HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2005
TOGETHER WITH AUDITOR'S REVIEW REPORT

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

AUDITOR'S REVIEW REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005

To the Board of Directors of
Hacı Ömer Sabancı Holding A.Ş.

1. We have reviewed the accompanying consolidated interim balance sheet of Hacı Ömer Sabancı Holding A.Ş. (the "Holding") at 30 June 2005 and the related consolidated interim statement of income for the period then ended in accordance with the limited review standards issued by the Capital Market Board ("CMB"). Our work on the interim balance sheet and the statement of income was limited compared to the work performed in accordance with generally accepted auditing standards for the year-end financial statements. Our work covered mainly analytical review, gathering information and various audit techniques in accordance with the limited review standards, on the basis of our understanding of the interim financial statements preparation system. Accordingly, our report should not be considered comparable to an independent full scope audit report.

2. As explained in Note 32, Sabancı Industrial Nylon Yarn and Cord Tire Fabric B.V., a Subsidiary of the Holding, acquired 50% of shares of Kordsa International, LLC ("Kordsa LLC"), a Joint Venture of the Holding, on 30 April 2005. International Financial Reporting Standard 3 ("IFRS 3") "Business Combinations" requires that the identifiable assets, liabilities and contingent liabilities acquired be recognised at their fair values at the acquisition date. However, the Holding recognised the assets and liabilities at their carrying amount in the financial statements of Kordsa LLC at the acquisition date. We were unable to quantify the effects of the differences on the consolidated interim financial statements had the identifiable assets, liabilities and contingent liabilities were recognised at their fair values.

3. Based on our review, except for the effects of the matter in the second paragraph, if any, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with accounting principles issued by Capital Market Board (Note 2).

Without further qualifying our opinion we draw your attention to the following matters:

4. The consolidated interim financial statements include the accounts of the Holding, the parent company, its Subsidiaries and Joint Ventures. Subsidiaries are companies in which the parent company has the power to govern the financial and operating policies. In these consolidated financial statements, subsidiaries are companies in which the Holding exercises a dominant influence and power to govern the financial and operating policies through the exercise of voting power relating to shares held by the Holding and its Subsidiaries together with voting power which the Holding effectively exercises relating to shares held by Sabancı family members. Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Holding and one or more other parties. In effect the Sabancı family members allow the Holding to exercise voting power in respect of their shares held in these companies. In these consolidated financial statements the shares held by Sabancı family members in the consolidated subsidiaries are treated as outside interests.

5. As of 30 June 2005, the accounting principles described in Note 2 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 5 September 2005

HACI ÖMER SABANCI HOLDİNG A.Ş.

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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2005 AND 31 DECEMBER 2004

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

	Notes	(Reviewed) 30 June 2005	(Restated) 31 December 2004
ASSETS			
Current assets		**35.321.426**	**26.553.674**
Cash and cash equivalents	4	3.844.322	3.232.154
Marketable securities (net)	5	5.615.360	4.046.011
Financial assets (net)			
- Available for sale	16.a	6.952.819	5.065.106
- Held-to-maturity	16.b	618.495	125.772
Derivative financial instruments	44	27.774	241.388
Reserve deposits with the Central Bank of the Republic of Turkey		3.197.235	1.941.705
Loans and advances to customers	45	12.624.833	9.796.028
Trade receivables (net)	7	1.185.353	1.084.555
Lease receivables (net)	8	57.766	-
Due from related parties (net)	9	17.259	18.961
Other receivables (net)	10	276.311	200.994
Biological assets (net)	11	-	-
Inventories (net)	12	853.833	770.560
Receivables from construction contracts work in progress (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	50.066	30.440
Non-current assets		**18.350.313**	**16.855.165**
Loans and advances to customers	45	4.632.570	3.766.143
Trade receivables (net)	7	113.979	51.772
Lease receivables (net)	8	124.436	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	49.207	35.804
Financial assets (net)			
- Available for sale	16.a	7.877.406	7.675.683
- Held-to-maturity	16.b	310.108	222.716
- Investments	16.c	100.520	183.926
Goodwill / negative goodwill (net)	17	174.922	176.162
Investment properties (net)	18	390.265	336.728
Property, plant and equipment (net)	19	4.076.883	3.909.646
Intangible assets (net)	20	142.469	155.019
Deferred tax assets	14	357.548	341.566
Other non-current assets	15	-	-
Total Assets		**53.671.739**	**43.408.839**

These consolidated interim financial statements have been approved by Board of Directors on 5 September 2005 and signed on its behalf by Nedim Bozfakioğlu ve Cezmi Kurtuluş.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2005 AND 31 DECEMBER 2004

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

	Notes	(Reviewed) 30 June 2005	(Restated) 31 December 2004
LIABILITIES			
Current liabilities		**39.395.269**	**29.343.082**
Short-term borrowings (net)	6	5.130.903	3.645.470
Current portion of long-term borrowings (net)	6	291.412	339.871
Banking customer deposits	46	31.214.997	23.110.983
Derivative financial instruments	44	142.632	38.432
Lease payables (net)	8	1.755	7.808
Other financial liabilities (net)	10	-	-
Insurance technical reserves		141.414	104.172
Trade payables (net)	7	726.384	642.387
Due to related parties (net)	9	11.265	14.071
Advances received	21	27.978	11.767
Construction contracts progress billings (net)	13	-	-
Provisions	23	273.274	157.940
Current liabilities	15	115.817	152.898
Other current liabilities (net)	10	1.317.438	1.117.283
Non-current liabilities		**3.392.687**	**3.112.922**
Long-term borrowings (net)	6	2.624.172	2.078.059
Banking customer deposits	46	96.048	433.450
Lease payables (net)	8	4.175	3.329
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	-	-
Advances received	21	-	-
Insurance technical reserves		91.946	102.041
Provisions	23	136.360	124.925
Deferred tax liabilities	14	278.225	251.803
Government grants	30	-	-
Non-current liabilities	15	-	-
Other payables (net)	10	161.761	119.315
MINORITY INTERESTS	**24**	**4.384.013**	**4.726.939**
- Sabancı family members		1.772.495	1.970.796
- Others		2.611.518	2.756.143
SHAREHOLDERS' EQUITY		**6.499.770**	**6.225.896**
Share capital	**25**	**1.200.000**	**1.200.000**
Treasury shares	**25**	**-**	**-**
Capital reserves	**26**	**3.683.031**	**3.647.437**
Share premium		21.670	21.670
Share cancellation gains		-	-
Revaluation fund		-	-
Financial assets fair value reserve		59.761	24.167
Inflation adjustment to shareholders' equity		3.601.600	3.601.600
Profit reserves	**27**	**(17.576)**	**2.259**
Legal reserves		54.110	54.110
Statutory reserves		-	-
Extraordinary reserves		255.893	255.893
Special reserves		-	-
Investment and property sales income to be added to the capital		-	-
Translation reserve		(327.579)	(307.744)
Net income for the period		**401.302**	**724.132**
Retained earnings	**28**	**1.233.013**	**652.068**
Total liabilities and shareholders' equity		**53.671.739**	**43.408.839**
Commitments and contingent assets and liabilities	31		

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

CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX-MONTH AND THREE-MONTH PERIODS ENDED 30 JUNE

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

	Notes	(Reviewed) 1 January- 30 June 2005	(Not reviewed) 1 April- 30 June 2005	(Reviewed) 1 January- 30 June 2004	(Reviewed) 1 April- 30 June 2004
OPERATING REVENUE		**6.352.066**	**3.406.815**	**5.541.813**	**2.831.762**
Sales (net)	36	3.944.408	2.118.779	3.378.188	1.768.909
Interest Income	36	2.407.658	1.288.036	2.163.625	1.062.853
Cost of Sales (-)		(3.044.618)	(1.705.961)	(2.457.041)	(1.360.323)
Interest Expense		(1.054.035)	(570.305)	(954.692)	(488.682)
Service Income (net)	36	-	-	-	-
Other Operating Income	36	-	-	-	-
GROSS PROFIT		**2.253.413**	**1.130.549**	**2.130.080**	**982.757**
Operating expenses (-)	37	(1.000.145)	(411.020)	(840.345)	(412.203)
OPERATING PROFIT		**1.253.268**	**719.529**	**1.289.735**	**570.554**
Other income	38	158.805	65.298	146.688	44.933
Other expenses (-)	38	(12.158)	(7.088)	(12.266)	(3.172)
Financial expenses (net) (-)	39	(111.695)	(79.973)	(120.929)	(95.216)
Income from associates		18.265	679	35.923	10.133
INCOME BEFORE MONETARY LOSS, MINORITY INTEREST AND TAX		**1.306.485**	**698.445**	**1.339.151**	**527.232**
Monetary gain/ (loss)	40	-	-	(381.571)	(102.364)
PROFIT/LOSS OF MINORITY INTEREST	**24**	**(532.023)**	**(287.867)**	**(385.719)**	**(207.265)**
- Sabancı Family Members		(221.296)	(115.397)	(160.641)	(79.666)
- Others		(310.727)	(172.470)	(225.078)	(127.599)
INCOME BEFORE TAX		**774.462**	**410.578**	**571.861**	**217.603**
Taxation on income	41	(373.160)	(200.401)	(230.370)	(32.812)
NET INCOME		**401.302**	**210.177**	**341.491**	**184.791**
Earnings per share					
- usufruct shares (YTL)	42	127.397	66.723	108.410	58.664
- thousands of ordinary shares (YTL)	42	3,14	1,65	2,68	1,45

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2005 AND 2004

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

	Share capital	Share premium in excess of par value	Financial assets fair value reserve	Inflation adjustment to shareholders' equity	Legal reserves	Extraordinary reserves	Translation reserve	Net income for the period	Retained earnings	Total
Balances at 1 January 2004 - as previously reported	**1.000.000**	**21.670**	**2.354**	**3.618.219**	**54.110**	**255.893**	**(193.811)**	**927.161**	**113.927**	**5.799.523**
Accounting policy change (Note 2.4)	-	-	57.537	-	-	-	-	-	-	57.537
Balances at 1 January 2004 - as restated	**1.000.000**	**21.670**	**59.891**	**3.618.219**	**54.110**	**255.893**	**(193.811)**	**927.161**	**113.927**	**5.857.060**
Capital increase	200.000	-	-	(16.619)	-	-	-	-	(183.381)	-
Dividends paid	-	-	-	-	-	-	-	-	(173.896)	(173.896)
Available for sale investments net fair value losses, net of tax	-	-	(30.542)	-	-	-	-	-	-	(30.542)
Currency translation differences	-	-	-				(12.524)			(12.524)
Transfers	-	-	-	-	-	-	-	(927.161)	927.161	-
Net income for the period	-	-	-	-	-	-	-	341.491	-	341.491
Balances at 30 June 2004	**1.200.000**	**21.670**	**29.349**	**3.601.600**	**54.110**	**255.893**	**(206.335)**	**341.491**	**683.811**	**5.981.589**
Balances at 1 January 2005	**1.200.000**	**21.670**	**2.583**	**3.601.600**	**54.110**	**255.893**	**(307.744)**	**724.132**	**637.473**	**6.189.717**
Accounting policy change (Note 2.4)	-	-	21.584	-	-	-	-	-	-	21.584
Effect of IFRS 3 (Note 2.4)	-	-	-	-	-	-	-	-	14.595	14.595
Balance at 1 January 2005 - as restated	**1.200.000**	**21.670**	**24.167**	**3.601.600**	**54.110**	**255.893**	**(307.744)**	**724.132**	**652.068**	**6.225.896**
Effect of change in the effective rate of subsidiaries	-	-	-	-	-	-	-	-	(14.501)	(14.501)
Dividends paid	-	-	-	-	-	-	-	-	(128.686)	(128.686)
Transfers	-	-	-	-	-	-	-	(724.132)	724.132	-
Available for sale investments net fair value gains, net of tax	-	-	35.594	-	-	-	-	-	-	35.594
Currency translation differences	-	-	-	-	-	-	(19.835)	-	-	(19.835)
Net income for the period	-	-	-	-	-	-	-	401.302	-	401.302
Balances at 30 June 2005	**1.200.000**	**21.670**	**59.761**	**3.601.600**	**54.110**	**255.893**	**(327.579)**	**401.302**	**1.233.013**	**6.499.770**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and liaise the activities of companies operating in different fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and owned by the members of the Sabancı family. (Note 25) The address of the registered office is as follows:

Sabancı Center, 4. Levent, Istanbul, Turkey.

