, therefore, need an incentive to accept risk (Shapiro A. C., "Multinational Financial Management"). The incentive in finance comes in the form of higher expected returns after buying a risky asset. In other words, the more risky the investment, the more return investors want from that investment. Using the same example as above, assume the first investment opportunity is a government bond that will pay interest of 5% per year and the principle and interest payments are guaranteed by the government. Alternatively, the second investment opportunity is a bond issued by a small company and that bond also pays an annual interest of 5%. If given a choice between the two bonds, virtually all investors would buy the government bond rather than the small-firm bond

because the first is less risky while paying the same interest rate as the riskier second bond. In this case, an investor has no incentive to buy the riskier second bond. Furthermore, in order to attract capital from investors, the small firm issuing the second bond must pay an interest rate higher than 5% that the government bond pays. Otherwise, no investor is likely to buy that bond and, therefore, the firm will be unable to raise capital. But by offering to pay an interest rate more than than 5%. the firm gives investors an incentive to buy a riskier bond.

Using the discounted cash flow method, one first estimates the future cash flows from the investment and then estimates a reasonable discount rate after considering the riskiness of those cash flows and interest rates in the capital markets. Next, one makes a calculation to compute the present value of the future cash flows.

Formula for valuation using DCF model

$$\text{value of firm} = \sum_{t=1}^n \frac{FCFF_t}{(1 + WACC_{hg})^t} + \frac{\left[\frac{FCFF_{n+1}}{(WACC_{st} - g_n)} \right]}{(1 + WACC_{hg})^n}$$

where

- *FCFF* is the Free Cash Flow to the Firm (i.e. Operating cash flow minus capital expenditures)
- *WACC* is the Weighted Average Cost of Capital
- *t* is the time period

- n is the number of time periods
- g is the growth rate

Forecast Period

The forecast period is the time period for which the individual yearly cash flows are input to the DCF formula. Cash flows after the forecast period can only be represented by a fixed number such as annual growth rates. There are no fixed rules for determining the duration of the forecast period.

Example:

‘MCE’ has just finished their business plan. Their goal is to provide medical professionals with software solutions for doing their own bookkeeping. Their only investor is required to wait for 5 years before making an exit. Therefore MCE is using a forecast period of 5 years.

Determining the annual Cash Flow

Cash flow is the difference between the amount of cash flowing in and out a company. Make sure to consistently include the different types of cash flows.

Example: MCE has chosen to use only operational cash flows in determining their estimated yearly cash flow:

In thousand €	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	+30	+100	+160	+330	+460

Personnel	-30	-80	-110	-160	-200
Car Lease	-6	-12	-12	-18	-18
Marketing	-10	-10	-10	-25	-30
IT	-20	-20	-20	-25	-30
Cash Flow	-36	-22	+8	+102	+182

Determining Discount Factor / Rate

Determine the appropriate discount rate and discount factor for each year of the forecast period based on the risk level associated with the company and its market.

Example:

MCE has chosen their discount rates based upon their company maturity.

	Year 1	Year 2	Year 3	Year 4	Year 5
Risk Group	Seeking	Early Startup		Late Start	Mature
	Money			Up	
Risk Rate	50 – 100	40 – 60		30 – 50%	10- 25%
Discount Rate	65%	55%	45%	35%	25%
Disc. Factor	0.61	0.42	0.33	0.30	0.33

Determining Current Value

Calculate the current value of the future cash flows by multiplying each yearly cash flow by the discount factor for the year in question. This is

known as the time value of money (Damodaran A., 2002, “Investment Valuation”).

Example:

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow	-36	-22	+8	+102	+182
Discount Factor	0.61	0.42	0.33	0.30	0.33
Current Value	€ -21.96	€ -9.24	€ 2.64	€30.6	€60.1

Total current value = 62.14

Determining the Continuing Value

Calculating cash flows after the forecast period is much more difficult as uncertainty, and therefore the risk factor, rises with each additional year into the future. The continuing value, or terminal value, is a solution that represents the cash flows after the forecast period.

Example:

MCE has chosen the perpetuity growth model to calculate the value of cash flows after the forecast period. They estimate that they will grow at about 6% for the rest of these years.

$(182 * 1.06 / (0.25 - 0.06)) = 1015.34$ This value however is a future value that still needs to be discounted to a current value: $1015.34 * 1 / (1.25)^5 = 332.72$

Determining the Equity Value

The equity value can be calculated by subtracting any outstanding debts from the total of all discounted cash flows.

Example:

MCE doesn't have any debt so it only needs to add up the current value of the continuing value and the current value of all cash flows during the forecast period:

$62.14 + 332.72 = 394.86$ The equity value of MCE : € **394.86**

2.2 Ratio Method

It determines the value of a firm by observing the prices of similar companies (guideline companies) that sold in the market. Those sales could be shares of stock or sales of entire firms. The observed prices serve as valuation benchmarks. From the prices, one calculates price multiples such as the price-to-earnings or price-to-book value ratios. Next, one or more price multiples are used to value the firm. For example, the average price-to-earnings multiple of the guideline companies is applied to the subject firm's earnings to estimate its value.

Many price multiples can be calculated. Most are based on a financial statement element such as a firm's earnings (price-to-earnings) or book value (market value-to-book value) but multiples can be based on other factors such as price-per-subscriber.

2.3 Areas of Usage

Valuation analysis is required for many reasons including tax assessment, wills and estates, divorce settlements, business analysis, and basic bookkeeping and accounting. Since the value of things fluctuates over time, valuations are as of a specific date e.g., the end of the accounting quarter or year. They may alternatively be mark-to-market estimates of the current value of assets or liabilities as of this minute or this day for the purposes of managing portfolios and associated financial risk (Brealey, Myers, Marcus, “Fundamentals of Corporate Finance”).

A few balance sheet items are much easier to value than others. Publicly traded stocks and bonds have prices that are quoted frequently and readily available. Other assets are harder to value. For instance, private firms that have no frequently quoted price. Additionally, financial instruments that have prices that are partly dependent on theoretical models of one kind or another are difficult to value. For example, options are generally valued using the Black-Scholes model while the liabilities of life assurance firms are valued using the theory of present value. Intangible business assets, like goodwill and intellectual property, are open to a wide range of value interpretations.

It is possible and conventional for financial professionals to make their own estimates of the valuations of assets or liabilities that they are interested in. Their calculations are of various kinds including analyses of companies that focus on price-to-book, price-to-earnings, price-to-cashflow and present value calculations, and analyses of bonds that focus on credit ratings,

assessments of default risk, risk premia and levels of real interest rates. All of these approaches may be thought of as creating estimates of value that compete for credibility with the prevailing share or bond prices, where applicable, and may or may not result in buying or selling by market participants. Where the valuation is for the purpose of a merger or acquisition the respective businesses make available further detailed financial information, usually on the completion of a Non-disclosure agreement.

It is very important to note that valuation is more an art than a science because it requires judgement:

There are very different situations and purposes in which you value an asset (e.g. company in distress, tax purposes, mergers & acquisitions, quarterly reporting). In turn this requires different methods or a different interpretation of the same method each time.

All valuation models and methods have their limitations (e.g., mathematical, complexity, simplicity, comparability) and could be widely criticized. As a general rule the valuation models are most useful when you use the same valuation method as the "partner" you are interacting with. In all valuation models there are a great number of assumptions that need to be made and things might not turn out the way you expect. Your best way out of that is to be able to explain and stand for each assumption you make;

When a valuation is prepared all assumptions should be clearly stated, especially the context. It is improper, for example, to value a going concern,

based on an assumption that it is going out of business, since then only a salvage value remains.

2.4 Valuation of Intangible Assets

Valuation models can be used to value intangible assets such as patents, copyrights, software, trade secrets, and customer relationships. Since few sales of benchmark intangible assets can ever be observed, one often values these sorts of assets using either a present value model or estimating the costs to recreate it. Regardless of the method, the process is often time consuming and costly (Brealey, Myers, Marcus, "Fundamentals of Corporate Finance").

Valuations of intangible assets are often necessary for financial reporting and intellectual property transactions.

Stock markets give indirectly an estimate of a corporation's intangible asset value. It can be reckoned as the difference between its market capitalisation and its book value (by including only hard assets in it).

There have been several new tools developed recently aiding in the valuation of intellectual property. The 25% Rule, Monte Carlo Analysis, and Derivative Revenue Model (based on license revenue) are just a few of these tools. Also, traditional methods such as Net Present Value, Internal Rate of Return, and Discounted Cash Flow can also be used. However, these do not take into account the "book value", or "pre-revenue" asset value of non income producing intellectual property. With the negotiability and transferability of intellectual property being liberalized by court decisions in

the 1990s, several valuation specialists and merchant banking organizations have taken up valuation and market making in intellectual property. Essentially, treating intellectual property instruments as another asset class for investor portfolios and treating them more like securities. Several firms are prevalent in this field, Ocean Tomo of Chicago, Intellectual Ventures in Seattle, and Crais Management Group, LLC in New Orleans. They have initiated auctions of intellectual property blocks. This some have done as a precursor to their plans to create a "stock market" for intellectual property. Patents and trademarks would be the dominant form of security traded on these exchanges. To have an open market for intellectual property would create a more uniform and transparent form of IP valuation. The "Bid" and "Ask" system, many believe, is the most efficient form of valuing an asset. A "stock exchange" for intellectual property would change the face of intellectual property valuation.

But as we can see, the firm value doesn't only correspond to some technical formulas mentioned above. There is also global factors which affect extremely the values of companies the prices of shares. Thus, let's see the reason why and how the values are affected by global situation. But before going deeply into the empirical studies, let's see the global financial situation and cost of capital development during the 2007-2009 crisis.

3. GENERAL OUTLOOK ON THE FINANCIAL MARKETS DURING 2007-2009 CRISIS

The immediate cause or trigger of the crisis was the bursting of the United States housing bubble which peaked in approximately 2005–2006 (Lahart, Justin (2007-12-24). "Egg Cracks Differ In Housing, Finance Shells". WSJ.com Wall Street Journal). High default rates on "subprime" and adjustable rate mortgages (ARM), began to increase quickly thereafter. An increase in loan incentives such as easy initial terms and a long-term trend of rising housing prices had encouraged borrowers to assume difficult mortgages in the belief they would be able to quickly refinance at more favorable terms. However, once interest rates began to rise and housing prices started to drop moderately in 2006–2007 in many parts of the U.S., refinancing became more difficult. Defaults and foreclosure activity increased dramatically as easy initial terms expired, home prices failed to go up as anticipated, and ARM interest rates reset higher.

Share in GDP of U.S. financial sector since 1860 (Confer Thomas Philippon: "The future of the financial industry", Finance Department of the New York University Stern School of Business at New York University).

In the years leading up to the start of the crisis in 2007, significant amounts of foreign money flowed into the U.S. from fast-growing economies in Asia and oil-producing countries. This inflow of funds made it easier for the Federal Reserve to keep interest rates in the United States too low from 2002–2006 which contributed to easy credit conditions, leading to the

United States housing bubble. Loans of various types (e.g., mortgage, credit card, and auto) were easy to obtain and consumers assumed an unprecedented debt load (Krugman, Paul March 2, 2009. "Revenge of the Glut". nytimes.com , New York Times). As part of the housing and credit booms, the amount of financial agreements called mortgage-backed securities (MBS) and collateralized debt obligations (CDO), which derived their value from mortgage payments and housing prices, greatly increased. Such financial innovation enabled institutions and investors around the world to invest in the U.S. housing market. As housing prices declined, major global financial institutions that had borrowed and invested heavily in subprime MBS reported significant losses. Falling prices also resulted in homes worth less than the mortgage loan, providing a financial incentive to enter foreclosure. The ongoing foreclosure epidemic that began in late 2006 in the U.S. continues to drain wealth from consumers and erodes the financial strength of banking institutions. Defaults and losses on other loan types also increased significantly as the crisis expanded from the housing market to other parts of the economy. Total losses are estimated in the trillions of U.S. dollars globally (Bernanke-Four Questions About the Financial Crisis).

While the housing and credit bubbles built, a series of factors caused the financial system to both expand and become increasingly fragile. Policymakers did not recognize the increasingly important role played by financial institutions such as investment banks and hedge funds, also known as the shadow banking system. Some experts believe these institutions had

become as important as commercial (depository) banks in providing credit to the U.S. economy, but they were not subject to the same regulations (Geithner-Speech Reducing Systemic Risk in a Dynamic Financial System). These institutions as well as certain regulated banks had also assumed significant debt burdens while providing the loans described above and did not have a financial cushion sufficient to absorb large loan defaults or MBS losses. These losses impacted the ability of financial institutions to lend, slowing economic activity. Concerns regarding the stability of key financial institutions drove central banks to provide funds to encourage lending and restore faith in the commercial paper markets, which are integral to funding business operations. Governments also bailed out key financial institutions and implemented economic stimulus programs, assuming significant additional financial commitments.

3.1 Complexity of Financial Innovation

The term financial innovation refers to the ongoing development of financial products designed to achieve particular client objectives, such as offsetting a particular risk exposure (such as the default of a borrower) or to assist with obtaining financing. Examples pertinent to this crisis included: the adjustable-rate mortgage; the bundling of subprime mortgages into mortgage-backed securities (MBS) or collateralized debt obligations (CDO) for sale to investors, a type of securitization; and a form of credit insurance called credit default swaps (CDS). The usage of these products expanded dramatically in the years leading up to the crisis. These products vary in

complexity and the ease with which they can be valued on the books of financial institutions.

Certain financial innovation may also have the effect of circumventing regulations, such as off-balance sheet financing that affects the leverage or capital cushion reported by major banks. For example, Martin Wolf wrote in June 2009: "...an enormous part of what banks did in the early part of this decade – the off-balance-sheet vehicles, the derivatives and the 'shadow banking system' itself – was to find a way round regulation." (Wolf, Martin - Reform of Regulation and Incentives, Financial Times).

3.2 Incorrect Pricing of The Risk and Cost of Capital Development During 2007-2009 Crisis

The pricing of risk refers to the incremental compensation required by investors for taking on additional risk, which may be measured by interest rates or fees and which is implicitly essential in terms of valuation. The rates used for discounting the cash flows are accordingly affected by the pricing of the risk. For a variety of reasons, market participants did not accurately measure the risk inherent with financial innovation such as MBS and CDO's or understand its impact on the overall stability of the financial system ("Declaration of G20". Whitehouse.gov.us). For example, the pricing model for CDOs clearly did not reflect the level of risk they introduced into the system. The average recovery rate for "high quality" CDOs has been approximately 32 cents on the dollar, while the recovery rate for mezzanine CDO's has been approximately five cents for every

dollar. These massive, practically unthinkable, losses have dramatically impacted the balance sheets of banks across the globe, leaving them with very little capital to continue operations.

