

**PRESS RELEASE**

As per Law No. 5024, which became effective after published in Official Gazzette No. 25332 on 30 December 2003, all taxpayers should apply inflation adjustment to their financial statements beginning from 1 January 2004. Moreover, valuation adjustment fund and cost adjustment fund are ceased to be in effect.

Within this framework, in order to assure the presentation of the effects of inflation adjustment in the Balance Sheet;

1- In the Liabilities, "Capital" item is re-arranged as:

**" Capital**

**A. Paid-in Capital**

**B. Inflation Adjustment for Capital"**

2- As Cost Adjustment Fund and Valuation Adjustment Fund are no more applicable, from "Reserves" item in the liabilities, the sub-items;

"C. Valuation Adjustment Fund (Law No. 2791 and 3094)

D. Cost Adjustment Fund"

are removed. "Reserves" item is re-arranged as:

**" Reserves**

**A. Ordinary and Extraordinary Reserves**

**B. Special Reserves (Central Bank's Law Art.59)**

**C. Inflation Adjustments for Reserves"**

3- In order to present the profit/loss for the period separately from the previous years' profit/loss, the following items are introduced:

i- For loss, in the assets;

**" Previous Years' Losses"**

ii- For profit, in the liabilities;

**" Previous Years' Profits"**