Consolidated subsidiary undertakings

The nature of the business of the Subsidiaries consolidated in these consolidated interim financial statements and, for the purposes of these consolidated interim financial statements, their respective business segments are as follows:

Subsidiaries	Nature of business	Business segment
Akbank T.A.Ş. ("Akbank")	Banking	Finance
Sabancı Bank Plc. ("Sabank")	Banking	Finance
Ak Uluslararası Bankası A.Ş. ("Ak Uluslararası") **(*)**	Banking	Finance
Ak Emeklilik A.Ş. ("Ak Emeklilik")	Pension	Finance
Aksigorta A.Ş. ("Aksigorta")	Insurance	Finance
Advansa B.V. ("Advansa")	Chemical	Chemicals
Pilsa Plastik Sanayi ve Ticaret A.Ş. ("Pilsa")	Plastics	Chemicals
Bossa Ticaret ve Sanayi İşletmeleri A.Ş. ("Bossa")	Textile	Textile
İnsa Naylon Sanayi ve Ticaret A.Ş. ("İnsa")	Textile	Textile
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	Textile	Textile
Companhia Bahiana de Fibras ("Cobafi") **(**)**	Tire and tire reinforcement	Tire and tire reinforcement
Kordsa International, LLC ("Kordsa LLC") **(***)**	Tire and tire reinforcement	Tire and tire reinforcement
Sabancı Industrial Nylon Yarn and Tire Cord Fabric B.V. ("Sabancı Industrial Nylon Yarn")	Tire and tire reinforcement	Tire and tire reinforcement
Sakosa Sabancı Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Sakosa")	Tire and tire reinforcement	Tire and tire reinforcement
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş. ("Temsa")	Automotive	Automotive
Toyotasa Toyota-Sabancı Pazarlama ve Satış A.Ş. ("Toyotasa Pazarlama")	Automotive	Automotive
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	Cement and clinker	Cement
Oralitsa İnşaat Malzemeleri ve Ticaret Ltd.Şti. ("Oralitsa") **(****)**	Construction	Cement
Gıdasa Sabancı Gıda Sanayi ve Ticaret A.Ş. ("Gıdasa")	Food and beverage	Food
Marsa Kraft Foods Sabancı Gıda Sanayi ve Ticaret A.Ş. ("Marsa")	Food and beverage	Food
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	Trade	Retailing
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ("Exsa")	Trade	Other
Exsa UK Ltd. ("Exsa UK")	Trade	Other
Universal Trading (Jersey) Ltd. ("Universal")	Trade	Other
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	Tourism	Other
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	Tourism	Other
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	Energy	Other
Sapeksa Mensucat ve Toprak Mahsulleri Sanayi ve Ticaret A.Ş. ("Sapeksa")	Agriculture	Other
Sabancı Telekomünikasyon Hizmetleri A.Ş. ("Sabancı Telekom")	Telecommunication	Other
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	Trade of data processing systems	Other

(*) Effective from 9 March 2005, Akbank, a Subsidiary of the Holding, controls the operating and financial activities of Ak Uluslararası (formerly named BNP-AK Dresdner Bank A.Ş.) which is included as a subsidiary in these consolidated interim financial statements at 30 June 2005. In prior periods Ak Uluslararası was included as an Associate in the consolidated financial statements and was accounted for by the equity method of accounting (Note 32).

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

(**) Sabancı Industrial Nylon Yarn, a Subsidiary of the Holding, acquired the 90,32% of shares of Cobafi on 13 May 2005 (Note 32).

(***) Effective from 30 April 2005, the Holding controls the operating and financial activities of Kordsa LLC (formerly named DuPont Sabancı International, LLC) which is included as a subsidiary in these consolidated interim financial statements at 30 June 2005. In prior periods Kordsa LLc was included as a Joint Venture in the consolidated financial statements and was accounted for by way of proportionate consolidation (Note 32).

(****) Oralitsa, a Subsidiary of the Holding, has been liquidated on 19 April 2005. The results of Oralitsa are included in these consolidated interim financial statements until the date of liquidation.

All the Subsidiaries are registered in Turkey except for Sabank, Exsa UK, Universal, Advansa, Cobafi, Kordsa LLC and Sabancı Industrial Nylon Yarn (collectively referred to as the "Foreign Subsidiaries"). Sabank ve Exsa UK are registered in the United Kingdom, Universal, Advansa and Sabancı Industrial Nylon Yarn in the Netherlands, Cobafi in the Brasil, Kordsa LLC in the United States of America.

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated interim financial statements and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Investor
Beksa Çelik Kord Sanayi ve Ticaret A.Ş. ("Beksa")	Tire and tire reinforcement	Tire and tire reinforcement	Bekaert
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Tire and tire reinforcement	Tire and tire reinforcement	Bridgestone
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	Cement and clinker	Cement	Heidelberg
Oysa Çimento Sanayi ve Ticaret A.Ş. ("Oysa Çimento")	Cement and clinker	Cement	Oyak
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	Trade of consumer goods	Retailing	Carrefour
Diasa Dia Sabancı Süpermarketleri Ticaret A.Ş. ("Diasa")	Trade of consumer goods	Retailing	Dia S.A.
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş.("Olmuksa")	Corrugated containers	Other	International Paper
Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. ("Dönkasan")	Paper	Other	Olmuksa and Kartonsan

All the Joint Ventures are registered in Turkey.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

Preparation of consolidated interim financial statements

The consolidated interim financial statements of the Company have been prepared in accordance with the accounting and reporting principles issued by the Capital Markets Board ("CMB"), ("CMB Accounting Standards"). The CMB issued a comprehensive set of accounting principles in Communiqué No: XI-25 "The Accounting Standards in the Capital Markets" (the "Communiqué"). In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") is accepted as an alternative to conform to the CMB Accounting Standards. However, the Communiqué is effective for financial statements covering the first interim period after 10 January 2005. The CMB also issued the Communiqué No: XI-27 "Changes in the Accounting Standards in the Capital Markets" stating that applying International Financial Reporting Standards is in line with the requirements stated in the Communiqué.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards the application of inflation accounting is no longer required. Accordingly, the Holding did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its financial statements for the accounting periods starting 1 January 2005. The financial statements for comparison purposes are expressed in the purchasing power of YTL at 31 December 2004. These financial statements and the related notes have been presented in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

The financial statements are prepared in New Turkish lira ("YTL") based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.2 Restatement for the effects of hyperinflation

The financial statements at 31 December 2004 are expressed in terms of the purchasing power of YTL at 31 December 2004. With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement of the comparative amounts was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Indices and conversion factors used to restate the comparative amounts until 31 December 2004 are given below:

Date	Index	Conversion factor	Cumulative three-year inflation rate
31 December 2004	**8.403,800**	**1,000**	**69,7 %**
31 December 2003	7.382,100	1,138	181,1 %
31 December 2002	6.478,800	1,297	227,3 %

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Basis of consolidation

a) The consolidated interim financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated interim financial statements, and are prepared in accordance with CMB Accounting Standards as explained in Note 2.1. The result of operations of Subsidiaries, Joint Ventures and Associated companies are included or excluded in these consolidated interim financial statements subsequent to the date of acquisition or date of sale respectively.

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

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and effective interest of the Holding in these subsidiaries at 30 June 2005.

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family members %	Proportion of ownership interest %	Proportion of effective interest %
Advansa	100.00	-	100.00	99.93
AEO	70.29	-	70.29	70.29
Akbank	43.61	23.50	67.11	39.46
Ak Emeklilik	99.41	-	99.41	45.08
Ak Uluslararası	99.99	99.99	99.99	99.99
Aksigorta	61.98	-	61.98	61.98
Bossa	50.12	25.70	75.82	50.12
Bimsa	99.98	-	99.98	93.11
Çimsa	50.80	2.06	52.86	49.82
Enerjisa	86.73	-	86.73	84.01
Exsa	45.71	54.30	100.00	27.71
Exsa UK	100.00	-	100.00	99.06
Gıdasa	100.00	-	100.00	99.99
İnsa	55.01	-	55.01	55.01
Marsa	50.20	-	50.20	50.19
Pilsa	51.23	48.77	100.00	51.23
Cobafi	90.32	-	90.32	90.32
Kordsa LLC	100.00	-	100.00	100.00
Sabancı Industrial Nylon Yarn	100.00	-	100.00	100.00
Sabank	100.00	-	100.00	58.12
Sakosa	100.00	-	100.00	100.00
Sapeksa	52.84	44.87	97.71	34.84
Sabancı Telekom	100.00	-	100.00	100.00
Teknosa	51.92	48.08	100.00	51.91
Temsa	48.70	51.29	99.99	47.65
Toyotasa Pazarlama	65.00	-	65.00	64.99
Tursa	99.52	-	99.52	98.46
Universal	100.00	-	100.00	92.77
Yünsa	59.37	14.74	74.11	54.13

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

Financial statements of subsidiaries, whose financial position at 30 June 2005 and result of operations for the period ended 30 June 2005 are insignificant to the overall consolidated interim financial statements, are not consolidated on the grounds of immateriality. Such subsidiaries are classified as available for sale equity securities in these consolidated interim financial statements (Note 16.a).

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Holding and one or more other parties. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements.

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 30 June 2005:

Joint Ventures	**Direct and indirect ownership interest by the Holding and its Subsidiaries %**	**Proportion of ownership interest %**	**Proportion of effective interest %**
Akçansa	39,72	39,72	36,88
Beksa	49,99	49,99	49,99
Brisa	43,26	43,26	43,25
Carrefoursa	40,00	40,00	40,00
Diasa	40,00	40,00	40,00
Dönkasan	33,13	33,13	33,12
Olmuksa	43,73	43,73	43,73
Oysa Çimento	41,09	41,09	20,47

Sabancı family members do not have any interest in the share capital of Joint Ventures.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

d) Investments in Associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Holding generally has between 20% and 50% of voting rights, or over which the Holding has significant influence, but which it does not control. Unrealised gains that result from intercompany transactions between the Holding and its Associated undertakings are eliminated on consolidation, whereas unrealised losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associated undertaking reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associated undertakings. Associates whose financial position at 30 June 2005 and result of operations for the period ended 30 June 2005 are insignificant to the overall consolidated interim financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 16.c).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 June 2005:

Associated undertakings	**Direct and indirect ownership interest by the Holding %**
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. ("Philsa")	25,00
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	24,75

Sabancı family members do not have any interest in the share capital of Associated undertakings.

e) Other investments in which the Holding and its Subsidiaries, together with Sabancı family members, have interest below 20%, or over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value (Note 16.a).

f) The results of Subsidiaries are included or excluded from their effective dates of acquisition and disposal, respectively.

The outside shareholders' share of the net assets and results for the period for the Subsidiaries are separately classified in the consolidated interim balance sheets and statements of income as outside interests.