Another example relates to AIG, which insured obligations of various financial institutions through the usage of credit default swaps. The basic CDS transaction involved AIG receiving a premium in exchange for a promise to pay money to party A in the event party B defaulted. However, AIG did not have the financial strength to support its many CDS commitments as the crisis progressed and was taken over by the government in September 2008. U.S. taxpayers provided over \$180 billion in government support to AIG during 2008 and early 2009, through which the money flowed to various counterparties to CDS transactions, including many large global financial institutions ("Bloomberg-Credit Swap Disclosure Obscures True Financial Risk". Bloomberg.com. 2008-11-06).

The limitations of a widely-used financial model also were not properly understood. This formula assumed that the price of CDS was correlated with and could predict the correct price of mortgage backed securities. Because it was highly tractable, it rapidly came to be used by a huge percentage of CDO and CDS investors, issuers, and rating agencies (Salmon, Felix. "Recipe for Disaster: The Formula That Killed Wall Street". Wired Magazine).

As financial assets became more and more complex, and harder and harder to value, investors were reassured by the fact that both the international bond rating agencies and bank regulators, who came to rely on them,

accepted as valid some complex mathematical models which theoretically showed the risks were much smaller than they actually proved to be in practice (Norris, Floyd, News Analysis: Another Crisis, Another Guarantee, The New York Times, November 24, 2008). George Soros commented that "The super-boom got out of hand when the new products became so complicated that the authorities could no longer calculate the risks and started relying on the risk management methods of the banks themselves. Similarly, the rating agencies relied on the information provided by the originators of synthetic products. It was a shocking abdication of responsibility." (Soros, George (January 22, 2008). "The worst market crisis in 60 years". Financial Times London, UK).

3.3 Global Contagion

The crisis rapidly developed and spread into a global economic shock, resulting in a number of European bank failures, declines in various stock indexes, and large reductions in the market value of equities and commodities.

Both MBS and CDO were purchased by corporate and institutional investors globally. Derivatives such as credit default swaps also increased the linkage between large financial institutions. Moreover, the de-leveraging of financial institutions, as assets were sold to pay back obligations that could not be refinanced in frozen credit markets, further accelerated the liquidity crisis and caused a decrease in international trade.

World political leaders, national ministers of finance and central bank directors coordinated their efforts to reduce fears, but the crisis continued. At the end of October 2008 a currency crisis developed, with investors transferring vast capital resources into stronger currencies such as the yen, the dollar and the Swiss franc, leading many emergent economies to seek aid from the International Monetary Fund.

3.4 Global Effects

A number of commentators have suggested that if the liquidity crisis continues, there could be an extended recession or worse (Goodman, Peter S. "Credit Enters a Lockdown". The New York Times: pp. A1). The continuing development of the crisis prompted fears of a global economic collapse (Cho, David; Appelbaum, Binyamin (2008-10-07). "Unfolding Worldwide Turmoil Could Reverse Years of Prosperity". The Washington Post: pp. A01). The financial crisis is likely to yield the biggest banking shakeout since the savings-and-loan meltdown. Investment bank UBS stated on October 6 that 2008 would see a clear global recession, with recovery unlikely for at least two years. Three days later UBS economists announced that the "beginning of the end" of the crisis had begun, with the world starting to make the necessary actions to fix the crisis: capital injection by governments; injection made systemically; interest rate cuts to help borrowers. The United Kingdom had started systemic injection, and the world's central banks were now cutting interest rates. UBS emphasized the United States needed to implement systemic injection. UBS further

emphasized that this fixes only the financial crisis, but that in economic terms "the worst is still to come". UBS quantified their expected recession durations on October 16: the Eurozone's would last two quarters, the United States' would last three quarters, and the United Kingdom's would last four quarters. The economic crisis in Iceland involved all three of the country's major banks. Relative to the size of its economy, Iceland's banking collapse is the largest suffered by any country in economic history("Cracks in the crust". The Economist. Retrieved 2009-11-11).

At the end of October, UBS revised its outlook downwards: the forthcoming recession would be the worst since the Reagan recession of 1981 and 1982 with negative 2009 growth for the U.S., Eurozone, UK and Canada; very limited recovery in 2010; but not as bad as the Great Depression.

All these global factors are intimately related to financial valuation since the macroeconomic indicators such as interest rates are affecting significantly the discount rates which are used to calculate the present value of the cash flows. In the next section, the theoretical foundations of firm valuation will be analysed in detail and we will see how the results are deviating from the estimations because of the global market anomalies.

4. THEORETICAL FOUNDATIONS OF FIRM VALUATION : DIGGING INTO THE GORDON MODEL

A model for estimating the intrinsic value of a stock, based on a future series of dividends that grow at a constant rate. Given a dividend per share that is payable in one year, and the assumption that the dividend grows at a constant rate in perpetuity, the model solves for the present value of the infinite series of future dividends (Gordon M. J., 1959).

$$\text{Stock Value (P)} = \frac{D}{k - G}$$

Where:

D = Expected dividend per share one year from now

k = Required rate of return for equity investor

G = Growth rate in dividends (in perpetuity)

It's one of the basic applications of the financial theory. Unfortunately, the model requires loads of assumptions about companies' dividend payments and growth patterns, as well as future interest rates. Difficulties spring up in the search for sensible numbers to fold into the equation (Miller M. H., Modigliani F., 1961).

Here is the basic idea: any stock is ultimately worth no more than what it will provide investors in current and future dividends. Financial theory says that the value of a stock is worth all of the future cash flows expected to be generated by the firm, discounted by an appropriate risk-adjusted rate.

According to the Dividend Discount Model, dividends are the cash flows that are returned to the shareholder (Gordon M. J., 1959).

We get to the formula above by applying the formula for a perpetuity:

$$P_0 = \frac{\text{Div}_1}{1+r} + \frac{\text{Div}_2}{(1+r)^2} + \dots = \frac{\text{Div}}{r}$$

The obvious shortcoming of the model above is that we would expect most companies to grow over time. If we think this is the case, then the denominator equals the expected return less the dividend growth rate. This is known as the constant growth Dividend Discount Model or the Gordon Model after its creator, Myron Gordon.

$$\text{Constant Growth: } P_0 = \frac{\text{Div}}{r-g}$$

$$P_0 = \frac{\text{Div}}{1+r} + \frac{\text{Div}(1+g)}{(1+r)^2} + \frac{\text{Div}(1+g)^2}{(1+r)^3} + \dots = \frac{\text{Div}}{r-g}$$

The point is that the classic dividend discount model works best when valuing a mature company that pays a hefty portion of its earnings as dividends, such as a public company (Miller M. H., Modigliani F., 1961).

Assumptions Causing A Dilemma of Forecasting

Proponents of the dividend discount model say that only future cash dividends can give you a reliable estimate of a company's intrinsic value.

In truth, the dividend discount model requires an enormous amount of speculation in trying to forecast future dividends. Even when you apply it to steady, reliable, dividend-paying companies, you still need to make plenty of assumptions about their future. However the model is only as good as the

assumptions it is based upon. Furthermore, the inputs that produce valuations are always changing and susceptible to error.

The first big assumption of the Dividend Discount Model is that dividends are steady, or grow at a constant rate indefinitely. But even for steady, reliable, utility-type stocks, it can be tricky to forecast exactly what the dividend payment will be next year, never mind a dozen years from now.

Multi-Stage Models

To get around the problem posed by un-steady dividends, multi-stage models take the Dividend Discount Model a step closer to reality by assuming that the company will experience differing growth phases. Stock analysts build complex forecast models with many phases of differing growth to better reflect real prospects. For example, a multi-stage DDM may predict that a company will have a dividend that grows at 5% for seven years, 3% for the following three years and then at 2% in perpetuity.

However, such an approach brings even more assumptions into the model - although it doesn't assume that a dividend will grow at a constant rate, it must guess when and by how much a dividend will change over time.

Another sticking point is that no one really knows for certain the appropriate expected rate of return to use. It's not always wise simply to use the long-term interest rate because the appropriateness of this one can vary.

Problem of High-Growth

No DDM model is able to solve the problem of high-growth stocks. If the company's dividend growth rate exceeds the expected return rate, you cannot calculate a value - because you get a negative denominator in the formula. Stocks don't have a negative value. Consider a company with a dividend growing at 20% while the expected return rate is only 5%: in the denominator $(r-g)$ you would have -15% (5%-20%)

In fact, even if the growth rate does not exceed the expected return rate, growth stocks, which don't pay dividends, are even tougher to value using this model. If you hope to value a growth stock with the dividend discount model, your valuation will be based on nothing more than predictions about the company's future profits and dividend policy decisions. Most growth stocks don't pay out dividends. Rather, they re-invest earnings into the company with the hopes of providing shareholders with returns by means of a higher share price.

Consider Microsoft, which didn't pay a dividend for decades. Given this fact, the model might suggest the company was worthless at that time - which is completely absurd. Remember, only about a third of all public companies bother to pay dividends. Furthermore, even companies that do offer payouts are allocating less and less of their earnings to shareholders.

Finally, the dividend discount model is by no means the be-all and end-all for valuation (Brennan M., 1971). That being said, learning about the dividend discount model does encourage thinking. It forces investors to

evaluate different assumptions about growth and future prospects (Myers S. C., 2001). The challenge is to make the model as applicable to reality as possible, which means using the most reliable assumptions possible.

4.1 Optimal Capital Structure

Capital structure implies the way that a corporation finances its assets through some combination of equity, debt, or securities. A firm's capital structure is then the composition or 'structure' of its liabilities. For example, a firm which sells \$10 billion in equity and \$40 billion in debt is said to be 20% equity-financed and 80% debt-financed. The firm's ratio of debt to total financing, 80% in this example, is referred to the firm's leverage. In reality, capital structure may be highly complex and include lots of sources.

4.2 Criticism of Gordon Model by Modigliani-Miller Theorem

This theorem states that, in the absence of taxes, bankruptcy costs, and asymmetric information, and in an efficient market, the value of a firm is unaffected by how that firm is financed. It does not matter if the firm's capital is raised by issuing stock or selling debt (Modigliani F., Miller M. H., 1958). It does not matter what the firm's dividend policy is. Therefore, the Modigliani-Miller theorem is also often called the capital structure irrelevance principle.

Propositions :

The theorem was originally proven under the assumption of no taxes. It is made up of two propositions which can also be extended to a situation with taxes (Modigliani F., Miller M. H., 1958).

Consider two firms which are identical except for their financial structures. The first (Firm U) is unlevered: that is, it is financed by equity only. The other (Firm L) is levered: it is financed partly by equity, and partly by debt. The Modigliani-Miller theorem states that the value of the two firms is the same.

Proposition I :

$$d(t) + p(t+1) - p(t)$$

$$R = \text{Rate of return} = \frac{\text{-----}}{p(t)}$$

$n(t)$: number of shares

$m(t+1)$: number of newly issued shares that are sold at price $p(t+1)$

$n(t+1)$: $n(t) + m(t+1)$

$V(t)$: $n(t).p(t)$ = firm value

$D(t)$: $n(t).d(t)$ = total dividend

1

$$V(t) = n(t).p(t) = \text{-----} [D(t) + V(t+1) - m(t+1).p(t+1)]$$

1 + R

$I(t)$: amount for the investment under consideration

$X(t)$: total profit for the term

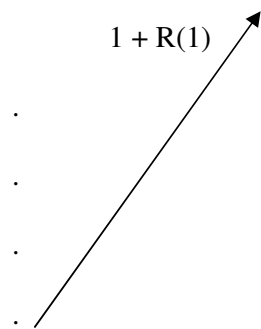
Then,

$$m(t+1).p(t+1) = I(t) - (X(t) - D(t))$$

$$V(t) = \frac{1}{1 + R(t)} [D(t) + V(t+1) - I(t) + X(t) - D(t)]$$

$$V(0) = \frac{1}{1 + R(0)} [V(1) + X(0) - I(0)]$$

$$V(1) = \frac{1}{1 + R(1)} [V(2) + X(1) - I(1)]$$



$$V(T) = \frac{1}{1 + R(T)} [V(T+1) + X(T) - I(T)] \quad \} \quad V(0) = \sum_{i=0}^T \frac{X(i) - I(i)}{(1 + R)^i}$$

➔ Dividend policy does not affect the current value of the firm

Proposition II :

Capital structure doesn't affect the firm's value.

$$V(i) = S(i) + D(i) = \frac{X(i)}{R(k)} \quad \text{for any firm in class k.}$$

X(i) : firm i's expected profit

D(i) : firm i's market value of debt

S(i) : firm i's market value of common shares

V(i) : S(i) + D(i) : firm i's market value

Proof by arbitrage :

$$V(1) = S(1) / X$$

$$V(2) = S(2) + D(2) / X$$

r (cost of debt)

Assume that V(2) > V(1)

μ : proportion of investment

S(1) : total market capitalization

Y : expected return

$$s(i) = \mu \cdot S(i) \rightarrow s(2) = \mu \cdot S(2)$$

$$Y(2) = \mu \cdot (X - r \cdot D(2))$$

$$\mu \cdot S(2) + \mu \cdot D(2)$$

$$\mu \cdot S(2) + \mu \cdot D(2) \rightarrow \frac{\mu \cdot S(2) + \mu \cdot D(2)}{S(1)} = \text{shares acquired in firm 1}$$

$$S(1)$$

$$Y(1) = \frac{\mu \cdot S(2) + \mu \cdot D(2)}{S(1)} X = \frac{\mu \cdot V(2)}{V(1)} X$$

If the interest expenses are deducted :

$$\frac{\mu \cdot V(2)}{V(1)} X - \mu \cdot r \cdot D(2) \rightarrow \text{Since } V(2) > V(1) ; Y(1) > Y(2)$$

This discussion also clarifies the role of some of the theorem's assumptions. We have implicitly assumed that the investor's cost of borrowing money is the same as that of the firm, which does not need to be true in the presence of asymmetric information or in the absence of efficient markets (Brennan M., 1971).

These results might seem irrelevant (after all, none of the conditions are met in the real world), but the theorem is still taught and studied because it tells us something very important. That is, capital structure matters precisely since one or more of these assumptions are violated. It tells us where to look for determinants of optimal capital structure and how those factors might affect optimal capital structure (Myers S. C., 2001).

4.3 Comparison and Criticism of Both Two Models

After the issuance of Gordon Model and its counterpart theoreme Modigliani-Miller Theoreme, many comparisons and critics have been made

for both two fundamental financial theories. Michael Brennan, in his article named “A Note On Dividend Irrelevance and The Gordon Valuation Model”, remarks : “...*the Gordon’s argument does in fact rest upon a confounding of the effects of dividend policy and investment policy ; and secondly, the M-M dividend irrelevance theorem can be derived from a somewhat weaker assumption than that of symmetric market rationality*”(Brennan M., 1971).