Certain Sabancı family members, Vaksa Hacı Ömer Sabancı Vakfı (the "Vaksa"), a charitable foundation established by Sabancı family members, and Akbank Tekaüt Sandığı, a retirement foundation for Akbank employees, have interests in the share capital of certain Subsidiaries and Associates. In these consolidated interim financial statements their interests are treated as outside interests and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Comparatives and restatement of prior year financial statements

As explained in Note 3, at 1 January 2005 the Group has derecognised the negative goodwill included in the consolidated financial statements at 31 December 2004 related to the acquisitions before 31 March 2004 in the amount of YTL 14.595 with a corresponding adjustment to the opening balance of retained earnings.

The Group has reclassified the securities under loans and advances to customers as trading financial assets in accordance with the revised IAS 39 "Financial Instruments" which is effective from 1 January 2005. The effect of this reclassification is as follows:

	1 January 2005	1 January 2004
- Decrease in loans and advances to customers	9.713.400	8.046.525
- Increase in available-for-sale investment securities	9.713.400	8.046.525
- Increase in financial assets fair value reserve	21.584	57.537
- Increase in minority interest	33.115	88.274

2.5 Offsetting

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

2.6 Convenience translation into English of consolidated interim financial statements originally issued in Turkish

As of 30 June 2005, the accounting principles described in Note 2.1 (defined as CMB Accounting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

Where necessary, accounting policies for Subsidiaries and Joint Ventures have been changed to ensure consistency with the policies adopted by the Group. The significant accounting policies other than Group accounting which is described in Note 2, followed in the preparation of the accompanying consolidated interim financial statements are summarised below:

Revenue recognition

Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis until, in management's estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills.

Commission income and fees for various banking services are recorded as income at the time they affect the transactions to which they relate.

Insurance

Life:
Premium income represents premiums accrued on policies issued, adjusted by the reserve for unearned premiums for annual life policies, during the period.

Non-Life:
Premium income represents premiums on policies written during the period, net of taxes and cancellations, as adjusted by the reserve for unearned premiums.

Other segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. Unit cost of inventories is determined on the weighted average basis (Note 12). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property, plant and equipment and related accumulated depreciation

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated interim financial statements (Note 19). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Buildings	20-50
Land improvements	20-50
Machinery and equipment	4-20
Motor vehicles	4-10
Furniture and fixtures	4-10

Gains or losses on disposals of property, plant and equipment with respect to their restated amounts are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Borrowing costs are expensed when they occur.

Investment Property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 18). The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies IAS 16 "Property, Plant and Equipment". At that date, the property becomes investment property and thus it is transferred to investment property.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets consist of rights, computer software, development costs and other identifiable rights. Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding ten years (Note 20).

Borrowing costs

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

Investment securities

The Group classified the investment securities in the banking segment into the following two categories in accordance with IAS 39 "Financial Instruments": held to maturity and available-for-sale assets. Investment securities with fixed maturity, where management has both intent and ability to hold to maturity, are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. The Group determines the appropriate classification of its investments at the time of the purchase.

All investment securities are initially recognised at cost. Transaction costs are included in the initial measurement of debt securities. Available-for-sale debt and equity investment securities are subsequently re-measured at fair value based on quoted bid prices, prices quoted by the Central Bank of Turkey in the Official Gazette or amounts derived from cash flow models.

Investments in equity instruments which do not have a quoted market price in an active market and for which other methods of making a reasonable estimate of fair value are clearly inappropriate or unworkable are carried at cost less any impairment.

Other investments in which the Holding has interest below 20% that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. Unrealised gains and losses arising from changes in the fair value of available for sale debt securities are the difference between the fair value of such securities and their amortised cost at the balance sheet date. When available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Held to maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

The Group has reclassified its trading securities as financial assets at fair value through profit or loss in accordance with the revised IAS 39 which is effective from 1 January 2005 (Note 16.a).

Financial assets at fair value through profit or loss are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the income statement.

All purchases and sales of financial assets at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the banks commit to purchase or sell the assets. Otherwise, such transactions are treated as derivatives until settlement occurs.

Financial instruments and financial risk management

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

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

Foreign exchange risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored by management and limited by analysis of the foreign currency position through obtaining positions within the approved limits.

In the banking segment, the difference between the assets and liabilities both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Interest rate risk

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and guarantees. A major objective of the Bank's asset and liability management is to ensure that sufficient liquidity is available to meet the Bank's commitments to customers and to satisfy the Bank's own liquidity needs. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions.

Management believes that in spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of the Bank indicate that these deposits will provide a long-term and stable source of funding for the Bank.

Funding risk

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

Credit risk

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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

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

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The fair value of investment securities has been estimated based on market prices at balance sheet dates.

The carrying value of loans and advances to customers, along with the related allowances for uncollectibility, is considered to approximate their fair value.

The carrying value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair values.

Financial liabilities

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

Long-term borrowings, which are principally at variable rates and denominated in foreign currencies, are translated at period-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are stated at their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency / interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Foreign currency transactions

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored by management and limited by analysis of the foreign currency position through obtaining positions within the approved limits.

Earnings per share

Earnings per share for each class of shares disclosed in these consolidated interim statements of income is determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 42 earnings per share are calculated in accordance with IAS 33.

Provisions, contingent assets and liabilities

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and treated as contingent assets or liabilities

Leasing Transactions

1) The Group as a lessee

Financial leasing
Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset. Lease payments are treated as comprising capital and interest elements; the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged to income. Depreciation on the leased asset is also charged to income on a straight-line basis over the useful life of the asset.

The total payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Operational leasing

Leasing transactions, in which important part of property risk and yielding belongs to leaser, are classified as enterprise lease. Payments that are made as enterprise lease (after incentive taken from leaser is deducted) are recorded as expense to income statement during the lease period with linear method.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

2) The Group as a lessor

Financial leasing

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

Operational leasing

In operational lease, leased properties are classified under tangible assets in the consolidated interim balance sheet and during leasing period, lease income obtained is reflected to the consolidated interim income statement in equal amounts. During leasing period, lease income is reflected to the consolidated interim income statement through linear method.

Related parties

For the purpose of the consolidated interim financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, Associates and Joint Ventures are considered and referred to as related parties. On consolidation, most of the related party activity is eliminated and the remainder is not material to the overall consolidated financial statements. The remaining related party transactions were mainly carried out on an arm's-length basis during the normal course of business (Note 9).

Segment reporting of financial results

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

The Group has chosen business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have not been disclosed in these consolidated interim financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated interim financial statements.

Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 14 and 41).

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Employee benefits

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependants will receive on retirement, usually dependant on one or more factors such as age, years of service and compensation.

Akbank T.A.Ş. Tekaüt Sandığı Vakfı (the "Fund") is a separate legal entity and a foundation recognised by an official decree, providing all qualified bank employees with pension and post retirement benefits. The Fund is a defined benefit plan under which the bank pays fixed contributions, and is obliged to pay amounts other than the fixed contribution to the Fund through constructively paying additional amounts or through contractual benefits that are not solely linked to the fixed contributions.

Temporary article 23 of the Banking Law No.5387 (new law) promulgated in the Turkish Grand National Assembly on 2 July 2005 includes the provision that requires bank pension funds to be transferred to the Social Security Institution within 3 years following the publication of the new law. In accordance with the new law, liability calculations should be made taking into account the pensions income and expenses of the fund by a commission including representatives from various institutions based on the transfer for each fund. The specified liability will be paid in annual equal instalments for a period not exceeding 15 years. On the other hand, some articles of the new law including the temporary 23rd article have been vetoed by the president and have been sent back to the parliament for review.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

The relevant article lays down the calculation method of the technical interest rate to be used in the actuarial calculation and the general framework related to the transfer operations; other procedures and parameters which will form the basis of the liability calculation will be created following the commencement of the commission.

The Bank management, as of 30 June 2005, envision that the liability amount to be calculated according to the specifications in the relevant article of the new law and the current actuarial balance sheet results of the pension fund will be commensurate with the assets of the pension fund and will not bring any further burden for the Bank.

The liability to be recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The Bank does not have the legal rights to access to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, and therefore, no assets are recognised in the balance sheet in respect of defined benefit pension plans.

The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using expected real interest rates for New Turkish lira.

Employment termination benefits

Provision for employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 23.b).

Sale and repurchase agreements

In the banking segment, securities sold subject to linked repurchase agreements ("repos") are retained in the financial statements as trading, available-for-sale or held to maturity financial assets and measured in accordance with the policies used in the measuring the relevant class. The counter party liability is included in customer deposits and the difference between sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield method.

Securities purchased under agreements to resell ("reverse repos") are recorded as loan to banks. The difference between sale and repurchase price is treated as interest and accrued over the life of the reverse repo agreement using the effective yield method.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Loans and advances to customers and provisions for loan impairment

Loans originated by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated and are carried at amortised cost using the effective yield method. Costs incurring due to obtaining guarantees for originated loans are not considered as transaction costs and charged to the income statement. Loans originated by providing money directly to banks such as time or demand deposits are classified as due from banks.

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

The provision made during the period is charged against the profit for the period. Loans that can not be recovered are written off and charged against the allowance for loan losses. Such loans are written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the period.

Deferred financing charges

Deferred financing charges (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised, using the effective interest method, over the remaining life of the long-term bank borrowings

Business combinations

In accordance with IFRS 3 "Business Combinations" all business combinations are accounted for by applying the purchase method. If the acquisition cost is higher than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as goodwill. Goodwill recognised in a business combination is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group has not performed the annual impairment test of goodwill as at 30 June 2005 yet.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 32).

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Insurance technical reserves

Unearned premiums reserve

Unearned premiums are those proportions of the premiums written in a year that relate to the period of risk subsequent to the balance sheet date for all policies with more than one year of maturity.

Claim provisions

Claims are recorded in the period in which they occur, based on reported claims or on the basis of estimates when not reported. The provision for claims outstanding is the total estimated ultimate cost of settling all claims arising from events, which have occurred up to the end of the accounting period. Full provision is made for outstanding claims, including claim settlements, reported at the end of the period according to the insurance expert's report, or according to the initial estimations of the insured and the expert.

Life assurance provision

The Subsidiaries dealing in life assurance are required to establish benefit reserves, which in the aggregate must be sufficient to provide for future guaranteed benefits as they become due. The life assurance provision is based on the level of premiums, as adjusted by commission, and administrative expenses and risk premiums that are computed on the basis of actuarial mortality assumptions, as approved by the Insurance Supervisory Office, which are applicable for Turkish insurance companies. The revenues obtained upon the investment activities in relation to the provisions held, are set aside as life assurance provision.

Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 30 June 2005. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, do not qualify for hedge accounting under the specific rules under IAS 39 and are therefore treated as derivatives at fair value through profit or loss and thier fair value gains and losses reported in the income statement.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Gains and losses on forward foreign exchange contracts were calculated by valuing the contract with the spot exchange rate prevailing on the balance sheet date and comparing the amount arrived at with the original amount calculated on a straight line basis by using the spot rate prevailing at the beginning of the contracts. Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps were included in the interest income and expense as appropriate.

Foreign currency transactions

Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated interim financial statements are presented in New Turkish lira, which is the measurement currency of the Holding.

Foreign currency transactions and balances

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

Foreign Group companies

The results of Group undertakings using a measurement currency other than New Turkish lira are first translated into New Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in translation reserve as a separate item in the shareholders' equity.

Research costs

Research and development costs are recognised as expense in the period in which they are incurred.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as revaluation value increase fund to share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates is considered. In the restatement of share premium payment dates are considered (Note 25).

Use of estimates

The preparation of consolidated interim financial statements in conformity with CMB Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

Reserve deposits with the Central Bank of the Republic of Turkey

Reserve deposits represent the minimum deposits maintained with the Central Bank of the Republic of Turkey (the "Central Bank"), as required by the Turkish Banking Law ("Banking Law"), calculated on the basis of customer deposits taken at the rates determined by the Central Bank. In accordance with the current legislation, the mandatory reserve deposit rates for New Turkish lira and foreign currency deposits are 6% (31 December 2004: 6%) and 11% (31 December 2004: 11%), respectively. Interest income is recognised quarterly by using the interest rates determined by the Central Bank. In addition to that, in accordance with Banking Law amounts computed on deposits by using the rates determined by the Central Bank should also be maintained in the Group's accounts as government bonds and treasury bills. In accordance with the legal requirements, liquidity requirement rates for New Turkish lira and foreign currency denominated deposits are 4 % (31 December 2004: 4%) and 1% (31 December 2004: 1%), respectively.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 30 June 2005 and 31 December 2004 were as follows:

	30 June 2005	31 December 2004
Cash in hand		
- banking	736.191	275.117
- other companies	13.682	10.265
Banks - time deposits	2.472.220	2.267.955
Banks - demand deposits	440.429	168.122
Interbank money market placements	172.705	429.884
Due from reverse repo transactions	8.329	80.424
Other cash and cash equivalents	766	387
	3.844.322	**3.232.154**

Time deposits are all short-term, maturing within one year at 30 June 2005 and 31 December 2004.

Effective interest rates of foreign currency, mainly USD, EUR denominated, and YTL denominated time deposits are 3,44 % p.a. (31 December 2004: 2,42 % p.a.), 2,00 % p.a. (31 December 2004: 2,38 % p.a.) and 16,85 % p.a. (31 December 2004: 20,86 % p.a.), respectively.

Loan to banks are secured with Turkish government bonds and treasury bills held for resale to banks under reverse repurchase agreements. These are all short-term with periods of less than three months. Effective interest rate of loan to banks is 15,61 % p.a. (31 December 2004: 23,76% p.a.). The market values of such securities approximate carrying values, including accrued income at the respective balance sheet date.

Analysis of maturities at 30 June 2005 and 31 December 2004 was as follows:

	30 June 2005	31 December 2004
Repayable on demand	1.467.829	1.008.471
Up to 3 month	2.253.773	2.049.033
3 to 12 months	122.720	174.650
	3.844.322	**3.232.154**

Akbank, a subsidiary of the Holding, pledged its demand deposits as off-shore cash reserve and payment accounts in connection with long-term securitised borrowings from foreign institutions in the amount of USD 1.433 million (31 December 2004: USD 917 million) and issued of trust certificates in the amount of USD 100 million (31 December 2004: USD 100 million) and various other borrowings received in time deposits in foreign banks. The detail of demand deposits unavailable for use at the balance sheet date was as follows:

	30 June 2005	31 December 2004
Regarding long term securitised borrowings	46.834	53.572
Regarding debt securities in issue	26.363	17.242
	73.197	**70.814**

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

NOTE 5 - MARKETABLE SECURITIES

The breakdown of trading securities is as follows:

	30 June 2005	31 December 2004
Government bonds denominated in foreign currency	5.037.055	3.232.537
Eurobonds	474.580	517.469
Government bonds	55.759	205.278
Treasury bills	17.495	65.845
Share certificates	20.366	14.362
Other	10.105	10.520
	5.615.360	**4.046.011**

Effective interest rates of foreign currency, mainly USD, EUR denominated, and YTL denominated marketable securities, are 5,31 % p.a. (31 December 2004: 5,39 % p.a.), 9,47 % p.a. (31 December 2004: 9,44 % p.a.) and 16,88 % p.a. (31 December 2004: 22,50 % p.a.), respectively.

Analysis of maturities at 30 June 2005 and 31 December 2004 was as follows:

Period remaining to contractual maturity dates:

	30 June 2005			31 December 2004		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	1.825.874	788	1.826.662	876.073	33.774	909.847
3 to 12 months	73.985	4.861	78.846	2.569.101	42.806	2.611.907
1 to 5 years	3.497.475	-	3.497.475	317.776	517	318.293
Over 5 years	190.075	-	190.075	189.977	-	189.977
No maturity	20.366	1.936	22.302	14.362	1.625	15.987
	5.607.775	**7.585**	**5.615.360**	**3.967.289**	**78.722**	**4.046.011**

Period remaining to contractual repricing dates:

	30 June 2005			31 December 2004		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	1.837.948	788	1.838.736	940.932	37.531	978.463
3 to 12 months	3.285.912	4.861	3.290.773	2.509.919	39.049	2.548.968
1 to 5 years	273.474	-	273.474	312.099	517	312.616
Over 5 years	190.075	-	190.075	189.977	-	189.977
No maturity	20.366	1.936	22.302	14.362	1.625	15.987
	5.607.775	**7.585**	**5.615.360**	**3.967.289**	**78.722**	**4.046.011**

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

NOTE 6 - FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE

Short-term funds borrowed, bank borrowings and debt securities in issue:

	30 June 2005	31 December 2004
Short-term	5.130.903	3.645.470
Short-term portion of long term	291.412	339.871
Total short term	5.422.315	3.985.341

Long-term funds borrowed, bank borrowings and debt securities in issue:

	30 June 2005	31 December 2004
Long-term	2.624.172	2.078.059
Total	**8.046.487**	**6.063.400**

Effective interest rates of foreign currency, mainly USD, EUR denominated, and YTL denominated loans and advances to customers are 4,20 % p.a. (31 December 2004: 3,75 % p.a.), 2,60 % p.a. (31 December 2004: 2,96 % p.a.) and 13,25 % p.a. (31 December 2004: 17,36% p.a.), respectively.

The maturity schedule at 30 June 2005 and 31 December 2004 are summarised below:

	30 June 2005	31 December 2004
Up to 3 months	3.081.086	1.220.400
3 to 12 months	2.341.229	2.764.941
1 to 5 year	1.491.422	1.724.023
Over 5 year	1.132.750	354.036
	8.046.487	**6.063.400**

The maturity schedule of long term borrowing at 30 June 2005 and 31 December 2004 are summarised below:

Year	30 June 2005	31 December 2004
2006	288.985	790.442
2007	173.830	339.651
2008	541.733	307.225
2009	486.874	286.705
Over 2010	1.132.750	354.036
	2.624.172	**2.078.059**

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

NOTE 6 - FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE (Continued)

The repricing schedule of borrowings at 30 June 2005 and 31 December 2004 are summarised below:

	30 June 2005	31 December 2004
Up to 3 months	6.195.625	4.072.322
3 to 12 months	1.531.792	1.882.074
1 to 5 years	315.684	105.153
Over 5 years	3.386	3.851
	8.046.487	**6.063.400**

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

Short-term and long-term trade receivables:

	30 June 2005	31 December 2004
Trade receivables	1.204.073	1.052.835
Notes and cheques receivable	112.473	102.206
	1.316.546	1.155.041
Less: doubtful receivables provision	(17.214)	(18.714)
	1.299.332	**1.136.327**

Short-term and long-term trade payables:

Trade payables	725.096	642.293
Notes payable	1.288	94
	726.384	**642.387**

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

NOTE 8 - LEASE RECEIVABLES AND LEASE PAYABLES

Lease receivables at 30 June 2005 **(*)** are summarized below.

	30 June 2005
Gross investment in finance leases	209.119
Less: unearned finance income	(26.917)
Net investment in finance leases	**182.202**

Lease receivables are originated rent amounts in agreement terms. The maturity schedule of receivables is summarized below.

	30 June 2005
2005	66.300
2006	82.984
2007	40.027
Over 2008	19.808
	209.119
Less: unearned finance income	(26.917)
Net investment in finance leases	**182.202**

Lease payables at 30 June 2005 and 31 December 2004 are summarized below.

	30 June 2005	**31 December 2004**
Lease payables		
- Current	1.755	7.808
- Non current	4.175	3.329
	5.930	**11.137**

(*) Finance lease receivables at 30 June 2005 are related to Ak Finansal Kiralama A.Ş., a subsidiary of Ak Uluslararası.

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

NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES

Due from related parties

	30 June 2005	31 December 2004
Carrefoursa	2.493	2.107
Brisa	2.343	3.542
Akçansa	2.105	2.846
Beksa	1.358	711
Olmuksa	584	476
Diasa	506	369
Oysa	245	538
Dönkasan	22	91
Other	7.603	8.281
	17.259	**18.961**

Due to related parties

	30 June 2005	31 December 2004
Brisa	7.240	8.646
Olmuksa	914	1.384
Beksa	542	704
Dönkasan	438	76
Akçansa	160	4
Carrefoursa	51	133
Other	1.920	3.124
	11.265	**14.071**

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other receivables

	30 June 2005	31 December 2004
Deductible VAT	50.133	26.808
Receivables from credit cards payments	14.585	13.835
Job advances given	2.055	5.461
Other	258.745	190.694
	325.518	**236.798**

Other payables

	30 June 2005	31 December2004
Payables related to credit card transactions	528.018	588.064
Bonus liability to credit card customers	161.257	64.360
Other taxes and funds	100.202	98.580
Import deposits and transfer orders	56.445	28.300
Unearned commission income	53.582	67.056
Payment orders to correspondent banks	38.933	15.081
Due to personnel	19.992	14.488
Saving deposits insurance	12.843	12.062
Other	507.927	348.607
	1.479.199	**1.236.598**

NOTE 11 - BIOLOGICAL ASSETS

None (31 December 2004: None).

NOTE 12 - INVENTORIES

	30 June 2005	31 December 2004
Raw materials and supplies	252.220	214.639
Semi-finished goods	85.708	72.376
Finished goods and merchandise	426.607	417.205
Spare parts and supplies	89.298	66.340
	853.833	**770.560**

NOTE 13 - RECEIVABLES FROM CONSTRUCTION CONTRACTS WORK IN PROGRESS AND CONSTRUCTION CONTRACTS PROGRESS BILLINGS

None (31 December 2004: None).

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

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

Deferred income taxes will be calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 30%. (31 December 2004: 30%)

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 30 June 2005 and 31 December 2004 using the enacted tax rates, were as follows:

	30 June 2005		**31 December 2004**	
	Cumulative temporary difference	**Deferred tax assets / (liabilities)**	**Cumulative temporary difference**	**Deferred tax assets / (liabilities)**
Deferred tax assets:				
Difference between tax base and carrying value of:				
- Property, plant and equipment	(121.076)	36.273	(171.378)	51.414
- Inventories	(29.802)	6.932	(32.724)	7.709
Investment allowances	(1.003.949)	113.664	(911.017)	97.362
Tax losses carried forward	(247.346)	75.428	(251.750)	75.894
Provision for loan losses	(148.477)	44.543	(109.235)	32.771
Provision for employment termination benefits	(117.894)	34.982	(107.957)	31.477
Unearned interest income	(34.120)	10.236	(35.975)	10.802
Other temporary differences	(117.978)	35.490	(113.512)	34.137
Deferred tax assets		357.548		341.566
Deferred tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment	716.984	(203.053)	690.688	(195.281)
- Inventories	2.049	(615)	2.843	(858)
Reversal of country risk provision	74.750	(29.900)	84.968	(33.987)
Deferred financing charges	18.420	(5.526)	20.018	(6.005)
Other temporary differences	136.254	(39.131)	62.838	(15.672)
Deferred tax liabilities		(278.225)		(251.803)
Deferred tax assets - net		**79.323**		**89.763**

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets:

	30 June 2005	31 December 2004
Deferred tax assets to be recovered after more than 12 months	288.959	256.147
Deferred tax assets to be recovered within 12 months	68.589	85.419
	357.548	**341.566**

Deferred tax liabilities:

	30 June 2005	31 December 2004
Deferred tax liabilities to be recovered after more than 12 months	221.538	234.315
Deferred tax liabilities to be recovered within 12 months	56.687	17.488
	278.225	**251.803**