Besides, Stewart C. Myers, in 2001, in his article named “Capital Structure” prevails that capital structure matters, contrary to what Modigliani-Miller predicted in 1950’s, saying: “*The Modigliani-Miller theory may be intuitive, but is it credible ? Are capital markets really sufficiently perfect ? After all, the values of pizzas do depend on how they are sliced. Consumers are willing to pay more for the several slices than for the equivalent whole. Perhaps the value of the firm does depend on how its assets, cash flows and growth opportunities are sliced up and offered to investors as debt and equity claims. We see constant innovation in the design of securities and in new financing schemes. Innovation proves that financing can matter. If new securities of financing tactics never added value, then there would be no incentive to innovate*”(Myers S. C., 2001).

Stewart C. Myers also points out that the human capital is another essential factor in terms of capital structure and adds that it is as important as the financing capital is as well and emphasizes : “*I emphasize “present value” because insiders are investing and developing human capital in the expectation of future payoffs. The investment comes in the form of personal*

risk-taking, sweat equity (working extra-hard for less than an outside wage) and by the specialization of human capital to the firm. So a general financial theory of the firm would model the coinvestment of human and financial capital.”(Myers S. C., 2001).

4.4 How to Implement All These Theories and Discussions into Real Calculations ?

Since the beginning of this study, I try to explain the various approaches, theories and approaches for making the most accurate forecasts of the ideal capital structure and of cost of equity. But as we can see, I can cavalierly say that there is no ideal way to estimate the cost of equity. Every method or theory brings up its advantages and its inconveniences as well when they are deeply analyzed. So, what do we have to do in order to be able to estimate accurately ? Is there any other new method which can provide us the best solution. As Stewart C. Myers and Michael Brennan asserted, there is no ideal forecasting model. Neither Gordon Model nor Modigliani-Miller model are the exact solutions. Each of them have their own path of application and circumstances in which they are doing well.

Thus, in the further part of my study, I'll try to estimate the cost of equity, of some local Turkish companies listed on IMKB, by the Gordon Model; then will calculate the realized cost of equity by using the financial data on their balance sheet and will interpret the differences between the two outcomings. But first of all, I'll try to observe deeper the concept of equity and the cost of equity.

5. THE COST OF EQUITY APPROACH AND EMPIRICAL EVIDENCE

First of all we have to understand the whole idea of equity (Hongren, Harrison, Bamber).

The terminology used to describe the equity :

- A stock or any other security representing an ownership interest.
- On a company's balance sheet, the amount of the funds contributed by the owners (the stockholders) plus the retained earnings (or losses). Also referred to as "shareholders' equity".
- In the context of margin trading, the value of securities in a margin account minus what has been borrowed from the brokerage.
- In the context of real estate, the difference between the current market value of the property and the amount the owner still owes on the mortgage. It is the amount that the owner would receive after selling a property and paying off the mortgage.
- In terms of investment strategies, equity (stocks) is one of the principal asset classes. The other two are fixed-income (bonds) and cash/cash-equivalents. These are used in asset allocation planning to structure a desired risk and return profile for an investor's portfolio.

The term's meaning depends very much on the context. In finance, in general, you can think of equity as ownership in any asset after all debts associated with that asset are paid off. For example, a car or house with no outstanding debt is considered the owner's equity because he or she can

readily sell the item for cash. Stocks are equity because they represent ownership in a company.

5.1 Cost Of Equity

In financial theory, the return that stockholders require for a company. The traditional formula for cost of equity (COE) is the dividend capitalization model:

$$\text{Cost of Equity} = \frac{\text{Dividends per Share (for next year)}}{\text{Current Market Value of Stock}} + \text{Growth Rate of Dividends}$$

A firm's cost of equity represents the compensation that the market demands in exchange for owning the asset and bearing the risk of ownership (Brealey, Myers, Marcus, "Fundamentals of Corporate Finance").

Example:

Let's say you require a rate of return of 10% on an investment in XXX Sports. The stock is currently trading at \$10 and will pay a dividend of \$0.30. Through a combination of dividends and share appreciation you require a \$1.00 return on your \$10.00 investment. Therefore the stock will have to appreciate by \$0.70, which, combined with the \$0.30 from dividends, gives you your 10% cost of equity.

5.2 Cost of Equity in Accounting

In accounting, the realized cost of equity is the minimum desired rate of return on invested capital that is determined by calculating net income as a percentage of invested capital (Joel G. Siegel, Ph.D., CPA, and Jae K. Shim, Ph.D., published by Barron's Educational Series, 4th edition, Dictionary of Accounting Terms) :

Net income / Invested Capital

And the Invested Capital represents the total cash investment that shareholders and debtholders have made in a company (Brealey, Myers and Allen, "Principles of Corporate Finance", 8th edition, McGraw-Hill/Irwin, 2005). There are two different but completely equivalent methods for calculating invested capital. The operating approach is calculated as:

Invested capital = Operating Net Working Capital + Net PP&E + Capitalized Operating Leases + Other Operating Assets + Operating Intangibles – Other Operating Liabilities – Cumulative Adjustment for Amortization of R&D

Equivalently, the financing approach is calculated as:

Invested capital = Total Debt and Leases
+ Total Equity and Equity Equivalents
– Non-Operating Cash and Investments

In symbols:

$K = D + E - M$

Example :

Current Operating Assets 2,000

(Non-Interest Bearing Current Liabilities)	(800)
Net Working Capital	<u>1,200</u>
Net Property, Plant, and Equipment	4,800
PV of Non-Capitalized Lease Obligations	400
Goodwill and Intangibles	<u>1,600</u>
Invested Capital	<u><u>8,000</u></u>
Short Term Debt	300
Current Portion	500
Long Term Debt	2,300
PV of Non-Capitalized Lease Obligations	400
Total Debt and Leases	3,500
Common Stock	600
Additional Paid-In Capital	1,900
Retained Earnings	1,500
Bad Debt Reserve	200
LIFO Reserve	500
Capitalized R&D Expense	1,000
Capitalized Marketing Expense	300
Total Equity and Equity Equivalents	6,000

Total Capital	9,500
(Marketable Securities)	(1,500)
Invested Capital	8,000

5.3 Practical Application for Comparison between The Cost of Equity Estimated by Gordon Model and The Realized Cost of Equity

In this section I will analyze the financial data of some companies and will compare their estimated costs of equity by Gordon Model and realized costs of equity. I want to begin with Pınar Entegre Et ve Un Sanayi A.Ş. (PETUN) since it is a regularly dividend distributing company. I used the financial statements of 2004, 2005, 2006, 2007, and 2008 since 2009 results haven't been declared out yet.

In order to be able to make the necessary analysis, I derived benefit from the establishment of the proforma financial statements. I used the "Percentage of Sales Method" to prepare them.

In the next page, you can see the estimation window which I created to make forecastings.

Current Assets / SALES	31.12.2008 0,25	31.12.2007 0,21	31.12.2006 0,18	31.12.2005 0,36	31.12.2004 0,35
Non-Current Ass. / SALES	31.12.2008 0,70	31.12.2007 0,73	31.12.2006 0,79	31.12.2005 0,93	31.12.2004 0,90
Short-term Liab. / SALES	31.12.2008 0,15 47.199.724,66	31.12.2007 0,12	31.12.2006 0,11	31.12.2005 0,33	31.12.2004 0,34
Net Profit Margin / SALES	31.12.2008 0,12 37.759.779,72	31.12.2007 0,11 30.408.191,00	31.12.2006 0,09 23.233.776,00	31.12.2005 0,07 16.291.764,00	31.12.2004 0,04 8.706.329,00
Divident / Net Profit Margin	31.12.2008 0,65 19.765.324,15	31.12.2007 0,67 15.600.550,00	31.12.2006 0,66 10.833.750,00	31.12.2005 0,75 6.500.250,00	31.12.2004 0,76 4.879.141,96
SALES	314.664.831	280.950.742	247.226.676	218.921.981	212.868.474
Sales Growth Estimation	12,00% 33.714.089	13,64% 33.724.066	12,93% 28.304.695	2,84% 6.053.507	2% 4.173.892
RETAINED EARNINGS	17.994.456	14.807.641	12.400.026	9.791.514	3.827.187
EFN	8.976.815,66	13.081.423,53	11.958.490,15	(3.992.787,55)	(26.226,47)
	27% 4,38	estimated dividend growth for 2008 stock price at the end of 2007			

First of all, I estimated the growth rate of sales :

The sales have grown by 2% in 2004; 2,84% in 2005; 12,93% in 2006 and 13,64% in 2007. Hence, I projected the sales growth would be by 12% in 2008, considering the global and national macroeconomical situation and approximating to the realized rates in 2006 and 2007.

And respectively I forecasted the income statement for 2008. As can be seen in the previous table, sales revenue in 2008 is estimated to be 314.664 TL; thus the cost of sales is assumed to decrease to 76% from 78%. The rest is proportioned to Net Sales respectively :

INCOME STATEMENT (YTL)		
(IAS/IFRS - CONSOLIDATED)		
	31.12.2008	31.12.2007
Net Sales	314,664,831	280,950,742
Cost of Sales (-)	-240,060,946	-218,750,180
Income from services (net)	0	0
Other incomes from operations / interest+dividend+rental (net)	0	0
PROFIT OR LOSS FROM GROSS SALES	74,603,885	62,200,562
Operating Expenses (-)	-31,089,346	-27,758,345
OPERATING PROFIT OR LOSS	43,514,538	34,442,217
Income from other operations	21,610,905	19,295,451
Expenses from other operations (-)	-7,025,824	-6,273,057
Financial expenses (-)	-7,727,695	-6,899,728
EARNINGS BEFORE INTEREST	50,371,924	40,564,883
Taxes	-12,612,193	-10,156,692
NET PROFIT OR LOSS	37,759,732	30,408,191

Preparing the proforma 2008 balance sheet, I served from the 2007 ratios and I adopted them to the forecasted sales level in 2008. You can see the proforma balance for 2008 on the next page :

	31.12.2008	31.12.2007	31.12.2006
ASSETS			
Current Assets	78,666,208	58,886,561	44,388,948
Liquid assets	12,011,867	8,991,631	6,510,179
Securities (net)	0	0	0
Trade receivables (net)	12,458,270	9,325,792	8,812,005
Receivables from related parties (net)	27,619,300	20,674,768	11,327,185
Other commercial receivables (net)	1,596,476	1,195,062	3,119
Inventories (net)	24,454,477	18,305,701	17,304,042
Deferred V.A.T.	0	0	0
Other various current assets	525,817	393,607	432,418
FIXED ASSETS	220,265,382	206,059,281	195,546,584
Trade receivables (net)	279	261	261
Receivables from related parties (net)	732,899	685,630	5,221,272
Other commercial receivables (net)	0	0	0
Financial Fixed Assets (net)	96,711,444	90,474,002	84,297,241
Tangible Fixed Assets (net)	122,745,836	114,829,296	105,916,843
Intangible Fixed Assets (net)	74,924	70,092	110,967
Deferred V.A.T.	0	0	0
Other Fixed Assets	0	0	0
TOTAL ASSETS	298,931,589	264,945,842	239,935,532
LIABILITIES			
Short-term External Resources	54,931,912	32,605,727	27,176,660
Financial Liabilities (net)	686,377	407,410	2,991,389
Current Portion of the Long-term Liabilities (net)	3,406,284	2,021,855	2,542,474
Liabilities from leasing transactions (net)	1,429,569	848,544	1,279,517
Other financial liabilities (net)	261,366	155,138	187,226
Trade Payables (net)	33,503,002	19,886,250	13,411,461
Due to related parties (net)	11,587,784	6,878,117	1,635,900
Prepayments received	949,875	563,814	33,100
Reserves for debts and expenses	1,923,745	1,141,870	2,466,994
Deferred V.A.T.	0	0	0
Other short-term external resources (net)	1,183,910	702,729	2,628,599
Long-term External Resources	24,779,601	24,779,601	30,607,393
Financial Liabilities (net)	9,745,000	9,745,000	11,210,118
Liabilities from leasing transactions (net)	784,395	784,395	1,742,232
Other financial liabilities (net)	155,138	155,138	374,452
Trade Payables (net)	0	0	0
Due to related parties (net)	0	0	8,481,393
Prepayments received	0	0	0
Reserves for debts and expenses	3,651,356	3,651,356	3,261,315
Deferred V.A.T.	10,443,712	10,443,712	5,537,883
Other long-term external resources (net)	0	0	0
EQUITY	219,220,077	207,560,514	182,151,479
Capital	43,335,000	43,335,000	43,335,000
Differences coming from adjustment of capital	0	0	0
Capital Reserves	108,743,429	108,743,429	102,002,842
Issuance premium on stocks	0	0	0
Profit on cancelled shares	0	0	0
Revaluation fund	68,319,681	68,319,681	61,751,444
Satılmaya hazır finansal varlıklar makul değer fonu	403,042	403,042	0
Revaluation fund of participants	2,957,210	2,957,210	3,187,902
Differences coming from inflation adjustment of capital	37,063,496	37,063,496	37,063,496
Reserves of Profit	14,574,275	14,574,275	6,965,844
Legal Reserves	4,901,999	4,901,999	2,462,893
Statutory Reserves	0	0	0
Extraordinary Reserves	9,589,542	9,589,542	4,399,633
Special Funds	95,480	95,480	95,480
Differences coming from currency exchanges	-12,746	-12,746	7,838
Net Income	37,759,732	30,408,191	23,233,776
Profit or losses of previous years	14,807,641	10,499,619	6,614,017
TOTAL LIABILITIES	298,931,589	264,945,842	239,935,532

I predicted that the current assets of the company will increase in 2008. Hence, considering that *Current Assets / Sales ratio* was 35% in 2004, 36% in 2005, 18% in 2006 and 21% in 2007; I estimated that the assets would begin to increase and would be converging to its past levels. So I decided to forecast it as 25% for 2008. In opposition to the current assets, the non-current assets were decreasing since 2004, which pushed me to forecast the *Non-Current Assets / Sales ratio* would be 70% in 2008.

Short-term Liabilities / Sales ratio was decreasing since 2004 ; however I thought that the short-term financing would be gathering more importance relying on the global effects and I forecasted the *Short-term Liabilities / Sales ratio* would be 15% which was a little bit higher than 2007.

Net Profit Margin is deducted from the Proforma Income Statement which is also made according to *Percentage of Sales* like the balance sheet does and is estimated to be 12% by dividing estimated net income by the estimated sales.

The Pay-out Ratio (dividend paid / net income) is decreasing since 2004 ; thus the Retention Ratio (retained earnings / net income) tends to be increasing in opposition to the pay-out ratio and the pay-out ratio for 2008 is estimated to be 65% and the retention ratio to be 35% respectively.