Movements of deferred tax assets for the periods ended at 30 June were as follows:

	30 June 2005	30 June 2004
Balances at 1 January	89.763	1.232
Fair value increase of financial assets	(49.453)	(15.271)
Business combinations	(2.167)	-
Change in the scope of consolidation	-	343
Effect of currency translation	(13.020)	15.351
Credited to income statement	54.200	(17.999)
Balances at 30 June	**79.323**	**(16.344)**

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

NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES

	30 June 2005	31 December 2004
Other Current/Non-Current Assets		
Prepaid expenses	50.066	30.440
	50.066	**30.440**

Other Current/Non-Current Liabilities		
Expense accruals	115.817	152.898
	115.817	**152.898**

NOTE 16 - FINANCIAL ASSETS

a) Securities available-for-sale:	30 June 2005	31 December 2004
Debt securities		
- Government bonds	10.207.577	6.437.831
- Treasury bills	3.933.740	870.511
- Eurobonds	515.894	427.078
- Mutual Funds	49.881	28.716
- Government bonds denominated in foreign currency	-	4.863.490
- Other bonds denominated in foreign currency	53.675	57.828
	14.760.767	**12.685.454**
Equity securities		
- Listed	37.620	23.170
- Unlisted	31.838	32.165
	69.458	**55.335**
Total securities available-for-sale	**14.830.225**	**12.740.789**

Effective interest rates of foreign currency, mainly USD, EUR denominated, and YTL denominated available-for-sale debt securities, are 6,68 % p.a. (31 December 2004: 5,08 % p.a.) and 5,22 % p.a. (31 December 2004: 5,51 % p.a.), 23,60 % p.a. (31 December 2004: 27,43 % p.a.) respectively.

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

NOTE 16 - FINANCIAL ASSETS (Continued)

Analysis of maturities at 30 June 2005 and 31 December 2004 were as follows:

Period remaining to contractual maturity dates for available-for-sale securities:

	30 June 2005			31 December 2004		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	1.137.903	25.390	1.163.293	215.043	20.685	235.728
3 to 12 months	5.636.269	153.257	5.789.526	4.655.666	173.712	4.829.378
Current	6.774.172	178.647	6.952.819	4.870.709	194.397	5.065.106
1 to 5 years	7.578.452	38.242	7.616.694	7.483.683	61.132	7.544.815
Over 5 years	141.373	-	141.373	46.817	-	46.817
No maturity	45.644	73.695	119.339	31.660	52.391	84.051
Non-current	7.765.469	111.937	7.877.406	7.562.160	113.523	7.675.683
	14.539.641	**290.584**	**14.830.225**	**12.432.869**	**307.920**	**12.740.789**

Period remaining to contractual repricing dates for available-for-sales securities:

	30 June 2005			31 December 2004		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	4.922.485	25.391	4.947.876	3.050.795	20.685	3.071.480
3 to 12 months	5.837.691	153.256	5.990.947	6.227.646	173.712	6.401.358
1 to 5 years	3.592.448	38.242	3.630.690	3.075.951	61.132	3.137.083
Over 5 years	141.373	-	141.373	46.817	-	46.817
No maturity	45.644	73.695	119.339	31.660	52.391	84.051
	14.539.641	**290.584**	**14.830.225**	**12.432.869**	**307.920**	**12.740.789**

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

NOTE 16 - FINANCIAL ASSETS (Continued)

The breakdown of available-for-sale equity securities at 30 June 2005 was as follows:

Listed	Share (%)	Carrying amount	Business
Ak Yatırım Ortaklığı A.Ş.	45,62	10.666	Investment management
Türkiye Sınai Kalkınma Bankası A.Ş.	6,45	26.433	Investment banking
Others	-	521	
		37.620	

Unlisted	Share (%)	Carrying amount	Business
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	15,00	8.358	Vessel transportation
Ak Portföy Yönetimi A.Ş.	99,99	3.591	Portfolio management
Others	-	19.889	
		31.838	

The breakdown of available-for-sale equity securities at 31 December 2004 is as follows:

Listed	Share (%)	Carrying amount	Business
Ak Yatırım Ortaklığı A.Ş.	45,62	11.077	Investment management
Türkiye Sınai Kalkınma Bankası A.Ş.	6,45	12.035	Investment banking
Others	-	58	
		23.170	

Unlisted	Share (%)	Carrying amount	Business
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	15,00	8.278	Vessel transportation
Ak Portföy Yönetimi A.Ş.	99,99	3.592	Portfolio management
Others	-	20.295	
		32.165	

b) Securities held-to-maturity:	30 June 2005	31 December 2004
Debt securities		
- Bonds denominated in foreign currency	506.209	-
- Treasury bills denominated in foreign currency	181.457	193.250
- Eurobonds	158.642	-
- Government bonds	80.239	13.269
- Treasury bills	2.056	1.088
- Government bonds denominated in foreign currency	-	140.881
	928.603	**348.488**

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

NOTE 16 - FINANCIAL ASSETS (Continued)

Period remaining to contractual maturity dates for held-to-maturity securities:

	30 June 2005			31 December 2004		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	25.569	-	25.569	52.108	1.714	53.822
3 to 12 months	575.912	17.014	592.926	59.306	12.644	71.950
Current	601.481	17.014	618.495	111.414	14.358	125.772
1 to 5 years	209.540	-	209.540	166.972	-	166.972
Over 5 years	100.568	-	100.568	55.744	-	55.744
Non-current	310.108	-	310.108	222.716	-	222.716
	911.589	**17.014**	**928.603**	**334.130**	**14.358**	**348.488**

Period remaining to contractual repricing dates for held-to maturity securities:

	30 June 2005			31 December 2004		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	643.895	-	643.895	52.108	5.844	57.952
3 to 12 months	97.029	17.014	114.043	59.306	8.514	67.820
1 to 5 years	101.654	-	101.654	166.972	-	166.972
Over 5 years	69.011	-	69.011	55.744	-	55.744
	911.589	**17.014**	**928.603**	**334.130**	**14.358**	**348.488**

c) Investment in associate companies

	30 June 2005	**Share(%)**	**31 December 2004**	**Share(%)**
Philsa	83.550	25,00	87.385	25,00
Philip Morrissa	16.970	24,75	15.660	24,75
Ak Uluslararası **(*)**	-	-	80.881	39,99
	100.520		**183.926**	

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

NOTE 16 - FINANCIAL ASSETS (Continued)

Income from associates was as follows:

	1 January - 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Philsa	11.345	63	21.897	7.174
Philip Morrissa	6.920	616	9.368	122
Ak Uluslararası	-	-	4.658	2.837
	18.265	**679**	**35.923**	**10.133**

(*) Effective from 9 March 2005, Akbank, a Subsidiary of the Holding, controls the operating and financial activities of Ak Uluslararası (formerly named BNP-AK Dresdner Bank A.Ş.) which is included as a subsidiary in these consolidated interim financial statements at 30 June 2005. In prior periods Ak Uluslararası was included as an Associate in the consolidated financial statements and was accounted for by the equity method of accounting (Note 32).

The summary of the financial statements of the associates financials at 30 June 2005 and 31 December 2004 are as follows:

	30 June 2005		31 December 2004	
	Total assets	**Total liabilities**	**Total assets**	**Total liabilities**
Philsa	805.523	471.322	716.283	366.742
Philip Morrissa	236.245	167.681	238.608	175.333
Ak Uluslararası	-	-	516.553	314.320
	1.041.768	**639.003**	**1.471.444**	**856.395**

Sales revenue	**1 January- 30 June 2005**	**1 April- 30 June 2005**	**1 January- 30 June 2004**	**1 April- 30 June 2004**
Philsa	2.167.467	1.112.914	1.850.532	959.811
Philip Morrissa	2.280.227	1.156.439	2.003.241	1.026.885
Ak Uluslararası	-	-	48.132	18.676
	4.447.694	**2.269.353**	**3.901.905**	**2.005.372**

Net income	**1 January- 30 June 2005**	**1 April- 30 June 2005**	**1 January- 30 June 2004**	**1 April- 30 June 2004**
Philsa	44.701	6.994	89.808	34.118
Philip Morrissa	27.832	3.708	32.782	12.132
Ak Uluslararası	-	-	10.061	5.954
	72.533	**10.702**	**132.651**	**52.204**

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

NOTE 17 - GOODWILL / NEGATIVE GOODWILL (NET)

Maturity table of goodwill and negative goodwill at 30 June 2005 was obtained below:

	Goodwill
1 January 2005	176.162
Exchange rate difference	(1.240)
30 June 2005	**174.922**

	Goodwill	**Negative goodwill**
1 January 2004	261.535	19.425
Additions	1.376	-
Exchange rate difference	(3.460)	-
Impairment charge	(1.376)	-
Amortisation charge	(12.987)	(2.801)
30 June 2004	**245.088**	**16.624**

NOTE 18 - INVESTMENT PROPERTY (NET)

Cost	**1 January2005**	**Additions**	**Disposals**	**Transfers**	**Impairment**	**30 June 2005**
Land	119.548	338	(1.945)	28.246	-	146.187
Buildings	253.497	26.121	(1.694)	8.739	(3.356)	283.307
	373.045	26.459	(3.639)	36.985	(3.356)	429.494
Accumulated depreciation						
Buildings	36.317	3.141	(229)	-		39.229
	36.317	3.141	(229)	-		39.229
Net book value	**336.728**					**390.265**

Cost	**1 January 2004**	**Additions**	**Disposals**	**Transfers**	**Impairment**	**30 June 2004**
Land	128.477	-	-	-	-	128.477
Buildings	240.250	-	-	-	-	240.250
	368.727					368.727
Accumulated depreciation						
Buildings	28.068	4.202	-	-	-	32.270
	28.068	4.202	-	-	-	32.270
Net book value	**340.659**					**336.457**

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET)

Cost	1 January 2005	Exchange rate difference	Additions	Disposals	Change in the scope of consolidation	Business combinations	Transfers	30 June 2005
Land and land improvements	345.225	(1.835)	5.320	(16.224)	578	4.611	(28.246)	309.429
Buildings	1.948.840	(8.346)	10.787	(28.209)	1.259	62.162	(73.242)	1.913.251
Machinery and equipment	4.532.557	30.424	93.745	(144.694)	5.988	192.040	-	4.710.060
Motor vehicles	127.828	(111)	5.133	(6.580)	363	44	-	126.677
Furniture and fixtures	1.194.714	(1.574)	28.252	(10.614)	126	19.968	74.172	1.305.044
	8.149.164	18.558	143.237	(206.321)	8.314	278.825	(27.316)	8.364.461
Construction in progress	193.899	(786)	169.052	(108.376)	48	25.977	(9.669)	270.145
	8.343.063	17.772	312.289	(314.697)	8.362	304.802	(36.985)	8.634.606
Accumulated depreciation								
Land and land improvements	59.147	(130)	3.268	(1.147)	225	243	-	61.606
Buildings	670.025	(2.108)	27.244	(7.516)	728	11.292	(36.297)	663.368
Machinery and equipment	2.703.931	16.641	106.355	(131.187)	4.670	25.103	-	2.725.513
Motor vehicles	102.456	(39)	3.796	(4.247)	324	216	-	102.506
Furniture and fixtures	897.858	(1.180)	67.858	(9.863)	112	13.648	36.297	1.004.730
	4.433.417	13.184	208.521	(153.960)	6.059	50.502	-	4.557.723
Net book value	**3.909.646**							**4.076.883**

At 30 June 2005 there are mortgages amounting to YTL 127,072 (31 December 2004: YTL 134,243) on registered buildings as security for bank borrowings and legal requirement.

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET) (Continued)

Cost	1 January 2004	Exchange rate difference	Additions	Disposals	Change in the scope of consolidation	Business combinations	Transfers	30 June 2004
Land and land improvements	338.387	(706)	10.580	(12.288)	-	-	-	335.973
Buildings	1.909.071	(3.384)	18.249	(8.217)	-	-	-	1.915.719
Machinery and equipment	4.074.569	(9.734)	31.005	(27.832)	3.793	-	-	4.071.801
Motor vehicles	120.911	(19)	6.587	(4.578)	114	-	-	123.015
Furniture and fixtures	1.112.467	(522)	20.339	(11.055)	1.941	-	-	1.123.170
	7.555.405	(14.365)	86.760	(63.970)	5.848	-	-	7.569.678
Construction in progress	221.459	518	65.929	(18.515)	-	-	-	269.391
	7.776.864	(13.847)	152.689	(82.485)	5.848	-	-	7.839.069
Accumulated depreciation								
Land and land improvements	53.579	(51)	3.095	(739)	-	-	-	55.884
Buildings	611.442	(761)	37.582	(5.585)	-	-	-	642.678
Machinery and equipment	2.361.428	(3.545)	115.050	(24.002)	3.267	-	-	2.452.198
Motor vehicles	101.695	(15)	4.903	(3.775)	76	-	-	102.884
Furniture and fixtures	817.297	(314)	46.522	(7.438)	1.130	-	-	857.197
	3.945.441	(4.686)	207.152	(41.539)	4.473	-	-	4.110.841
Net book value	**3.831.423**							**3.728.228**

At 30 June 2004 there are mortgages amounting to YTL 106,405

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

NOTE 20 - INTANGIBLE ASSETS

	30 June 2005	31 December 2004
Cost	236.544	239.212
Accumulated depreciation	(94.075)	(84.193)
	142.469	**155.019**

NOTE 21 - ADVANCES RECEIVED

	30 June 2005	31 December2004
Advances received from customers	27.978	11.767

NOTE 22 - RETIREMENT PLANS

None (31 December 2004: None).

NOTE 23 - PROVISIONS

a) Taxes payable

	30 June 2005	31 December 2004
Corporation and income taxes currently payable	427.360	503.936
Less: prepaid taxes	(154.086)	(345.996)
Total taxes payable	**273.274**	**157.940**

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

Corporation tax rate for year 2005 is 30% (2004: 30%). This rate is % 30 for the following years. Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances. No further tax is payable unless the profit is distributed.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. Corporate taxpayers are obliged to prepare the opening balance sheets restated for inflation at 31 December 2003. Corporate taxpayers will submit their opening balance sheets restated for inflation at 31 December 2003 in accordance with the General Communiqué on Tax Procedure Law No: 328 ("Communiqué") dated 28 February 2004. Corporate taxpayers, who are required to follow the inflation accounting principles in accordance with the aforementioned Communiqué, are obliged only to restate their balance sheets for the periods ended after 1 January 2004.

NOTE 23 - PROVISIONS (Continued)

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 30% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

Capital gains derived from the sale of equity investments and immovable held for not less than two years are tax exempt until 31 December 2004, if such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures, with some exceptions, over YTL 6 are eligible for investment incentive allowance of 40 %, which is deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2003 are subject to withholding tax at the rate of 19,8 %, irrespective of profit distribution.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

b) Provision for employment termination benefits

Under Turkish Labour Law, the Holding is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. At 30 June 2005 the amount payable consists of one month's salary limited to a maximum of YTL 1.648,90 (31 December 2004: YTL 1.574,74) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above.

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

The reserve has been calculated by estimating the present value of the future probable obligation of the Holding arising from the retirement of the employees.

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

NOTE 23 - PROVISIONS (Continued)

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate.

Movements in the reserve for employment termination benefits for the periods ended 30 June are as follows:

	30 June 2005	**30 June 2004**
Balances at 1 January	124.925	98.071
Change in the scope of consolidation	39	242
Acquisition	7.661	-
Payments during the period	(23.938)	(14.553)
Charge for the period	27.673	17.868
Monetary gain	-	(6.866)
Balances at 30 June	**136.360**	**94.762**

NOTE 24 - MINORITY INTEREST

	30 June 2005	**30 December 2004**
Balances at 1 January - as previously reported	4.693.824	4.246.909
Accounting policy change	33.115	88.274
Balances at 1 January - as restated	4.726.939	4.335.183
Effect of change in the effective rate of subsidiaries	14.501	-
Non-cash capital increase correction	(92.784)	-
Disposal of subsidiary	(2.420)	-
Capital increase	(9.050)	(14.144)
Increase in share premium	(160)	-
Dividends paid	(876.665)	(291.488)
Business combination	37.574	(1.584)
Rate change difference	(1.010)	725
Available for sale investments net fair value change, net of tax	55.065	(45.961)
Net income for the period	532.023	385.719
Balances at 30 June	**4.384.013**	**4.368.450**

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

NOTE 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL

The Holding's authorised and issued capital consists of 120.000.000.000 (31 December 2004: 120.000.000.000) shares of YKr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 30 June 2005 and 31 December 2004 were as follows:

Shareholders:	Share (%)	30 June 2005	Share (%)	31 December2004
Sabancı family members	58,27	699.231	64,47	773.640
Sakıp Sabancı Holding A.Ş.	14,81	177.720	14,81	177.720
Public quotation	25,30	303.621	19,10	229.212
Sabancı University	1,62	19.428	1,62	19.428
Share capital	**100,00**	**1.200.000**	**100,00**	**1.200.000**
Share premium		**21.670**		**21.670**

According to the Articles of Association (the "Articles") of the Holding, any founder shareholder participating in the Holding foundation with an amount of more than TL1.000.000 receives a usufruct share in return for each of their TL250.000 share commitment. As a result, there are 189 usufruct shares, all of which have been granted to Vaksa and certain Sabancı family members.The holders of the usufruct shares are currently entitled to receive dividends out of distributable profits as explained in Note 27. Shareholders having usufruct shares do not have any interest in the capital of the Holding, and do not have any voting rights associated with them.

NOTE 26 - CAPITAL RESERVES

The details of the differences arising between the inflated and historical amounts of statutory shareholders' equity items presented above are as follows:

30 June 2005	Historical amount	Restated amount	Restatement difference
Share capital	1.200.000	4.232.573	3.032.573
Share premium	21.670	299.999	278.329
Legal reserves	54.110	137.214	83.104
Extraordinary reserves	255.893	463.487	207.594
	1.531.673	**5.133.273**	**3.601.600**

31 December 2004	Historical amount	Restated amount	Restatement difference
Share capital	1.200.000	4.232.573	3.032.573
Share premium	21.670	299.999	278.329
Legal reserves	54.110	137.214	83.104
Extraordinary reserves	255.893	463.487	207.594
	1.531.673	**5.133.273**	**3.601.600**

NOTE 27 - PROFIT RESERVES

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

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

Dividend distribution is made by the Holding in Turkish lira in accordance with its Articles after deducting taxes and setting aside the legal reserves as discussed above. In accordance with the Articles, dividends may also be paid to the Board of Directors of the Holding in amounts of up to 4%, to the holders of the usufruct shares in the amount of 3% and to Vaksa in the amount of 3%, in each case, of the distributable profits remaining after deducting taxes, legal reserves and the first dividend.

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 30% of their distributable profit, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 30% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. The income of the Subsidiaries, Joint Ventures and Associated companies of the Holding will not be taken into consideration in the calculation of dividends of the parent company, if they have not declared dividends in their general assemblies.

For the purposes of profit distribution in accordance with related CMB regulations, items of statutory shareholders' equity such as share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves, are presented at their historical amounts. The difference between the inflated and historical amounts of these items is presented in shareholders' equity in total as restatement difference.

Restatement difference of shareholders' equity can only be netted off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted off against prior years' losses, used in distribution of bonus shares and distribution of dividends to shareholders.

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

NOTE 27 - PROFIT RESERVES (Continued)

In accordance with the above explanation, the composition of the Holding's shareholders' equity, which is considered as the basis for profit distribution is as follows:

	30 June 2005	**31 December 2004**
Capital	1.200.000	1.200.000
Share premium	21.670	21.670
Legal reserves	54.110	54.110
Extraordinary reserves	255.893	255.893
Restatement difference	3.601.600	3.601.600
Net income	401.302	724.132
Retained earnings	1.233.013	652.068
Total shareholders' equity subject to dividend distribution	6.767.588	6.509.473
Translation reserve	(327.579)	(307.744)
Fair value reserve	59.761	24.167
Total consolidated shareholders' equity	**6.499.770**	**6.225.896**

NOTE 27 - RETAINED EARNINGS

	30 June 2005
Balance at 1 January 2005 - as previously reported	637.473
Effect of IFRS 3 application	14.595
Balance at 1 January 2005 - as restated	652.068
Effect of change in the effective rate of subsidiaries	(14.501)
Transfer of net income at 31 December 2004	724.132
Dividends paid	(128.686)
Balance at 30 June 2005	**1.233.013**

NOTE 29 - FOREIGN CURRENCY POSITION

Foreign currency denominated financial assets and liabilities held by the Holding before consolidation eliminations at 30 June 2005 and 31 December 2004were as follows:

	30 June 2005	**31 December 2004**
Assets	24.134.318	21.497.809
Liabilities	(24.541.288)	(21.803.444)
Net foreign currency position	**(406.970)**	**(305.635)**

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

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

	30 June 2005				
	USD	**EUR**	**GBP**	**Other**	**Total**
Cash and due from banks	2.422.500	1.100.100	203.013	54.433	3.780.046
Trading securities	5.794.773	268.394	-	-	6.063.167
Derivative financial instruments	3.496	749	5.087	158	9.490
Reserve deposits at Central Bank	306.411	897.188	-	-	1.203.599
Loans and advances to customers - net	5.140.769	1.884.098	77.565	428	7.102.860
Investment securities	4.542.613	630.441	20.899	22.598	5.216.551
Trade receivables	218.743	386.008	63.980	21.241	689.972
Other receivables	28.491	17.040	7.855	15.247	68.633
Total foreign currency denominated assets	**18.457.796**	**5.184.018**	**378.399**	**114.105**	**24.134.318**
Funds borrowed, bank borrowings and debt securities in issue	6.786.638	1.521.941	58.877	22.274	8.389.730
Customer deposits	8.278.384	6.261.376	628.925	153.323	15.322.008
Derivative financial instruments	137.049	211.638	51.178	52.423	452.288
Trade payables	147.238	86.703	58.865	24.779	317.585
Other payables	33.257	19.052	6.772	596	59.677
Total foreign currency denominated liabilities	**15.382.566**	**8.100.710**	**804.617**	**253.395**	**24.541.288**
Net balance sheet position	**3.075.230**	**(2.916.692)**	**(426.218)**	**(139.290)**	**(406.970)**

	31 December 2004				
	USD	**EUR**	**GBP**	**Other**	**Total**
Cash and due from banks	1.236.827	1.356.951	345.341	70.033	3.009.152
Trading securities	3.558.869	205.414	-	-	3.764.283
Derivative financial instruments	200.038	464.030	128.533	23.407	816.008
Reserve deposits at Central Bank	380.032	848.433	-	-	1.228.465
Loans and advances to customers - net	10.156.390	1.580.006	54.046	1.736	11.792.178
Investment securities	12	199.816	40.382	24	240.234
Trade receivables	173.403	338.705	60.178	6.657	578.943
Other receivables	22.365	17.777	26.380	2.024	68.546
Total foreign currency denominated assets	**15.727.936**	**5.011.132**	**654.860**	**103.881**	**21.497.809**
Funds borrowed, bank borrowings and debt securities in issue	5.228.417	1.041.618	17.450	9.117	6.296.602
Customer deposits	7.805.610	6.199.930	579.433	163.827	14.748.800
Derivative financial instruments	5	2.177	35.133	19	37.334
Trade payables	82.230	264.729	47.555	33.658	428.172
Other payables	196.389	67.414	24.682	4.051	292.536
Total foreign currency denominated liabilities	**13.312.651**	**7.575.868**	**704.253**	**210.672**	**21.803.444**
Net balance sheet position	**2.415.285**	**(2.564.736)**	**(49.393)**	**(106.791)**	**(305.635)**

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

NOTE 30 - GOVERNMENT GRANTS

None (31 December2004: None).