So, the forecasted net income for 2008 is 37.759.732 TL and the forecasted dividend amount for 2008 is 19.765.324,15 TL (relying on the assumption that the pay-out ratio will be 65% in 2008). Hence, the estimated dividend growth rate for 2008 is :

Dividend estimated to be paid in 2008 → 19.765.324,15 TL

divided by ;

Dividend paid in 2007 → 15.600.550 TL

$(19.765.324,15 / 15.600.550) - 1 = 27\%$

So, according to the Gordon Model,

$$\text{Cost of Equity} = \frac{\text{Next Year's Dividends and Equity Appreciation per Share}}{\text{Current Market Value of Stock}} + \text{Growth Rate of Dividends}$$

The next year's dividend per share = estimated dividend per share in 2008

= Dividend estimated to be paid in 2008 / number of shares outstanding =

$19.765.324,15 / 43.335.000 = 0,46 \text{ TL}$

Thus;

Cost of equity (Gordon Model) = $(0,46 / \text{market value of stock at the end of 2007}) + 0,27$

$$= (0,46 / 4,38) + 27\% = 37,5\%$$

Let's now calculate the realized cost of equity according the year-end balance sheet items in 2008 (see appendix for PETUN):

Realized cost of equity in 2008 = Net income in 2008 / invested capital in 2008

$$\begin{aligned} &= 31.729.940 \text{ TL} / (\text{total debt} + \text{total equity} - \\ &\quad \text{non-operating cash and investments}) \\ &= 31.729.940 / [74.057.560 + 236.097.859 - (-36.501.423 \\ &\quad + 1.810.078)] \\ &= 9,2\% \end{aligned}$$

As we can see, there is a huge deviation between the cost of equity estimated according to Gordon Model and the realized one. I will try to

explain the reasons of such a big difference but before that, I made the same work for some other listed companies too and the results gathered are discussed in the following chapters.

Let's now estimate the cost of equity of Sabanci Holding for 2008 according to Gordon Model, relying on the 2005, 2006 and 2007 datas (see appendix for SAHOL) :

Sabanci Holding paid out 149.055 as dividend and gathered a net income 494.049 in 2006. In 2007, the dividend paid is 189.399 and net income is 969.487

The dividend growth rate for 2007 is : $(189.399 / 149.055) - 1 = 27\%$

Hence I assume that the dividend growth rate for 2008 will be approximately 25%, relying on the observations that the rate was 22% for 2006 and 27% for 2007 respectively.

So, estimated Cost of equity for 2008 = (estimated dividend per share in 2008 / market value of stock in 2007) + growth rate of dividends

$$= [(189.399 \times 1,25 / 1.800.000) / 6,45] + 0,25 = 27\%$$

And now we will see the realized results in 2008 (see appendix for SAHOL) and calculate the realized cost of equity of Sabanci Holding for 2008 :

$$\begin{aligned} \text{Realized cost of equity in 2008} &= \text{Net income 2008} / \text{invested capital} \\ &= 1.188.559 / (83.482.647 + 17.338.777 - (-7.657.855) - 2.727.715) = \\ &= 1,12\% \end{aligned}$$

Here we can see a huge variance from the estimated cost of equity like we did in the first example too.

Let's now go on with another local listed company, Koç Holding A.Ş. (see appendix for KCHOL) and estimate the cost of equity of Koc Holding for 2008 according to Gordon Model, relying on the 2005, 2006 and 2007 datas :

Koc Holding paid out 5.421 as dividend and gathered a net income 560.812 in 2006. In 2007, the dividend paid is 4.191 and net income is 2.295.419

The dividend growth rate for 2007 is : $(4.191 / 5.421) - 1 = -22,6\%$

Hence I assumed that the dividend growth rate for 2008 will be approximately -15%, relying on the observations that the rate was -94% for 2006 and -22,6% for 2007 respectively.

But since the theory does not support a negative growth rate for dividends (no one will invest in a stock which has a negative estimation of dividend growth) I had to change my assumption as 15%. So, estimated Cost of equity for 2008 = (estimated dividend per share in 2008 / market value of stock in 2007) + growth rate of dividends

$$= [(4.191 \times 0,85 / 1.745.700) / 6,35] + (0,15) = 15\%$$

And now we will see the realized results in 2008 (see appendix for KCHOL) calculate the realized cost of equity of Koc Holding for 2008 :

$$\begin{aligned} \text{Realized cost of equity in 2008} &= \text{Net income 2008} / \text{invested capital} \\ &= 2.023.555 / (64.890.083 - (-2.516.940) - 6.740.554) = 3,3\% \end{aligned}$$

Let's now go on with Dogan Holding (see appendix for DOHOL) :

The realized dividend growth rate for 2007 is -97%. Thus, I assume that the rate will be -50% for 2008. So, the case of KCHOL is valid for DOHOL too. Since the theory does not support a negative growth rate for dividends (no one will invest in a stock which has a negative estimation of dividend growth) I had to change my assumption as 10%.

$$\begin{aligned} \text{Estimated cost of equity for 2008} &= (3.463.000 \times 0,50 / 1.500.000.000) / \\ &2,22 + (0,10) = \\ &= \mathbf{10\%} \end{aligned}$$

And let's see the realized cost of equity in 2008 (see appendix for DOHOL):

$$\begin{aligned} \text{Realized cost of equity} &= 70.615 / [2.969.625 + 2.933.018 + 4.705.824 - (- \\ &733.865) - 375.329 - 1.264] = \mathbf{0,64\%} \end{aligned}$$

We have gathered a similar result to previous examples, which is not surprising for Dogan Holding either. Let's now go on with GÜBRE FABRİKALARI T.A.Ş. (see appendix for GUBRF) :

I estimate the dividend growth rate for 2008 as 50% relying on the 2006 and 2007 observations. Hence,

$$\begin{aligned} \text{Estimated cost of equity} &= (5.265.544 \times 1,5 / 22.498.573) / 8,80 + 0,50 = \\ &\mathbf{53,98\%} \end{aligned}$$

And the realized results;

$$\begin{aligned} \text{Realized cost of equity} &= 103.341.077 / [561,253,951 + 566,711,407 + \\ &729,920,130 - (-490,328,373) - 80,203,277 - 2,190,577] = \mathbf{4,56\%} \end{aligned}$$

Let's now make the same study for Bolu Cimento A.Ş. (see appendix for BOLUC) :

Estimated dividend growth for 2008 is 50%, thus estimated cost of equity for 2008 = $(58.610.835 \times 1,50 / 128.564.800) / 2,28 + 0,50 = 80\%$

And the results in 2008 :

Realized cost of equity in 2008 = $39.281.163 / (15,275,300 + 2,669,548 + 205,906,039 - 16,306,546 - (-40,414,883) - 11,674,201) = 16,62\%$

FINAL TABLE

	ESTIMATED COST of EQUITY	REALIZED COST of EQUITY
PETUN	37%	9,2%
SAHOL	27%	1,1%
KCHOL	15%	3,3%
DOHOL	10%	0,7%
GUBRF	54%	4,6%
BOLUC	80%	16,6%

So, we can see a huge variance from the estimated cost of equity in all examples.

I will now try to investigate the reasons of this divergence between the costs of equity estimated according to Gordon model and the realized costs of equity calculated according to items on the balance sheets.

The common problem is that the non-operating cash is negative for all considered companies which reflects that they have initiated some

investment activities which creates a negative cash flow from investment activities.

There may be various factors such as borrowing rates, unpredictable interest rates, extended credit loan terms, etc. However, I'll try to explain the global macroeconomical situation in the latest years that might have been causing this anomalies in those factors and in the above-mentioned calculations respectively since these factors play essential role in the deviation and the variance of the discount rates which causes real severe problems of estimation and forecasting.

5.4 Criticism of The Dividend Policies

We learn several things from the previous studies about the dividend policy of Turkish companies.

In all cases, profitability affects dividend payments. High return on equity means high dividend payments. This provides strong support for the residual cash flow theory of dividends that firms with high cash flow pay high dividends and vice versa.

High debt ratios mean low dividend payments. Which means that financial constraints are real and affect financial policy. Although Fama and French (1997) find that debt is the residual, the results indicate that there is an effect on dividend policy as well.

6. CONCLUSION

This study concludes that whichever valuation technic is used, the firm values didn't only correspond to generally accepted valuation technics or only to Gordon Model but they also corresponded to some other global factors in 2008. In terms of cost of equity, there might have been several reasons for the deviation of the realized cost of equity from the estimated one. First of all, my estimations about the dividend growth rate, even though relying on the historical data, may not be accurate enough to make a successful forecasting. Even if I tried to be as rational as possible, I ought to have behaved unnecessarily analogic. I made my estimations according to calculations with historical datas but we can clearly prevail that, regarding the realized results in 2008, there must have been some factors which had deviated the forecasts. In fact, I think the global macroeconomic situation created really outstanding anomalies in the financial markets and the real industries as well which could have affected the estimations. The anomalies in the financial markets implicitly influenced the real sector and frankly speaking they have been going on affecting since then. And we can roughly presume that these circumstances will continue in 2010 and in 2011 as well. The interest and discount rates have been going on being seriously affected since 2001 and are tending to be affected in the coming periods. Thus, it has been and will be very stringent for the financial analysts to make estimations and forecasts. And in the empirical study we made in the previous sections, some of the realized costs of equity were smaller than the realized growth rates, which makes the denominator on Gordon's Formula

negative. In that case, the realized market price per share of some companies (ex: SAHOL) must have been negative which is impossible. These results may vary according to the market they occur. This kind of deviations are generally happening to be especially in the emerging markets such as Turkey. Thus the market prices of shares diversified as per various global factors in 2008. Besides, the discount rate in the denominator of Gordon Formula implies that any decrease in the discount rates will augment the share's price and vice-versa. However, we can roughly see that didn't happen that way : even though the discount rates were decreasing in 2008, the market prices of the shares were diminishing too. Thus, we can explicitly presume that the Gordon Model can be efficient in some cases and can also be inefficient in some different ones. Hence it is very difficult to make strict and sharp comments about the efficiency and/or efficacy of this fundamental model.

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Appendix for PINAR ENTEGRE ET ve UN SANAYİ A.Ş.

PINAR ENTEGRE ET VE UN SANAYİ A.Ş.

BİLANÇO (TL) (XI-29 KONSOLİDE)

**Bağımsız .
Geçmiş**

	Referanslar I	31.12.2008
VARLIKLAR		
Dönen Varlıklar		64.045.381
Nakit ve Nakit Benzerleri	6	5.452.707
Finansal Yatırımlar		0
Ticari Alacaklar		38.556.437
- <i>İlişkili Taraflardan Ticari Alacaklar</i>	37	23.061.831
- <i>Diğer Ticari Alacaklar</i>	10	15.494.606
Finans Sektörü Faaliyetlerinden Alacaklar		0
Diğer Alacaklar		966.701
- <i>İlişkili Taraflardan Diğer Alacaklar</i>	37	552.889
- <i>Diğer Alacaklar</i>	11	413.812
Stoklar	13	18.018.438
Canlı Varlıklar		0
Diğer Dönen Varlıklar	26	1.051.098
(Ara Toplam)		0
Satış Amacıyla Elde Tutulan Duran Varlıklar		0
Duran Varlıklar		246.110.038
Ticari Alacaklar		0
Finans Sektörü Faaliyetlerinden Alacaklar		0
Diğer Alacaklar		5.830.702
- <i>İlişkili Taraflardan Diğer Alacaklar</i>	37	5.830.571
- <i>Diğer Alacaklar</i>	11	131
Finansal Yatırımlar	7	1.810.078
Özkaynak Yöntemiyle Değerlenen Yatırımlar	16	93.995.750
Canlı Varlıklar		0
Yatırım Amaçlı Gayrimenkuller		0
Maddi Duran Varlıklar	18	144.440.592
Maddi Olmayan Duran Varlıklar		32.916
Şerefiye		0
Ertelenmiş Vergi Varlığı		0
Diğer Duran Varlıklar	26	0
TOPLAM VARLIKLAR		310.155.419
KAYNAKLAR		
Kısa Vadeli Yükümlülükler		45.006.777
Finansal Borçlar		9.947.609
- <i>Kısa Vadeli Finansal Kiralama Borçları</i>	8	981.419
- <i>Diğer Finansal Borçlar</i>	8	8.966.190
Diğer Finansal Yükümlülükler	9	387.170
Ticari Borçlar		25.381.536
- <i>İlişkili Taraflara Ticari Borçlar</i>	37	5.132.324
- <i>Diğer Ticari Borçlar</i>	10	20.249.212
Diğer Borçlar		1.238.811
- <i>İlişkili Taraflara Diğer Borçlar</i>	37	1.024.275
- <i>Diğer Borçlar</i>	11	214.536
Finans Sektörü Faal.den Borçlar		0
Devlet Teşvik ve Yardımları		0
Dönem Karı Vergi Yükümlülüğü	35	1.287.674
Borç Karşılıkları	22	640.150
Diğer Kısa Vadeli Yükümlülükler	26	6.123.827
(Ara toplam)		0
Satış Amacıyla Elde Tutulan Duran Varlıklara İlişkin Yükümlülükler		0
Uzun Vadeli Yükümlülükler		29.050.783
Finansal Borçlar	8	10.704.404
Diğer Finansal Yükümlülükler	8	-
Ticari Borçlar		0
Diğer Borçlar		3.014.194
- <i>İlişkili Taraflara Diğer Borçlar</i>	37	3.014.194
- <i>Diğer Borçlar</i>	11	-
Finans Sektörü Faaliyetlerinden Borçlar		0
Devlet Teşvik ve Yardımları		0
Borç Karşılıkları	22	103.690
Çalışanlara Sağlanan Faydalara İlişkin Karşılıklar (veya Kıdem Tazminatı Karşılığı)	24	4.165.520
Ertelenmiş Vergi Yükümlülüğü	35	11.062.975
Diğer Uzun Vadeli Yükümlülükler		0
ÖZKAYNAKLAR		236.097.859
Ana Ortaklığa Ait Özkaynaklar		0
Ödenmiş Sermaye	27	43.335.000
Sermaye Düzeltmesi Farkları	27	37.059.553
Hisse Senedi İhraç Primleri		0
Değer Artış Fonları		81.838.251
- <i>Yeniden değerlendirme fonu</i>	18	79.825.250
- <i>Satılmaya hazır finansal varlıklar makul değer fonu</i>	7	388.552
- <i>İştirakler makul değer fonu</i>	2,3	1.624.449
Yabancı Para Çevrim Farkları	2,3	40.783
Kardan Ayrılan Kısıtlanmış Yedekler	27	7.975.335
Geçmiş Yıllar Kar/Zararları	27	34.118.997
Net Dönem Karı/Zararı		31.729.940
Azımlık Payları		0
TOPLAM KAYNAKLAR		310.155.419