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

	30 June 2005	31 December 2004
Letters of guarantee issued	1.884.611	1.722.901
Foreign currency acceptance credits	1.460.007	740.273
Letter of credits	56.118	46.893
	3.400.736	**2.510.067**

Commitments for resale and repurchase of debt securities:

Commitments for resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 30 June 2005 and 31 December 2004 were as follows:

	30 June 2005	31 December 2004
Repurchase commitments	4.218.634	2.327.537
Resale commitments	30.654	80.194

Commitments to forward currency purchase / sale and swap transactions:

	30 June 2005	31 December 2004
Forward currency purchases		
YTL	60.838	43.228
USD	283.523	169.430
EUR	1.089.244	372.611
JPY	18.083	26.157
GBP	285.973	174.403
Other	-	1.765
	1.737.661	**787.594**
Forward currency sales		
YTL	1.283	43.416
USD	1.412.737	317.239
EUR	257.764	232.966
JPY	26.200	5.675
GBP	68.017	171.226
Other	-	1.767
	1.766.001	**772.289**

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

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

	30 June 2005	31 December 2004
Currency swap purchases		
USD	25.533	32.331
EUR	2.314.907	2.215.093
GBP	293.784	185.142
CHF	15.920	-
Other	56.243	-
	2.706.387	**2.432.566**
Currency swap sales		
YTL	4.100	-
USD	2.756.863	2.245.877
GBP	-	-
EUR	25.485	32.331
	2.786.448	**2.278.208**
Interest rate swap purchases		
USD	270.335	123.478
EUR	177.236	113.993
GBP	279.335	257.650
JPY	14.669	15.598
	741.575	**510.719**
Interest rate swap sales		
USD	270.335	116.953
EUR	177.236	113.993
GBP	279.335	257.650
JPY	14.669	23.398
	741.575	**511.994**
Spot purchases	168.797	38.657
Spot sales	169.107	38.630
Commitments - Other companies		
Letters of guarantee given	220.003	461.733
Other guarantees given	106.579	95.480
	326.582	**557.213**

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

NOTE 32 - BUSINESS COMBINATIONS

Akbank, a Subsidiary of the Holding, acquired 60% of shares of its subsidiary Ak Uluslararası Bankası A.Ş. (formerly named BNP Ak Dresdner Bank A.Ş.) from the foreign shareholders in consideration of YTL 64.337 on 9 March 2005. The excess amount of YTL 24.968 that arose from the excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired from the purchase consideration is included in other operating income. Ak Uluslararası Bankası A.Ş. has generated a net income of YTL 18.493 until 30 June 2005 after this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Loans and advances to customers	143.534
Financial instruments	120.652
Property plant and equipment, net	7.790
Other assets	3.804
Customer deposits	(4.973)
Other borrowed funds and debt securities issued	(174.565)
Other liabilities	(6.937)
Total net assets	89.305
Less: cost of acquisition	(64.337)
Excess recognised in the income statement	**24.968**

Sabancı Industrial Nylon Yarn, a Subsidiary of the Holding, acquired 50% of shares of Kordsa LLC from E.I. du Pont de Nemours and Company, which is a joint venturer of Kordsa LLC, in consideration of YTL 135.514 on 30 April 2005. The excess amount of YTL 28.285 that arose from the excess of the carrying value of the identifiable assets, liabilities and contingent liabilities acquired from the purchase consideration is included in other operating income. Kordsa LLC has generated a net income of YTL 3.340 until 30 June 2005 after this acquisition. The carrying values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Trade receivable	69.455
Inventories	57.754
Property plant and equipment, net	222.045
Intangible assets,-net	3.322
Other assets	27.559
Financial liabilities	(98.004)
Trade payables	(50.682)
Other liabilities	(67.650)
Total net assets	163.799
Less: cost of acquisition	(135.514)
Excess recognised in income statement	**28.285**

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

NOTE 32 - BUSINESS COMBINATIONS (Continued)

Sabancı Industrial Nylon Yarn, a Subsidiary of the Holding, acquired 90,32% of shares of Cobafi from Acordis/Diolen in consideration of YTL 22.191 on 13 May 2005. The excess amount of YTL 3.997 that arose from the excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired from the purchase consideration is included in other operating income. Cobafi has generated a net income of YTL 519 until 30 June 2005 after this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Trade receivables	5.679
Inventory	19.425
Property plant and equipment, net	17.409
Other assets	11.862
Financial liabilities	(16.044)
Trade payables	(1.620)
Other liabilities	(10.523)
Total net assets	26.188
Less: cost of acquisition	(22.191)
Excess recognised in income statement	**3.997**

NOTE 33 - SEGMENT REPORTING

a) External revenues

	1 January-30 June 2005	1 April-30 June 2005	1 January-30 June 2004	1 April-30 June 2004
Finance	3.202.570	1.698.327	2.936.149	1.399.296
Tire and tire reinforcements	461.946	277.133	368.527	190.179
Automotive	603.952	358.043	607.592	350.054
Chemicals	792.650	394.375	420.294	211.338
Textile	179.563	92.993	201.490	114.505
Retail	510.899	261.255	401.708	212.392
Cement	223.355	141.756	195.791	120.501
Food and beverage	184.814	91.536	213.166	113.909
Other	192.317	91.397	197.096	119.588
	6.352.066	**3.406.815**	**5.541.813**	**2.831.762**

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

NOTE 33 - SEGMENT REPORTING (Continued)

b) Segment assets		**30 June 2005**		**31 December 2004**
Finance		47.503.400		37.377.040
Banking	46.799.933		36.849.616	
Insurance	703.467		527.424	
Chemicals		1.445.410		1.504.820
Textile		455.044		435.763
Tire and tire reinforcements		873.671		690.629
Automotive		403.823		419.516
Food and beverage		276.820		230.826
Retail		685.697		681.545
Cement		503.319		486.475
Other		1.521.138		1.501.839
Segment assets (*)		**53.668.322**		**43.328.453**
Investment in associated companies		100.520		183.926
Banking	-		80.881	
Other	100.520		103.045	
Unallocated assets		750.624		757.183
Less: intercompany eliminations and reclassifications		(847.727)		(860.723)
Total assets per consolidated financial statements		**53.671.739**		**43.408.839**

(*) Segment assets comprise operating assets.

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

NOTE 33 - SEGMENT REPORTING (Continued)

c) Segment liabilities		**30 June 2005**		**31 December 2004**
Finance		41.199.128		30.625.522
Banking	40.798.665		30.336.712	
Insurance	400.463		288.810	
Tire and tire reinforcements		203.238		114.522
Automotive		194.183		173.216
Chemicals		241.152		327.163
Textile		66.757		50.597
Food and beverage		84.285		59.952
Retail		213.430		197.679
Cement		70.111		54.662
Other		218.112		170.857
Segment liabilities (*)		**42.490.396**		**31.774.170**
Unallocated liabilities		1.300.611		1.114.560
Less: intercompany eliminations and reclassifications		(1.003.051)		(432.726)
Total liabilities per consolidated financial statements		**42.787.956**		**32.456.004**

(*) Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

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

NOTE 33 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 January - 30 June 2005

	Tire and tire reinforcements	Automotive	Textile	Chemicals	Cement	Retail	Food and beverage	Finance: Banking	Finance: Insurance	Finance: Total finance	Other	Inter segment elimination	Total
External revenues	461.946	603.952	179.563	792.650	223.355	510.899	184.814	2.912.533	290.037	3.202.570	192.317	-	6.352.066
Inter segment revenues	2.840	5.461	12	11.833	8	967	2.395	10.013	1.434	11.447	98.756	(133.719)	-
Combined revenues	464.786	609.413	179.575	804.483	223.363	511.866	187.209	2.922.546	291.471	3.214.017	291.073	(133.719)	6.352.066
Segment profit/(loss)	58.879	44.482	11.874	(17.554)	57.772	27.838	(13.695)	1.155.939	(12.549)	1.143.390	(3.824)	-	1.309.162
Other unallocated operating expenses													(26.479)
Total segment operating result													1.282.683

Segmental analysis for the period between 1 April - 30 June 2005

	Tire and tire reinforcements	Automotive	Textile	Chemicals	Cement	Retail	Food and beverage	Finance: Banking	Finance: Insurance	Finance: Total finance	Other	Inter segment elimination	Total
External revenues	277.133	358.043	92.993	394.375	141.756	261.255	91.536	1.562.653	135.674	1.698.327	91.397	-	3.406.815
Inter segment revenues	1.666	5.451	4	1.280	4	354	1.020	2.812	692	3.504	51.624	(64.907)	-
Combined revenues	278.799	363.494	92.997	395.655	141.760	261.609	92.556	1.565.465	136.366	1.701.831	143.021	(64.907)	3.406.815
Segment profit/(loss)	35.176	33.240	7.292	(19.836)	40.968	19.794	(8.165)	627.844	(18.467)	609.377	5.019	-	722.865
Other unallocated operating expenses													(14.523)
Total segment operating result													708.342

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

NOTE 33 - SEGMENT REPORTING (Continued)

Segmental analysis for the period between 1 January - 30 June 2004

								Finance					
	Tire and tire reinforcements	**Automotive**	**Textile**	**Chemicals**	**Cement**	**Retail**	**Food and beverage**	**Banking**	**Insurance**	**Total finance**	**Other**	**Inter segment elimination**	**Total**
External revenues	368.527	607.592	201.490	420.294	195.791	401.708	213.166	2.682.566	253.583	2.936.149	197.096	-	5.541.813
Inter segment revenues	1.610	607	1.820	4.457	104	656	2.210	10.879	1.546	12.425	70.591	(94.480)	-
Combined revenues	370.137	608.199	203.310	424.751	195.895	402.364	215.376	2.693.445	255.129	2.948.574	267.687	(94.480)	5.541.813
Segment profit/(loss)	52.547	62.926	20.514	1.628	45.590	(9.122)	(1.200)	1.146.154	31.731	1.177.885	(46.440)		1.304.328
Other unallocated operating expenses													(20.616)
Total segment operating result													1.283.712

Segmental analysis for the period between 1 April - 30 June 2004

								Finance					
	Tire and tire reinforcements	**Automotive**	**Textile**	**Chemicals**	**Cement**	**Retail**	**Food and beverage**	**Banking**	**Insurance**	**Total finance**	**Other**	**Inter segment elimination**	**Total**
External revenues	190.179	350.054	114.505	211.338	120.501	212.392	113.909	1.297.362	101.934	1.399.296	119.588	-	2.831.762
Inter segment revenues	1.269	548	1.763	2.900	102	96	1.055	5.361	137	5.498	34.333	(47.564)	-
Combined revenues	191.448	350.602	116.268	214.238	120.603	212.488	114.964	1.302.723	102.071	1.404.794	153.921	(47.564)	2.831.762
Segment profit/(loss)	28.262	34.403	20.830	10.440	40.529	(6.176)	(3.896)	454.547	13.232	467.779	(34.482)	-	557.689
Other unallocated operating expenses													(10.549)
Total segment operating result													547.140