Appendix for SABANCI HOLDİNG A.Ş.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	UNAUDITED 2007 USD (*)	2007	2006
ASSETS				
Current assets		41.889.520	48.788.724	45.080.012
Cash and cash equivalents	4	2.365.944	2.755.615	4.855.781
Marketable securities (net)	5	4.155.978	4.840.468	6.635.388
Financial assets (net)				
- Available for sale	16.a	8.316.880	9.686.670	7.370.306
- Held-to-maturity	16.b	-	-	8.152
Derivative financial instruments	44	69.788	81.282	91.005
Reserve deposits with the Central Bank of the Republic of Turkey	3.3	1.431.501	1.667.269	2.692.777
Loans and advances to customers (net)	45	21.855.838	25.455.494	20.081.532
Trade receivables (net)	7	1.222.651	1.424.022	1.409.384
Lease receivables (net)	8	273.442	318.478	209.060
Due from related parties (net)	9	10.046	11.700	21.616
Other receivables (net)	10	566.522	659.828	377.423
Biological assets (net)	11	-	-	-
Inventories (net)	12	1.028.224	1.197.573	1.262.648
Non-current assets held for sale	35	501.458	584.048	-
Receivables from construction contracts work in progress (net)	13	-	-	-
Deferred income tax assets	14	-	-	-
Other current assets	15	91.248	106.277	64.940
Non-current assets		26.222.595	30.541.456	22.136.438
Loans and advances to customers (net)	45	11.599.814	13.510.303	9.303.174
Trade receivables (net)	7	20.294	23.637	30.147
Lease receivables (net)	8	285.638	332.682	278.153
Due from related parties (net)	9	-	-	-
Other receivables (net)	10	39.339	45.818	37.859
Financial assets (net)				
- Available for sale	16.a	10.038.707	11.692.082	7.296.683
- Held-to-maturity	16.b	-	-	-
- Investments	16.c	154.022	179.390	181.814
Goodwill/negative goodwill (net)	17	313.817	365.503	281.452
Investment properties (net)	18	204.648	238.353	277.438
Property, plant and equipment (net)	19	3.155.703	3.675.447	4.039.211
Intangible assets (net)	20	281.200	327.514	267.164
Deferred income tax assets	14	129.413	150.727	143.343
Other non-current assets	15	-	-	-
Total Assets		68.112.115	79.330.180	67.216.450

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	UNAUDITED 2007 USD (*)	2007	2006
LIABILITIES				
Current liabilities		49.813.815	58.018.151	47.739.897
Short-term borrowings (net)	6	3.763.164	4.382.957	3.757.903
Current portion of long-term borrowings (net)	6	1.504.465	1.752.250	693.027
Banking customer deposits	46	40.477.007	47.143.570	40.152.004
Derivative financial instruments	44	90.659	105.591	74.341
Lease payables (net)	8	2.320	2.702	4.022
Other financial liabilities (net)	10	-	-	-
Insurance technical reserves	3.22	259.988	302.808	223.325
Trade payables (net)	7	824.198	959.943	977.413
Due to related parties (net)	9	9.479	11.040	8.199
Advances received	21	12.083	14.073	19.107
Liabilities associated with non-current assets held for sale	35	305.711	356.062	-
Construction contracts progress billings (net)	13	-	-	-
Provisions	23	165.583	192.855	122.456
Current liabilities	15	184.278	214.629	217.020
Deferred income tax liabilities	14	-	-	-
Other current liabilities (net)	10	2.214.880	2.579.671	1.491.080
Non-current liabilities		4.526.016	5.271.449	7.625.168
Long-term borrowings (net)	6	3.531.836	4.113.529	6.766.744
Banking customer deposits	46	279.814	325.899	377.115
Lease payables (net)	8	3.676	4.281	2.983
Other financial liabilities (net)	10	-	-	-
Trade payables (net)	7	3.336	3.885	1.444
Due to related parties (net)	9	-	-	-
Advances received	21	-	-	-
Insurance technical reserves	3.22	230.287	268.215	59.802
Provisions	23	127.038	147.961	150.298
Deferred income tax liabilities	14	180.344	210.047	210.162
Government grants	30	-	-	-
Other payables (net)	10	169.685	197.632	56.620
MINORITY INTERESTS	24	6.431.601	7.490.885	4.997.041
- Sabancı Family members		1.984.284	2.311.095	2.094.194
- Others		4.447.317	5.179.790	2.902.847
SHAREHOLDERS' EQUITY		7.340.683	8.549.695	6.854.344
Share capital	25	1.545.462	1.800.000	1.800.000
Treasury shares	25	-	-	-
Capital reserves	26	3.409.001	3.970.464	3.861.820
Share premium		18.606	21.670	21.670
Share cancellation gains		-	-	-
Revaluation fund		6.199	7.220	10.496
Fair value reserve of financial assets		49.500	57.653	(54.267)
Inflation adjustment to shareholders' equity		3.334.696	3.883.921	3.883.921
Profit reserves	27	595.922	592.368	329.042
Legal reserves		97.705	113.797	92.463
Statutory reserves		-	-	-
Extraordinary reserves		595.749	693.869	478.007
Special reserves		-	-	-
Investment and property sales income to be added to the share capital		-	-	-
Currency translation reserve		(97.532)	(215.298)	(241.428)
Net income for the period		745.071	969.487	494.049
Retained earnings	28	1.045.227	1.217.376	369.433
Total liabilities and shareholders' equity		68.112.115	79.330.180	67.216.450

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	UNAUDITED 2007 USD (*)	2007	2006
OPERATING REVENUE	36	14.863.624	19.340.547	16.947.973
Sales (net)	36	14.863.624	19.340.547	16.947.973
Cost of Sales (-)		(10.573.188)	(13.757.832)	(11.980.859)
GROSS PROFIT		4.290.436	5.582.715	4.967.114
Operating expenses (-)	37	(2.315.520)	(3.012.954)	(2.775.183)
OPERATING PROFIT		1.974.916	2.569.761	2.191.931
Other income	38	553.618	720.368	445.355
Other expenses (-)	38	(89.657)	(116.662)	(234.653)
Financial expenses (-)	39	(466.539)	(607.061)	(421.450)
Income from associates	16	103.814	135.083	111.751
INCOME BEFORE MONETARY LOSS, MINORITY INTEREST AND TAX		2.076.152	2.701.489	2.092.934
Monetary gain/(loss)	40	-	-	-
PROFIT/LOSS OF MINORITY INTEREST	24	(1.043.594)	(1.357.924)	(992.292)
- Sabancı Family members		(237.124)	(308.545)	(397.209)
- Other		(806.470)	(1.049.379)	(595.083)
INCOME BEFORE TAX		1.032.558	1.343.565	1.100.642
Taxation on income	41	(287.487)	(374.078)	(606.593)
NET INCOME FOR THE PERIOD		745.071	969.487	494.049

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	UNAUDITED 2008 USD (*)	2008	Restated 2007
ASSETS				
Current Assets		36.989.683	55.939.498	48.780.416
Cash and Cash Equivalents	5	5.068.478	7.665.059	2.901.156
Financial Assets				
- Marketable Securities	6.a	116.080	175.548	4.833.069
- Available for Sale	6.b	1.274.629	1.927.622	9.548.528
- Held to Maturity	6.c	3.327.460	5.032.118	-
Derivative Financial Instruments	26	54.928	83.068	81.282
Reserve Deposits with the Central Bank of the Republic of Turkey	2.4	4.143.273	6.265.872	1.667.269
Trade Receivables	8, 31	697.599	1.054.979	1.140.924
Receivables from Finance Sector Operations	27	20.552.646	31.081.766	26.062.442
Other Receivables	9	302.774	457.885	571.433
Inventories	10	973.578	1.472.342	1.197.573
Other Current Assets	18	440.886	666.752	194.672
		36.952.331	55.883.011	48.198.348
Non-current Assets Held for Sale	20	37.352	56.487	582.068
Non-current Assets		29.677.925	44.881.926	30.608.224
Trade Receivables	8, 31	16.409	24.816	23.637
Receivables from Finance Sector Operations	27	11.934.573	18.048.654	13.842.985
Other Receivables	9	53.703	81.214	45.818
Financial Assets				
- Available For Sale	6.b	3.843.821	5.813.011	11.692.082
- Held to Maturity	6.c	10.260.258	15.516.588	-
Investments Accounted Through Equity Method	11	194.779	294.564	179.390
Investment Property	12	236.761	358.054	394.251
Property, Plant and Equipment	13	2.476.538	3.745.268	3.587.373
Intangible Assets	14	237.014	358.437	364.549
Goodwill	15	220.601	333.615	327.412
Deferred Income Tax Assets	25	203.468	307.705	150.727
Total Assets		66.667.608	100.821.424	79.388.640

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	UNAUDITED 2008 USD (*)	2008	Restated 2007
LIABILITIES				
Short Term Liabilities		51.231.321	77.477.127	58.018.151
Borrowings	7	4.861.573	7.352.157	4.382.957
Current Portion of Long-term Borrowings	7	1.121.103	1.695.444	1.752.250
Trade Payables	8, 31	664.672	1.005.183	938.384
Other Payables	9	1.344.227	2.032.874	2.596.446
Payables From Finance Sector Operations	28	42.834.082	64.777.982	47.478.977
Derivative Financial Instruments	26	207.832	314.305	105.591
Income Taxes Payable	25	55.439	83.840	192.855
Other Short Term Liabilities	18	142.393	215.342	214.629
		51.231.321	77.477.127	57.662.089
Liabilities Associated with Non-current Assets Held for Sale	20	-	-	356.062
Long Term Liabilities		3.971.117	6.005.520	5.296.648
Borrowings	7	3.049.677	4.612.026	4.113.529
Trade Payables	8, 31	2.791	4.221	3.885
Other Payables	9	111.204	168.175	201.913
Payables from Finance Sector Operations	28	560.537	847.700	604.768
Provision for Employment Termination Benefits	17	90.717	137.191	147.961
Deferred Income Tax Liabilities	25	156.191	236.207	224.592
EQUITY		11.465.170	17.338.777	16.073.841
Shareholders' Equity		6.319.494	9.556.971	8.550.833
Share Capital	19	1.190.240	1.800.000	1.800.000
Capital Reserves		2.218.203	3.354.589	3.516.539
Share Issue Premium		14.329	21.670	21.670
Value Increase Funds		(62.053)	(93.842)	68.108
Adjustment to Capital		2.265.927	3.426.761	3.426.761
Restricted Reserves	19	170.480	257.817	215.478
Translation Reserve		(183.194)	(75.359)	(215.298)
Net Income for the Period		919.292	1.188.559	969.487
Retained Earnings	19	2.004.473	3.031.365	2.264.627
Minority Interests		5.145.676	7.781.806	7.523.008
- Sabancı Family Members		1.676.252	2.534.996	2.311.987
- Others		3.469.424	5.246.810	5.211.021
TOTAL EQUITY AND LIABILITIES		66.667.608	100.821.424	79.388.640

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	UNAUDITED 2008 USD (*)	2008	2007
CONTINUING OPERATIONS				
Sales (net)	21	5.829.201	7.536.619	7.522.733
Interest, premium, commission and other income	21	9.482.604	12.260.130	10.859.705
Total		15.311.805	19.796.749	18.382.438
Cost of sales (-)	4	(4.772.294)	(6.170.134)	(6.153.912)
Interest, premium, commission and other expenses (-)	4	(6.322.788)	(8.174.781)	(6.829.252)
Total		(11.095.082)	(14.344.915)	(12.983.164)
Gross profit from non-financial operations		1.056.907	1.366.485	1.368.821
Gross profit from financial operations		3.159.816	4.085.349	4.030.453
GROSS PROFIT		4.216.723	5.451.834	5.399.274
Marketing, Selling and Distribution Expenses (-)	22	(429.996)	(555.945)	(524.050)
General and Administrative Expenses (-)	22	(2.218.290)	(2.868.044)	(2.308.730)
Research and Development Expenses (-)	22	(15.000)	(19.393)	(17.933)
Other Operating Income	23	291.145	376.424	242.805
Other Operating Expenses	23	(29.674)	(38.366)	(96.351)
OPERATING PROFIT		1.814.908	2.346.510	2.695.015
Shares of Income of Investments				
Accounted Through Equity Method	11	145.136	187.647	135.083
Financial Income	24	365.964	473.157	423.210
Financial Expenses (-)	24	(419.196)	(541.982)	(577.660)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		1.906.812	2.465.332	2.675.648
Tax income/expense from continuing operations				
Current Tax Expense	25	(213.236)	(275.695)	(357.135)
Deferred Income Tax Benefit	25	79.489	102.772	12.918
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		1.773.065	2.292.409	2.331.431
DISCONTINUED OPERATIONS				
Net income/(loss) after tax from discontinued operations		27.276	35.265	(4.020)
NET INCOME FOR THE PERIOD		1.800.341	2.327.674	2.327.411
ALLOCATION OF NET INCOME				
- Minority interest		881.049	1.139.115	1.357.924
- Sabancı Family members		233.727	302.187	308.545
- Others		647.322	836.928	1.049.379
- Equity Holders of the Parent		919.292	1.188.559	969.487

Appendix for KOÇ HOLDİNG A.Ş.

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

	Notes	2007 EUR'000 (*)	2007 USD'000 (*)	2007 YTL'000	2006 YTL'000
ASSETS					
Current assets:					
Cash and due from banks	4.a	1.996.115	2.931.017	3.413.756	4.203.604
Reserve deposits with the central banks	4.b	804.874	1.181.845	1.376.495	1.561.457
Marketable securities (net)	5	920.573	1.351.733	1.574.364	4.198.218
Trade receivables (net)	7.a	3.423.211	5.026.509	5.854.375	5.678.373
Loans and advances to customers (net)	7.b	5.244.499	7.700.818	8.969.143	7.370.778
Lease receivables (net)	8.a	278.800	409.379	476.804	342.638
Due from related parties (net)	9.a	146.264	214.769	250.141	281.284
Other receivables (net)	10	6.052	8.886	10.350	14.747
Biological assets (net)	11	12.606	18.510	21.559	-
Inventories (net)	12	2.702.344	3.968.016	4.621.548	4.690.097
Construction contract receivables	13	16.106	23.649	27.544	16.487
Deferred tax assets	14	-	-	-	-
Other current assets	15.a	555.298	815.382	949.672	834.294
Disposal group assets held for sale	35	1.655.174	2.430.392	2.830.678	-
Total current assets		17.761.916	26.080.905	30.376.429	29.191.977
Non-current assets:					
Trade receivables (net)	7.a	57.740	84.783	98.747	68.103
Loans and advances to customers (net)	7.b	3.914.139	5.747.369	6.693.961	5.011.627
Lease receivables (net)	8.a	399.850	587.124	683.823	435.649
Due from related parties (net)	9.a	-	-	-	-
Other receivables (net)	10	-	-	-	-
Financial assets (net)	16	3.941.383	5.787.374	6.740.554	6.346.579
Positive/negative goodwill (net)	17	2.060.862	3.026.089	3.524.486	3.800.853
Investment property (net)	18	28.402	41.704	48.573	151.055
Property, plant and equipment (net)	19	5.781.336	8.489.087	9.887.240	10.548.175
Intangible assets (net)	20	515.049	756.277	880.836	953.587
Deferred tax assets	14	205.376	301.566	351.234	380.415
Other non-current assets	15.b	246.288	361.640	421.202	364.831
Total non-current assets		17.150.425	25.183.013	29.330.656	28.060.874
Total assets		34.912.341	51.263.918	59.707.085	57.252.851

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

	Notes	2007 EUR'000 (*)	2007 USD'000 (*)	2007 YTL'000	2006 YTL'000
LIABILITIES					
Current liabilities:					
Customer deposits	6.b	9.449.379	13.875.099	16.160.328	15.896.339
Short-term borrowings (net)	6.a	3.010.644	4.420.712	5.148.803	5.827.374
Short-term portion of long-term borrowings (net)	6.a	1.251.051	1.836.995	2.139.548	1.426.119
Lease payables (net)	8.b	1.074	1.577	1.837	2.262
Insurance technical reserves	23.c	307.500	451.521	525.887	460.049
Other financial liabilities (net)	10	860.440	1.263.436	1.471.524	1.137.158
Trade payables (net)	7.a	2.595.760	3.811.513	4.439.269	4.745.728
Due to related parties (net)	9.b	197.324	289.742	337.463	420.009
Advances received	21	81.144	119.149	138.773	123.911
Construction contract progress billings (net)	13	-	-	-	-
Provisions	23.a	67.128	98.569	114.803	86.343
Deferred tax liabilities	14	-	-	-	-
Other current liabilities (net)	15.c	1.576.740	2.315.224	2.696.541	2.645.006
Disposal group liabilities held for sale	35	768.264	1.128.089	1.313.885	-
Total current liabilities		20.166.448	29.611.626	34.488.661	32.770.298
Non-current liabilities:					
Customer deposits	6.b	81.186	119.210	138.844	169.735
Long-term borrowings (net)	6.a	4.549.111	6.679.736	7.779.889	10.429.378
Lease payables (net)	8.b	893	1.312	1.528	870
Insurance technical reserves	23.c	416.752	611.942	712.729	691.318
Other financial liabilities (net)	10	2.082	3.057	3.561	10.869
Trade payables (net)	7.a	137	201	234	53.612
Due to related parties (net)	9.b	-	-	-	-
Advances received	21	-	-	-	-
Provisions	23.b	346.881	509.347	593.236	596.109
Deferred tax liabilities	14	373.991	549.153	639.599	622.772
Other non-current liabilities (net)	15.d	169.818	249.356	290.423	253.692
Total non-current liabilities		5.940.851	8.723.314	10.160.043	12.828.355
Total liabilities		26.107.299	38.334.940	44.648.704	45.598.653
Minority interests	24	4.213.729	6.187.275	7.206.319	6.566.199
SHAREHOLDERS' EQUITY					
Share capital	25	1.020.758	1.498.841	1.745.700	1.265.000
Treasury shares	25	-	-	-	-
Capital reserves	26	927.824	1.362.379	1.586.763	1.581.047
Share premium	26	4.718	6.927	8.068	1.779
Share cancellation gains		-	-	-	-
Revaluation fund		-	-	-	-
Financial assets fair value reserve	26	13.431	19.721	22.969	23.542
Inflation adjustment to shareholders' equity	26	909.675	1.335.731	1.555.726	1.555.726
Profit reserves	27	399.880	587.168	683.875	540.380
Legal reserves	27	31.914	46.861	54.579	51.328
Statutory reserves		-	-	-	-
Extraordinary reserves	27	282.190	414.357	482.602	488.265
Special reserves	27	95.724	140.558	163.708	-
Investment and property sales income to be added to the capital		-	-	-	-
Translation differences	27	(4.407)	(6.471)	(7.537)	8.269
Cumulative gain/(loss) on hedging	27	(5.541)	(8.137)	(9.477)	(7.482)
Net income		1.342.193	1.970.824	2.295.419	560.812
Prior years' income	28	900.658	1.322.491	1.540.305	1.140.760
Total shareholders' equity		4.591.313	6.741.703	7.852.062	5.087.999
Total liabilities and shareholders' equity		34.912.341	51.263.918	59.707.085	57.252.851

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.)

	Notes	2007 EUR'000 (*)	2007 USD'000 (*)	2007 YTL'000	2006 YTL'000
Operating revenues					
Revenues (net)	36	28.922.405	39.515.199	51.429.361	49.197.080
Cost of revenues (-)		(24.164.799)	(33.015.126)	(42.969.462)	(41.545.810)
Gross operating profit		4.757.606	6.500.073	8.459.899	7.651.270
Operating expenses (-)					
Operating expenses (-)	37	(2.747.353)	(3.753.567)	(4.885.299)	(4.673.985)
Net operating profit		2.010.253	2.746.506	3.574.600	2.977.285
Other income	38	490.431	670.051	872.077	291.929
Other expenses (-)	38	(146.440)	(200.073)	(260.397)	(311.118)
Financial income/(expenses) (net)	39	281.520	384.627	500.595	(882.120)
Operating profit		2.635.764	3.601.111	4.686.875	2.075.976
Monetary gain/(loss) (net)	40	-	-	-	-
Minority interests	24	(896.109)	(1.224.308)	(1.593.447)	(914.470)
Income before taxes		1.739.655	2.376.803	3.093.428	1.161.506
Taxes on income	41	(448.777)	(613.142)	(798.009)	(600.694)
Net income		1.290.878	1.763.661	2.295.419	560.812

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2008 (*) EUR'000	2008 (*) USD'000	2008 TRY'000	Restated 2007 TRY'000
ASSETS					
Current assets:					
Cash and cash equivalents	6	3.890.787	5.507.766	8.329.395	4.913.347
Financial assets	7	342.175	484.381	732.529	1.574.153
Trade receivables	8	2.361.732	3.343.249	5.055.995	6.062.677
Loans and advances to customers	9	6.123.285	8.668.074	13.108.729	9.476.612
Inventories	10	1.716.366	2.429.675	3.674.397	4.527.185
Derivative financial instruments	17	132.281	187.256	283.188	25.131
Other current assets	22	691.910	979.466	1.481.246	1.096.311
		15.258.536	21.599.867	32.665.479	27.675.416
Assets held for sale	31	22.722	32.166	48.644	2.830.678
Total current assets		15.281.258	21.632.033	32.714.123	30.506.094
Non-current assets:					
Financial assets	7	3.204.337	4.536.034	6.859.844	6.641.554
Trade receivables	8	55.397	78.419	118.593	97.266
Loans and advances to customers	9	4.191.389	5.933.298	8.972.926	7.347.119
Investment property	11	35.234	49.876	75.428	48.573
Property, plant and equipment	12	4.883.085	6.912.457	10.453.708	9.898.467
Intangible assets	13	553.993	784.229	1.185.989	880.836
Goodwill	14	1.650.635	2.336.626	3.533.680	3.524.486
Deferred tax assets	17	173.223	245.213	370.835	351.234
Other non-current assets	22	282.585	400.024	604.957	411.456
Total non-current assets		15.029.878	21.276.176	32.175.960	29.200.991
Total assets		30.311.136	42.908.209	64.890.083	59.707.085

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2008 (* EUR'000	2008 (* USD'000	2008 TRY'000	Restated 2007 TRY'000
LIABILITIES					
Current liabilities:					
Customer deposits	15	9.629.987	13.632.134	20.615.877	16.792.234
Financial liabilities	16	4.384.980	6.207.344	9.387.366	6.658.282
Trade payables	8	1.588.385	2.248.505	3.400.414	4.669.589
Other payables	18	651.061	921.637	1.393.791	1.466.800
Derivative financial instruments	19	83.473	118.164	178.700	214.211
Insurance technical reserves	20	68.165	96.494	145.928	525.887
Current income tax liabilities	17	47.698	67.520	102.111	146.661
Other current liabilities	22	1.379.192	1.952.374	2.952.575	2.698.398
		17.832.941	25.244.172	38.176.762	33.172.062
Liabilities held for sale	31	15.900	22.508	34.039	1.313.885
Total current liabilities		17.848.841	25.266.680	38.210.801	34.485.947
Non-current liabilities:					
Customer deposits	15	128.965	182.562	276.089	138.844
Financial liabilities	16	3.826.044	5.416.118	8.190.795	7.781.417
Insurance technical reserves	20	126.902	179.642	271.672	712.729
Provisions for employee benefits	21	317.820	449.903	680.389	595.950
Deferred tax liabilities	17	355.912	503.826	761.936	639.599
Other non-current liabilities	22	171.310	242.505	366.741	294.218
Total non-current liabilities		4.926.953	6.974.556	10.547.622	10.162.757
Total liabilities		22.775.794	32.241.236	48.758.423	44.648.704
Equity:					
Paid-in share capital	23	940.124	1.330.833	2.012.618	1.745.700
Adjustment to share capital	23	451.835	639.614	967.288	967.288
Total share capital		1.391.959	1.970.447	2.979.906	2.712.988
Share premium		4.338	6.140	9.286	8.068
Revaluation funds	23	(43.415)	(61.457)	(92.942)	13.492
Translation differences		24.436	34.591	52.312	(7.537)
Restricted reserves	23	234.276	331.639	501.537	218.287
Prior years' income	23	1.997.308	2.827.374	4.275.837	2.611.345
Profit for the year		945.233	1.338.065	2.023.555	2.295.419
Shareholders' equity		4.554.135	6.446.799	9.749.491	7.852.062
Minority interest	23	2.981.207	4.220.174	6.382.169	7.206.319
Total equity		7.535.342	10.666.973	16.131.660	15.058.381
Total liabilities and equity		30.311.136	42.908.209	64.890.083	59.707.085

KOÇ HOLDİNG A.Ş.

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2008 (* EUR'000)	2008 (* USD'000)	2008 TRY'000	Restated 2007 TRY'000
Continuing operations:					
Revenue	24	26.267.312	38.516.181	49.797.571	41.419.682
Interest, fee, commission and similar income	5	3.077.086	4.511.981	5.833.540	5.382.552
Total revenue	5	29.344.398	43.028.162	55.631.111	46.802.234
Cost of sales (-)		(23.224.552)	(34.054.532)	(44.029.105)	(35.931.440)
Interest, fee, commission and similar expenses (-)		(1.882.194)	(2.759.892)	(3.568.264)	(3.424.413)
Total costs	5	(25.106.746)	(36.814.424)	(47.597.369)	(39.355.853)
Gross profit non-finance		3.042.760	4.461.649	5.768.466	5.488.242
Gross profit finance		1.194.892	1.752.089	2.265.276	1.958.139
Gross profit	5	4.237.652	6.213.738	8.033.742	7.446.381
Marketing, selling and distribution expenses (-)		(1.089.963)	(1.598.230)	(2.066.352)	(1.904.382)
General administrative expenses (-)		(1.134.843)	(1.664.039)	(2.151.436)	(1.956.679)
Research and development expenses (-)		(61.181)	(89.710)	(115.986)	(70.982)
Other income	26	1.041.562	1.527.260	1.974.594	492.294
Other expense (-)	26	(336.963)	(494.096)	(638.817)	(412.503)
Operating profit		2.656.264	3.894.923	5.035.745	3.594.129
Financial income	27	1.739.975	2.551.354	3.298.645	2.409.143
Financial expense (-)	27	(2.771.234)	(4.063.505)	(5.253.705)	(1.936.147)
Profit before tax from continuing operations		1.625.005	2.382.772	3.080.685	4.067.125
Income tax expense from continuing operations		(309.145)	(453.304)	(586.077)	(712.292)
- Taxes on income (-)	18	(276.276)	(405.108)	(523.764)	(649.665)
- Deferred tax income/expense	18	(32.869)	(48.196)	(62.313)	(62.627)
Profit from continuing operations		1.315.860	1.929.468	2.494.608	3.354.833
Discontinued operations:					
Profit from discontinued operations		43.978	64.485	83.373	534.033
Profit for the year		1.359.838	1.993.953	2.577.981	3.888.866
Attributable to:					
Minority interest	23	292.450	428.824	554.426	1.593.447
Equity holders of the parent		1.067.388	1.565.129	2.023.555	2.295.419

Appendix for DOĞAN HOLDİNG A.Ş.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

	Dipnot Referansları	Bağımsız Denetim	
		Geçmiş	Geçmiş
		31.12.2007	31.12.2006
BİLANÇO (YTL)			
VARLIKLAR			
Cari / Dönen Varlıklar		4,588,203,695	4,331,570,279
Hazır Değerler	4	2,351,633,921	2,354,977,019
Menkul Kıymetler (net)	5	24,458,023	29,561,169
Ticari Alacaklar (net)	7	1,389,332,762	1,235,886,896
Finansal Kiralama Alacakları (net)	8	3,981,292	0
İlişkili Taraflardan Alacaklar (net)	9	18,621,324	7,824,053
Diğer Alacaklar (net)	10	77,884,778	66,513,114
Canlı Varlıklar (net)	11	74,730	94,802
Stoklar (net)	12	594,867,022	526,181,956
Devam Eden İnşaat Sözleşmelerinden Alacaklar (net)	13		0
Ertelenen Vergi Varlıkları	14		0
Durdurulan faaliyetler/satış grubuna ait varlıklar	35		0
Diğer Cari/Dönen Varlıklar	15	127,329,843	110,531,270
Cari Olmayan / Duran Varlıklar		4,480,245,891	3,552,994,944
Ticari Alacaklar (net)	7	6,075,413	8,011,597
Finansal Kiralama Alacakları (net)	8	4,195,875	0
İlişkili Taraflardan Alacaklar (net)	9	0	0
Diğer Alacaklar (net)	10	3,442,484	3,793,784
Stoklar	12	0	0
Finansal Varlıklar (net)	16	27,921,781	4,393,644
Pozitif/Negatif Şerefiye (net)	17	1,542,920,866	1,282,031,316
Yatırım Amaçlı Gayrimenkuller (net)	18	48,563,171	45,225,673
Maddi Varlıklar (net)	19	1,425,819,435	1,368,331,754
Maddi Olmayan Varlıklar (net)	20	1,247,260,835	732,747,134
Ertelenen Vergi Varlıkları	14	84,436,709	100,702,118
Diğer Cari Olmayan/Duran Varlıklar	15	89,609,322	7,757,924
TOPLAM VARLIKLAR		9,068,449,586	7,884,565,223
YÜKÜMLÜLÜKLER			
Kısa Vadeli Yükümlülükler		1,676,880,147	1,841,623,960
Finansal Boçlar (net)	6	192,991,502	168,243,267
Uzun Vadeli Finansal Borçların Kısa Vadeli Kısımları (net)	6	131,070,063	99,437,924
Finansal Kiralama İşlemlerinden Borçlar (net)	8	15,211,598	16,023,644
Diğer Finansal Yükümlülükler (net)	10	308,805,320	277,444,841
Ticari Borçlar (net)	7	867,365,898	1,002,670,555
İlişkili Taraflara Borçlar (net)	9	2,902,389	5,098,472
Sigorta Teknik Karşılıkları	45	0	137,299,861
Alınan Avanslar	21	4,294,741	11,750,955
Devam Eden İnşaat Sözleşmeleri Hakediş Bedelleri (net)	13	0	0
Borç Karşılıkları	23	95,197,093	91,946,420
Ertelenen Vergi Yükümlülüğü	14	0	0
Durdurulan faaliyetler/satış grubuna ait yükümlülükler	35	0	0
Diğer Yükümlülükler (net)	15	59,041,543	31,708,021
Uzun Vadeli Yükümlülükler		2,428,213,068	1,874,504,955
Finansal Borçlar (net)	6	1,355,474,055	1,205,172,775
Finansal Kiralama İşlemlerinden Borçlar (net)	8	27,501,200	32,628,380
Diğer Finansal Yükümlülükler (net)	10	125,708,156	3,102,180
Ticari Borçlar (net)	7	578,704,461	442,357,533
İlişkili Taraflara Borçlar (net)	9	0	0
Sigorta Teknik Karşılıkları	45	0	0
Alınan Avanslar	21	40,484,632	1,722,871
Borç Karşılıkları	23	27,397,014	24,951,917
Ertelenen Vergi Yükümlülüğü	14	272,943,550	164,569,299
Diğer Yükümlülükler (net)	15	0	0
ANA ORTAKLIK DIŞI PAYLAR	24	1,205,781,220	778,896,472
ÖZSERMAYE		3,757,575,151	3,389,539,836
Sermaye	25	1,500,000,000	1,500,000,000
Karşılıklı İştirak Sermaye Düzeltmesi		0	0
Sermaye Yedekleri	26	841,649,711	888,077,304
Hisse Senetleri İhraç Primleri		630,275	630,275
Hisse Senedi İptal Karları		0	0
Yeniden Değerleme Fonu		185,651,844	232,079,437
Finansal Varlıklar Değer Artış Fonu		0	0
Öz Sermaye Enflasyon Düzeltmesi Farkları	28	655,367,592	655,367,592
Kar Yedekleri	27	769,989,438	21,279,706
Yasal Yedekler		15,762,716	11,331,152
Statü Yedekleri		0	0
Olağanüstü Yedekler		11,748,826	11,748,826
Özel Yedekler		2,360,658	2,360,658
Sermayeye Eklenecek İştirak Hisseleri ve Gayrimenkul Satış Kazançları	27	761,622,648	0
Yabancı Para Çevrim Farkları		(21,505,410)	(4,160,930)
Het Dönem Karı/Zararı		395,244,215	891,629,243
Geçmiş Yıllar Kar/Zararları	28	250,691,787	88,553,583
TOPLAM ÖZ SERMAYE VE YÜKÜMLÜLÜKLER		9,068,449,586	7,884,565,223

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**Bağımsız Denetim'den****GELİR TABLOSU (YTL)****ESAS FAALİYET GELİRLERİ**

	Dipnot Referanslar ı	Geçmiş 31.12.2007	Geçmiş 31.12.2006
Satış Gelirleri (net)	36	10,309,641,158	11,983,903,971
Satışların Maliyeti (-)		(9,174,747,168)	(10,864,516,639)
Hizmet Gelirleri (net)		-	-
Esas Faaliyetlerden Diğer Gelirler / faiz+temettü+kira (net)		-	-
BRÜT ESAS FAALİYET KARI/ZARARI		1,134,893,990	1,119,387,332
Faaliyet Giderleri (-)	37	(931,481,112)	(869,415,620)
NET ESAS FAALİYET KARI/ZARARI		203,412,878	249,971,712
Diğer Faaliyetlerden Gelir ve Karlar	38	750,264,431	969,407,035
Diğer Faaliyetlerden Gider ve Zararlar (-)	38	(383,534,501)	(122,582,563)
Finansman Giderleri (-)	39	251,018,701	(159,199,723)
FAALİYET KARI/ZARARI		821,161,509	937,596,461
Net Parasal Pozisyon Kar/Zararı	40	-	-
ANA ORTAKLIK DIŞI KAR/ZARAR	24	(269,984,446)	(85,175,309)
VERGİ ÖNCESİ KAR/ZARAR		551,177,063	852,421,152
Vergiler	41	(155,932,848)	39,207,091
NET DÖNEM KARI		395,244,215	891,628,243

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

(bin YTL)

Bağımsız Denetim'den

Geçmiş

Geçmiş

	Dipnot Referansları	Bağımsız Denetim'den	
		31.12.2008	31.12.2007
VARLIKLAR			
Dönen Varlıklar		5,717,384	4,588,044
Nakit ve Nakit Benzerleri	6	3,363,082	2,351,161
Finansal Yatırımlar	7	99,193	48,466
Ticari Alacaklar			
- İlişkili Taraflardan Ticari Alacaklar	37	18,007	18,621
- Diğer Ticari Alacaklar	10	1,167,272	1,368,391
Diğer Alacaklar	11	35,990	36,835
Stoklar	13	725,859	576,646
Canlı Varlıklar	14	123	75
Diğer Dönen Varlıklar	26	307,858	187,849
Duran Varlıklar		4,891,083	4,480,405
Ticari Alacaklar	10	7,629	4,068
Diğer Alacaklar	11	2,111	2,280
Stoklar	13	23,579	0
Finansal Yatırımlar	7	1,264	6,080
Özkaynak Yöntemiyle Değerlenen Yatırımlar	16	12,449	21,842
Yatırım Amaçlı Gayrimenkuller	17	78,383	48,563
Maddi Duran Varlıklar	18	1,544,739	1,432,090
Maddi Olmayan Duran Varlıklar	19	1,317,761	1,247,261
Şerefiye	20	1,612,165	1,542,921
Ertelenmiş Vergi Varlığı	35	118,561	84,437
Diğer Duran Varlıklar	26	172,442	90,863
TOPLAM VARLIKLAR		10,608,467	9,068,449
KAYNAKLAR			
Kısa Vadeli Yükümlülükler		2,969,625	1,676,880
Finansal Borçlar	8	1,098,211	355,126
Diğer Finansal Yükümlülükler	9	23,895	13,827
Ticari Borçlar			
- İlişkili Taraflara Ticari Borçlar	37	1,616	2,903
- Diğer Ticari Borçlar	10	1,313,609	851,512
Diğer Borçlar	11	274,198	299,273
Dönem Karı Vergi Yükümlülüğü	35	71,142	29,028
Borç Karşılıkları	22	83,659	62,350
Diğer Kısa Vadeli Yükümlülükler	26	103,295	62,861
Uzun Vadeli Yükümlülükler		2,933,018	2,428,213
Finansal Borçlar	8	2,035,388	1,569,679
Diğer Finansal Yükümlülükler	9	6,410	17,850
Ticari Borçlar	10	524,114	484,361
Diğer Borçlar	11	77,939	55,982
Borç Karşılıkları	22	1,111	671
Kıdem Tazminatı Karşılığı	24	30,308	26,726
Ertelenmiş Vergi Yükümlülüğü	35	257,748	272,944
ÖZKAYNAKLAR		4,705,824	4,963,356
Ana Ortaklığa Ait Özkaynaklar	27	3,853,502	3,757,575
Ödenmiş Sermaye	27	2,450,000	1,500,000
Sermaye Düzeltme Farkları	27	143,526	331,903
Hisse Senedi İhraç Primleri	27	630	630
Değer Artış Fonu	27	146,218	185,652
Yabancı Para Çevrim Farkları	27	3,807	(21,505)
Kardan Ayrılan Kısıtlanmış Yedekler	27	15,762	777,385
Geçmiş Yıllar Karları	27	1,022,944	588,266
Net Dönem Karı		70,615	395,244
Azımlık Payları		852,322	1,205,781
TOPLAM KAYNAKLAR		10,608,467	9,068,449

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

Bağımsız Denetim'den

	Dipnot Referansı	Geçmiş 31.12.2008	Geçmiş 31.12.2007
SÜRDÜRÜLEN FAALİYETLER			
Satış Gelirleri	28	12,504,500	10,262,354
Satışların Maliyeti (-)	28-30	(11,192,678)	(9,135,563)
BRÜT ESAS FAALİYET KARI	28	1,311,822	1,126,791
Pazarlama, Satış ve Dağıtım Giderleri (-)	29-30	(525,879)	(439,037)
Genel Yönetim Giderleri (-)	29-30	(480,716)	(471,742)
Diğer Faaliyet Gelirleri	31	199,715	752,022
Diğer Faaliyet Giderleri (-)	31	(157,556)	(382,060)
FAALİYET KARI		347,386	585,974
Özkaynak Yöntemiyle Değerlenen Yatırımların Karlarındaki/(Zararlarındaki) Paylar	16	1,623	(1,477)
Finansal Gelirler	32	1,261,362	837,455
Finansal Giderler (-)	33	(1,630,485)	(600,791)
SÜRDÜRÜLEN FAALİYETLER VERGİ ÖNCESİ (ZARARI)/KARI		(20,114)	821,161
Sürdürülen Faaliyetler Vergi Gideri	35	(57,720)	(155,933)
- Dönem Vergi Gideri		(126,396)	(169,771)
- Ertelenmiş Vergi Geliri		68,676	13,838
SÜRDÜRÜLEN FAALİYETLER DÖNEM (ZARARI)/KARI		(77,834)	665,228
DÖNEM (ZARARI)/KARI		(77,834)	665,228
Dönem (Zararı)/Karının Dağılımı			
Azınlık Payları		(148,449)	269,984
Ana Ortaklık Payları		70,615	395,244

Appendix for GÜBRE FABRİKALARI T.A.Ş.

GÜBRE FABRİKALARI T.A.Ş.

BİLANÇO (YTL)

(SERİ:XI, NO:25 - KOHNSOLİDE OLMAYAN)

Bağımsız Denetim'den

Geçmiş

Geçmiş

	Dipnot Referanslar	31.12.2007	31.12.2006
VARLIKLAR			
Cari / Dönen Varlıklar		265,182,968	170,779,140
Hazır Değerler	4	116,296,445	20,482,829
Menkul Kıymetler (net)	5	0	0
Ticari Alacaklar (net)	7	26,849,436	7,235,908
Finansal Kiralama Alacakları (net)	8	0	0
İlişkili Taraflardan Alacaklar (net)	9	34,941,445	71,785,083
Diğer Alacaklar (net)	10	345,128	333,777
Canlı Varlıklar (net)	11	0	0
Stoklar (net)	12	85,349,383	63,488,139
Devam Eden İnşaat Sözleşmelerinden Alacaklar (net)	13	0	0
Ertelenen Vergi Varlıkları	14	331,276	586,933
Diğer Cari/Dönen Varlıklar	15	1,069,855	6,866,471
Cari Olmayan / Duran Varlıklar		133,340,357	27,960,584
Ticari Alacaklar (net)	7	8,456	7,984
Finansal Kiralama Alacakları (net)	8	0	0
İlişkili Taraflardan Alacaklar (net)	9	0	0
Diğer Alacaklar (net)	10	0	0
Finansal Varlıklar (net)	16	2,190,576	2,190,576
Pozitif/Negatif Şerefiye (net)	17	0	0
Yatırım Amaçlı Gayrimenkuller (net)	18	40,510,391	0
Maddi Varlıklar (net)	19	86,288,241	21,581,016
Maddi Olmayan Varlıklar (net)	20	7,371	11,981
Ertelenen Vergi Varlıkları	14	4,335,322	4,169,026
Diğer Cari Olmayan/Duran Varlıklar	15	0	0
TOPLAM VARLIKLAR		398,523,325	198,739,723
YÜKÜMLÜLÜKLER			
Kısa Vadeli Yükümlülükler		192,444,457	124,853,619
Finansal Boçlar (net)	6	19,461,654	0
Uzun Vadeli Finansal Borçların Kısa Vadeli Kısımları (net)	6	0	0
Finansal Kiralama İşlemlerinden Borçlar (net)	8	0	0
Diğer Finansal Yükümlülükler (net)	10	0	0
Ticari Borçlar (net)	7	163,868,400	120,650,489
İlişkili Taraflara Borçlar (net)	9	54,826	4,899
Alınan Avanslar	21	1,146,657	314,490
Devam Eden İnşaat Sözleşmeleri Hakediş Bedelleri (net)	13	0	0
Borç Karşılıkları	23	5,128,529	1,946,991
Ertelenen Vergi Yükümlülüğü	14	0	0
Diğer Yükümlülükler (net)	10	2,784,385	1,936,750
Uzun Vadeli Yükümlülükler		15,507,192	6,995,671
Finansal Borçlar (net)	6	2,892,376	0
Finansal Kiralama İşlemlerinden Borçlar (net)	8	0	0
Diğer Finansal Yükümlülükler (net)	10	0	0
Ticari Borçlar (net)	7	0	0
İlişkili Taraflara Borçlar (net)	9	0	0
Alınan Avanslar	21	0	0
Borç Karşılıkları	23	7,891,460	6,995,671
Ertelenen Vergi Yükümlülüğü	14	4,723,356	0
Diğer Yükümlülükler (net)	10	0	0
AHA ORTAKLIK DIŞI PAYLAR	24	0	0
ÖZSERMAYE		190,571,676	66,890,434
Sermaye	25	22,498,573	22,498,573
Karşılıklı İştirak Sermaye Düzeltmesi	25	0	0
Sermaye Yedekleri	26	108,409,663	18,665,897
Hisse Senetleri İhraç Primleri		0	0
Hisse Senedi İptal Karları		0	0
Yeniden Değerleme Fonu		89,743,766	
Finansal Varlıklar Değer Artış Fonu		63,599	63,599
Öz Sermaye Enflasyon Düzeltmesi Farkları		18,602,298	18,602,298
Kar Yedekleri	27	10,343,983	6,487,962
Yasal Yedekler		2,041,713	998,899
Statü Yedekleri		0	0
Olağanüstü Yedekler		7,617,310	4,804,103
Özel Yedekler		0	0
Sermayeye Eklenecek İştirak Hisseleri ve Gayrimenkul Satış Kazançları		684,960	684,960
Yabancı Para Çevrim Farkları		0	0
Net Dönem Karı/Zararı		39,203,020	9,121,565
Geçmiş Yıllar Kar/Zararları	28	10,116,437	10,116,437
TOPLAM ÖZ SERMAYE VE YÜKÜMLÜLÜKLER		398,523,325	198,739,723

GÜBRE FABRİKALARI T.A.Ş.

GELİR TABLOSU (YTL) (SERİ:XI, NO:25 - KONSOLİDE OLMAYAN)

	Dipnot Referanslar	<i>Bağımsız Denetim'den</i>	
		Geçmiş 31.12.2007	Geçmiş 31.12.2006
ESAS FAALİYET GELİRLERİ			
Satış Gelirleri (net)	36	609,986,563	480,485,025
Satışların Maliyeti (-)	36	(523,694,532)	(420,627,301)
Hizmet Gelirleri (net)	36	0	0
Esas Faaliyetlerden Diğer Gelirler / faiz+temettü+kira (net)	36	0	0
BRÜT ESAS FAALİYET KARI/ZARARI		86,292,031	59,857,724
Faaliyet Giderleri (-)	37	(41,906,151)	(37,669,377)
NET ESAS FAALİYET KARI/ZARARI		44,385,880	22,188,346
Diğer Faaliyetlerden Gelir ve Karlar	38	5,379,532	4,273,813
Diğer Faaliyetlerden Gider ve Zararlar (-)	38	(7,907,756)	(9,851,506)
Finansman Giderleri (-)	39	7,126,227	(1,767,638)
FAALİYET KARI/ZARARI		48,983,883	14,843,015
Net Parasal Pozisyon Kar/Zararı	40	0	0
ANA ORTAKLIK DIŞI KAR/ZARAR	24	0	0
VERGİ ÖNCESİ KAR/ZARAR		48,983,883	14,843,015
Vergiler	41	(9,780,863)	(5,721,450)
NET DÖNEM KARI/ZARARI		39,203,020	9,121,565

GÜBRE FABRİKALARI T.A.Ş.

BİLANÇO (TL)
(XI-29 KOHNSOLİDE)

	Referanslar I	<i>Bağımsız Denetim'den</i>	
		Geçmiş 31.12.2008	Geçmiş 31.12.2007
VARLIKLAR			
Dönen Varlıklar		643,342,627	264,930,068
Nakit ve Nakit Benzerleri	6	109,873,886	116,277,945
Finansal Yatırımlar	7	231,817	
Ticari Alacaklar	10	124,465,399	61,876,645
Finans Sektörü Faaliyetlerinden Alacaklar	12	0	0
Diğer Alacaklar	11	73,411,199	345,128
Stoklar	13	280,481,720	74,720,449
Canlı Varlıklar	14	0	0
Diğer Dönen Varlıklar	26	54,878,606	11,709,901
(Ara Toplam)		643,342,627	264,930,068
Satış Amacıyla Elde Tutulan Duran Varlıklar	34	0	0
Duran Varlıklar		1,214,542,861	129,005,035
Ticari Alacaklar	10	0	0
Finans Sektörü Faaliyetlerinden Alacaklar	12	0	0
Diğer Alacaklar	11	4,629,498	8,456
Finansal Yatırımlar	7	2,190,577	2,190,576
Özkaynak Yöntemiyle Değerlenen Yatırımlar	16	349,762	0
Canlı Varlıklar	14	0	0
Yatırım Amaçlı Gayrimenkuller	17	40,510,391	40,510,391
Maddi Duran Varlıklar	18	887,431,702	86,288,241
Maddi Olmayan Duran Varlıklar	19	2,760	7,371
Şerefiye	20	224,501,054	0
Ertelenmiş Vergi Varlığı	35	46,625,071	0
Diğer Duran Varlıklar	26	8,302,046	0
TOPLAM VARLIKLAR		1,857,885,488	393,935,103
KAYHAKLAR			
Kısa Vadeli Yükümlülükler		561,253,951	193,779,938
Finansal Boçlar	8	214,075,004	19,380,168
Diğer Finansal Yükümlülükler	9	0	0
Ticari Borçlar	10	228,214,296	163,785,598
Diğer Borçlar	11	73,274,717	1,559,794
Finans Sektörü Faal.den Borçlar	12	0	0
Devlet Teşvik ve Yardımları	21	0	0
Dönem Karı Vergi Yükümlülüğü	35	0	4,018,993
Borç Karşılıkları	22	41,633,642	1,029,857
Diğer Kısa Vadeli Yükümlülükler	26	4,056,292	4,005,528
(Ara toplam)		561,253,951	193,779,938
Satış Amacıyla Elde Tutulan Duran Varlıklara İlişkin Yükümlülükler	34	0	0
Uzun Vadeli Yükümlülükler		566,711,407	9,505,801
Finansal Borçlar	8	231,999,916	2,920,243
Diğer Finansal Yükümlülükler	9	0	0
Ticari Borçlar	10	255,021,996	0
Diğer Borçlar	11	0	0
Finans Sektörü Faaliyetlerinden Borçlar	12	0	0
Devlet Teşvik ve Yardımları	21	0	0
Borç Karşılıkları	22	0	0
Çalışanlara Sağlanan Faydalara İlişkin Karşılıklar (veya Kıdem Tazminatı Karşılığı)	24	79,689,495	6,509,374
Ertelenmiş Vergi Yükümlülüğü	35	0	76,184
Diğer Uzun Vadeli Yükümlülükler	26	0	0
ÖZKAYHAKLAR	27	729,920,130	190,649,364
Ana Ortaklığa Ait Özkaynaklar		311,627,295	190,649,364
Ödenmiş Sermaye		83,500,000	22,498,573
Sermaye Düzeltmesi Farkları		0	18,566,650
Karşılıklı İştirak Sermaye Düzeltmesi (-)			0
Hisse Senedi İhraç Primleri			0
Değer Artış Fonları		89,807,364	89,807,364
Yabancı Para Çevrim Farkları		29,207,902	0
Kardan Ayrılan Kısıtlanmış Yedekler		5,645,297	3,388,778
Geçmiş Yıllar Kar/Zararları		125,655	17,107,289
Net Dönem Karı/Zararı		103,341,077	39,280,710
Azınlık Payları		418,292,835	0
TOPLAM KAYHAKLAR		1,857,885,488	393,935,103

Appendix for BOLU ÇİMENTO A.Ş.

BOLU ÇİMENTO SANAYİİ A.Ş.

BİLANÇO (YTL)

(SERİ:XI, HO:25 - KOHNSOLİDE OLMAYAN)

	Dipnot Referanslar	Bağımsız Denetim'den Geçmiş	
		31.12.2007	31.12.2006
VARLIKLAR			
Cari / Dönen Varlıklar		124,306,617	146,482,852
Hazır Değerler	4	9,007,884	26,949,946
Menkul Kıymetler (net)	5	49,873,967	60,158,545
Ticari Alacaklar (net)	7	20,958,042	25,067,305
Finansal Kiralama Alacakları (net)	8	0	0
İlişkili Taraflardan Alacaklar (net)	9	23,272,575	17,403,496
Diğer Alacaklar (net)	10	684,428	154,181
Canlı Varlıklar (net)	11	0	0
Stoklar (net)	12	20,374,226	16,695,341
Devam Eden İnşaat Sözleşmelerinden Alacaklar (net)	13	0	0
Ertelenen Vergi Varlıkları	14	0	0
Diğer Cari/Dönen Varlıklar	15	135,495	54,038
Cari Olmayan / Duran Varlıklar		97,158,733	86,809,519
Ticari Alacaklar (net)	7	133,829	146,939
Finansal Kiralama Alacakları (net)	8	0	0
İlişkili Taraflardan Alacaklar (net)	9	0	0
Diğer Alacaklar (net)	10	0	0
Finansal Varlıklar (net)	16	6,238,082	4,640,138
Pozitif/Negatif Şerefiye (net)			
Yatırım Amaçlı Gayrimenkuller (net)	17	0	0
Maddi Varlıklar (net)	18	86,529,478	78,123,391
Maddi Olmayan Varlıklar (net)	19	362,169	433,535
Ertelenen Vergi Varlıkları	14	3,878,939	3,449,280
Diğer Cari Olmayan/Duran Varlıklar	15	16,236	16,236
TOPLAM VARLIKLAR		221,465,350	233,292,371
YÜKÜMLÜLÜKLER			
Kısa Vadeli Yükümlülükler		11,638,973	14,177,049
Finansal Boçlar (net)	6	221,360	0
Uzun Vadeli Finansal Borçların Kısa Vadeli Kısımları (net)	6	0	0
Finansal Kiralama İşlemlerinden Borçlar (net)	8	0	0
Diğer Yükümlülükler (net)	10	1,490,714	1,445,507
Ticari Borçlar (net)	7	4,409,359	5,453,115
İlişkili Taraflara Borçlar (net)	9	2,372,177	3,359,464
Alınan Avanslar	20	150,536	126,014
Devam Eden İnşaat Sözleşmeleri Hakediş Bedelleri (net)	13	0	0
Borç Karşılıkları	22	2,994,827	3,792,949
Ertelenen Vergi Yükümlülüğü	14	0	0
Diğer Yükümlülükler (net)	15	0	0
Uzun Vadeli Yükümlülükler		2,739,490	1,772,928
Finansal Borçlar (net)	6	0	0
Finansal Kiralama İşlemlerinden Borçlar (net)	8	0	0
Diğer Yükümlülükler (net)	10	0	0
Ticari Borçlar (net)	7	0	0
İlişkili Taraflara Borçlar (net)	9	0	0
Alınan Avanslar	20	0	0
Borç Karşılıkları	22	2,239,070	1,607,703
Ertelenen Vergi Yükümlülüğü	14	500,420	165,225
Diğer Yükümlülükler (net)	15	0	0
ANA ORTAKLIK DIŞI PAYLAR		0	0
ÖZSERMAYE		207,086,887	217,342,394
Sermaye	23	128,564,800	128,564,800
Karşılıklı İştirak Sermaye Düzeltmesi	23	0	0
Sermaye Yedekleri	24	2,713,248	2,713,248
Hisse Senetleri İhraç Primleri		0	0
Hisse Senedi İptal Karları		0	0
Yeniden Değerleme Fonu		0	0
Finansal Varlıklar Değer Artış Fonu		0	0
Öz Sermaye Enflasyon Düzeltmesi Farkları		2,713,248	2,713,248
Kar Yedekleri	25	22,549,854	10,032,603
Yasal Yedekler		16,684,242	7,967,213
Statü Yedekleri		4,712,928	2,065,390
Olağanüstü Yedekler		1,152,684	0
Özel Yedekler		0	0
Sermayeye Eklenecek İştirak Hisseleri ve Gayrimenkul Satış Kazançları		0	0
Yabancı Para Çevrim Farkları		0	0
Het Dönem Karı/Zararı		48,355,328	71,128,086
Geçmiş Yıllar Kar/Zararları	26	4,903,657	4,903,657
TOPLAM ÖZ SERMAYE VE YÜKÜMLÜLÜKLER		221,465,350	233,292,371

BOLU ÇİMENTO SANAYİİ A.Ş.**BİLANÇO (TL)**
(XI-29 KONSOLİDE OLMAYAN)

	Referanslar	<i>Bağımsız Denetim'den</i>	
		Geçmiş	Geçmiş
	I	31.12.2008	31.12.2007
VARLIKLAR			
Dönen Varlıklar		107,417,790	124,306,617
Nakit ve Nakit Benzerleri	4	27,331,795	9,007,884
Finansal Yatırımlar	5	7,455,155	49,873,967
Ticari Alacaklar	7	42,863,561	44,687,385
Finans Sektörü Faaliyetlerinden Alacaklar		0	0
Diğer Alacaklar	8	155,897	227,660
Stoklar	9	29,273,759	19,877,044
Canlı Varlıklar		0	0
Diğer Dönen Varlıklar	15	337,623	632,677
(Ara Toplam)		0	0
Satış Amacıyla Elde Tutulan Duran Varlıklar		0	0
Duran Varlıklar		116,433,097	96,658,313
Ticari Alacaklar		0	0
Finans Sektörü Faaliyetlerinden Alacaklar		0	0
Diğer Alacaklar	8	31,652	133,829
Finansal Yatırımlar	5	11,674,201	6,238,082
Özkaynak Yöntemiyle Değerlenen Yatırımlar		0	0
Canlı Varlıklar		0	0
Yatırım Amaçlı Gayrimenkuller		0	0
Maddi Duran Varlıklar	10	96,564,233	84,569,855
Maddi Olmayan Duran Varlıklar	11	303,779	362,169
Şerefiye		0	0
Ertelenmiş Vergi Varlığı	22	4,911,770	3,378,519
Diğer Duran Varlıklar	15	2,947,462	1,975,859
TOPLAM VARLIKLAR		223,850,887	220,964,930
KAYNAKLAR			
Kısa Vadeli Yükümlülükler		15,275,300	11,638,973
Finansal Borçlar	6	199,870	221,360
Diğer Finansal Yükümlülükler		0	0
Ticari Borçlar	7	11,156,856	6,264,088
Diğer Borçlar	8	1,212,661	1,924,710
Finans Sektörü Faal.den Borçlar		0	0
Devlet Teşvik ve Yardımları		0	0
Dönem Karı Vergi Yükümlülüğü	22	1,997,172	2,701,481
Borç Karşılıkları	13	461,164	158,127
Çalışanlara Sağlanan Faydalara İlişkin Karşılıklar	14	192,325	218,671
Diğer Kısa Vadeli Yükümlülükler	15	55,252	150,536
(Ara toplam)		0	0
Satış Amacıyla Elde Tutulan Duran Varlıklara İlişkin Yükümlülükler		0	0
Uzun Vadeli Yükümlülükler		2,669,548	2,239,070
Finansal Borçlar		0	0
Diğer Finansal Yükümlülükler		0	0
Ticari Borçlar		0	0
Diğer Borçlar		0	0
Finans Sektörü Faaliyetlerinden Borçlar		0	0
Devlet Teşvik ve Yardımları		0	0
Borç Karşılıkları		0	0
Çalışanlara Sağlanan Faydalara İlişkin Karşılıklar (veya Kıdem Tazminatı Karşılığı)	14	2,669,548	2,239,070
Ertelenmiş Vergi Yükümlülüğü		0	0
Diğer Uzun Vadeli Yükümlülükler		0	0
ÖZKAYNAKLAR		205,906,039	207,086,887
Ana Ortaklığa Ait Özkaynaklar		205,906,039	207,086,887
Ödenmiş Sermaye	16	128,564,800	128,564,800
Sermaye Düzeltmesi Farkları		2,599,733	2,599,733
Karşılıklı İştirak Sermaye Düzeltmesi (-)		0	0
Hisse Senedi İhraç Primleri		0	0
Değer Artış Fonları		0	0
Yabancı Para Çevrim Farkları		0	0
Kardan Ayrılan Kısıtlanmış Yedekler	16	29,086,822	21,453,672
Geçmiş Yıllar Kar/Zararları		6,373,521	6,113,354
Net Dönem Karı/Zararı		39,281,163	48,355,328
Azınlık Payları		0	0
TOPLAM KAYNAKLAR		223,850,887	220,964,930