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

NOTE 33 - SEGMENT REPORTING (Continued)

e) Operating results

i) Banking

	1 January-30 June 2005	1 April-30 June 2005	1 January-30 June 2004	1 April-30 June 2004
Interest on originated loans	1.232.323	402.645	1.638.644	806.877
Interest on investment and trading securities	1.092.114	839.651	410.369	195.401
Fee and commission income	436.772	236.822	312.168	160.667
Interest from other banks	69.905	39.369	96.001	42.224
Net trading gains on securities	68.103	37.794	206.773	73.842
Other interest income	13.316	6.372	18.611	18.351
Total operating revenues	2.912.533	1.562.653	2.682.566	1.297.362
Less: fee and commission income and net trading gains on securities	(504.875)	(274.617)	(518.941)	(234.509)
Total interest income	2.407.658	1.288.036	2.163.625	1.062.853
Interest expense	(1.054.035)	(570.305)	(954.692)	(488.682)
Interest income - net	1.353.623	717.731	1.208.933	574.171
Operating costs				
Interest expense	(1.054.035)	(570.305)	(954.692)	(488.682)
Foreign exchange trading gains - net	44.423	68.263	1.657	(29.302)
Operating expense	(547.327)	(301.783)	(474.545)	(254.983)
Fee and commission expense	(109.758)	(55.206)	(100.455)	(46.402)
Provision for loan losses	(115.778)	(69.966)	(16.589)	(24.987)
Other operating income - net	31.118	(575)	8.212	1.541
Total operating costs	(1.751.357)	(929.572)	(1.536.412)	(842.815)
Add: interest expense	1.054.035	570.305	954.692	488.682
Add: fee and commission income and net trading gains on securities	504.875	274.617	518.941	234.509
Operating results	**1.161.176**	**633.081**	**1.146.154**	**454.547**

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

NOTE 33 - SEGMENT REPORTING (Continued)

ii) Insurance

	1 January-30 June 2005	1 April-30 June 2005	1 January-30 June 2004	1 April-30 June 2004
Gross premiums written	290.037	135.674	253.583	101.934
Outward reinsurance premiums	(149.303)	(62.773)	(142.946)	(50.736)
Change in the provision for unearned premiums, net of reinsurance	(27.095)	(20.417)	(8.305)	629
Earned premiums, net of reinsurance	113.639	52.484	102.332	51.827
Claims paid - gross	(158.170)	(78.577)	(145.672)	(68.278)
Claims paid – reinsures' share	79.859	40.353	78.583	34.761
Change in the provision for claims	(4.591)	(3.108)	845	(2.350)
Claims incurred, net of reinsurance	(82.902)	(41.332)	(66.244)	(35.867)
Change in life assurance provision	(5.867)	(1.536)	(14.866)	(9.931)
Commission expense - net	(12.034)	(7.688)	(6.868)	(5.534)
Other technical income - net	12.836	1.928	14.354	495
General administrative expenses	(29.121)	(17.765)	(23.128)	(12.497)
Other operating income - net	4.311	(2.055)	40.505	25.234
Operating results	**(11.974)**	**(17.892)**	**31.731**	**13.232**

iii) Non-financial products

Net sales	3.149.496	1.708.488	2.605.664	1.432.466
Cost of sales	(2.586.325)	(1.385.008)	(2.102.420)	(1.137.222)
Gross margin	563.171	323.480	503.244	295.244
General administrative expenses	(423.676)	(221.771)	(342.674)	(165.690)
Other operating expense- net	(6.014)	(8.556)	(54.743)	(50.193)
Operating results	**133.481**	**93.153**	**105.827**	**79.361**

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

NOTE 33 - SEGMENTAL REPORTING (Continued)

f) Interests in joint ventures

Aggregate amounts of current assets, long-term assets, current liabilities, long-term liabilities and income and expense items related to Joint Ventures which are proportionally consolidated in the consolidated financial statements are as follows on a combined basis:

Balance sheet	30 June 2005	31 December 2004
Current assets	336.529	471.132
Non-current assets	926.426	1.144.068
Total assets	**1.262.955**	**1.615.200**
Current liabilities	324.152	430.796
Non-current liabilities	67.754	101.827
Total liabilities	391.906	532.623
Outside interests	3.488	29.340
Shareholders' equity	867.561	1.053.237
Total liabilities, outside interests and shareholders' equity	**1.262.955**	**1.615.200**

Income statement	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Operating result	68.802	41.727	46.803	32.999
Financial income- net	5.049	3.042	(2.228)	(11.922)
Gain on net monetary position	-	-	8.807	(4.986)
Income before taxation on income and outside interests	73.851	44.769	53.382	16.091
Taxation on income	(20.145)	(13.379)	(1.565)	(7.322)
Income before outside interests	53.706	31.390	51.817	8.769
Outside interests	(1.512)	(273)	(1.861)	324
Net income	**52.194**	**31.117**	**49.956**	**9.093**

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

NOTE 33 - SEGMENTAL REPORTING (Continued)

g) Amortisation charge, negative goodwill income and capital expenditures

1 January - 30 June 2005

	Finance		Tire and					Food and			
	Banking	**Insurance**	**tire enforcements**	**Automotive**	**Textile**	**Chemicals**	**Cement**	**beverage**	**Retail**	**Other**	**Total**
Depreciation and amortisation	56.131	2.031	22.894	3.611	17.497	34.484	22.173	5.870	16.328	43.235	224.254
Negative goodwill income	(24.968)	-	(32.282)	-	-	-	-	-	-	-	(57.250)
	31.163	**2.031**	**(9.388)**	**3.611**	**17.497**	**34.484**	**22.173**	**5.870**	**16.328**	**43.235**	**167.004**
Capital expenditures	23.070	2.623	42.204	13.710	37.449	36.971	29.681	13.354	9.734	33.325	242.121

1 April - 30 June 2005

	Finance		Tire and					Food and			
	Banking	**Insurance**	**tire enforcements**	**Automotive**	**Textile**	**Chemicals**	**Cement**	**beverage**	**Retail**	**Other**	**Total**
Depreciation and amortisation	28.659	830	12.669	1.858	8.847	16.932	10.838	2.956	6.826	6.947	97.362
	28.659	**830**	**12.669**	**1.858**	**8.847**	**16.932**	**10.838**	**2.956**	**6.826**	**6.947**	**97.362**
Capital expenditures	16.996	1.267	24.416	3.706	23.313	20.734	20.791	8.743	1.480	24.288	145.734

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

NOTE 33 - SEGMENTAL REPORTING (Continued)

1 January - 30 June 2004

	Finance		Tire and					Food and			
	Banking	Insurance	tire enforcements	Automotive	Textile	Chemicals	Cement	beverage	Retail	Other	Total
Depreciation and amortisation	55.961	8.431	21.403	3.867	20.596	34.203	22.426	4.360	16.535	42.241	230.023
Impairment of goodwill	-	-	-	-	-	-	-	-	-	1.376	1.376
	55.961	**8.431**	**21.403**	**3.867**	**20.596**	**34.203**	**22.426**	**4.360**	**16.535**	**43.617**	**231.399**
Capital expenditures	24.520	8.264	17.961	3.528	7.113	25.778	8.119	16.828	13.187	23.274	148.572

1 April - 30 June 2004

	Finance		Tire and					Food and			
	Banking	Insurance	tire enforcements	Automotive	Textile	Chemicals	Cement	beverage	Retail	Other	Total
Depreciation and amortisation	27.845	7.286	9.800	1.617	10.645	19.620	11.094	1.991	9.113	26.965	125.976
Impairment of goodwill	-	-	-	-	-	-	-	-	-	1.376	1.376
	27.845	**7.286**	**9.800**	**1.617**	**10.645**	**19.620**	**11.094**	**1.991**	**9.113**	**28.341**	**127.352**
Capital expenditures	20.344	7.751	9.234	623	5.964	16.596	5.883	16.235	9.056	8.036	99.722

NOTE 34 - SUBSEQUENT EVENTS

On 3 May 2005 Carrefoursa, a Joint Venture of the Holding, signed a "Share Purchase Agreement" (the "Agreement") with Fina Holding A.Ş., Fiba Holding A.Ş., Fiba Faktoring Hizmetleri A.Ş., Girişim Faktoring A.Ş., Finansbank (Suisse) S.A., Finans Gayrimenkul Geliştirme İnşaat ve Yatırım A.Ş., Finans Finansal Kiralama A.Ş. for the acquisition of shares of Gima Gıda ve İhtiyaç Maddeleri T.A.Ş. ("Gima") and Endi Tüketim Malları Ticaret ve Sanayi A.Ş.'nin ("Endi").

According to the Agreement:

a) Carrefoursa acquired 10.000.000.000 shares of Gima with a nominal value of 10.000.000.000.000 TL that are not traded in Stock Exchange which correspond to 10% of shares of Gima held by Fina Holding A.Ş. in consideration of USD 20.000.000.

b) On 12 July 2005 Carrefoursa acquired 50.178.632.000 shares of Gima which correspond to 50,178% of shares of Gima in consideration of USD 98.857.264. In accordance with the Agreement the purchase consideration will be revised based on the audited financial statements of Gima after two months from the share transfer date. Also, Carrefoursa became the owner of 100% of shares of Endi by acquiring the 55,9% of shares of Endi beyond the 44,1% of shares held by Gima in consideration of USD 12.100.000.

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

NOTE 35 - DISCONTINUED OPERATIONS

None (31 December 2004: None).

NOTE 36 - OPERATING INCOME

	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Finance	3.202.570	1.698.327	2.936.149	1.399.296
None finance	3.149.496	1.708.488	2.605.664	1.432.466
	6.352.066	**3.406.815**	**5.541.813**	**2.831.762**

NOTE 37 - OPERATING EXPENSE

	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
General and administrative expense	768.250	288.503	673.766	320.669
Marketing, selling and distribution expenses	217.260	113.008	157.121	86.540
Research and development expenses	14.635	9.509	9.458	4.994
	1.000.145	**411.020**	**840.345**	**412.203**

NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/LOSSES

	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Foreign exchange gains	48.264	23.781	60.101	31.172
Interest income	44.457	8.422	74.121	13.761
Negative goodwill income	57.250	32.278	-	-
Other	8.834	817	12.466	-
	158.805	**65.298**	**146.688**	**44.933**

	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Idle time expense	7.784	4.620	8.069	2.426
Property, plant and equipment sales loss	3.919	2.252	2.465	381
Provision expense	455	216	1.732	365
	12.158	**7.088**	**12.266**	**3.172**

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

NOTE 39 - FINANCIAL EXPENSES

	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Foreign exchange gains	64.927	54.541	80.343	69.651
Interest expense	21.084	7.153	26.428	19.309
Other financial expenses	25.684	18.279	14.158	6.256
	111.695	**79.973**	**120.929**	**95.216**

Financial income relates only to segments other than banking.

NOTE 40 - NET MONETARY POSITION PROFIT/LOSSES

Gain/loss on net monetary position is calculated as the difference between the assets and liabilities as a result of restatement of the non-monetary assets and liabilities and income statement for the changes in the general purchasing power. However, since inflation adjustment is not made for the period beginning on or after 1 January 2005, there is no gain/loss on net monetary position for the six-month period ended 30 June 2005. (1 January - 30 June 2004: YTL 381.571, loss on net monetary position).

NOTE 41 - TAXES ON INCOME

Total taxes payable for the period ended 30 June 2004 and 31 December 2004 were reconciled to current period tax charge as follows:

	30 June 2005	31 December 2004
Corporation and income taxes currently payable	427.360	212.772
Monetary gain	-	(401)
Current period tax charge	427.360	212.371
Deferred taxation	(54.200)	17.999
Taxation on income	**373.160**	**230.370**

NOTE 42 - EARNINGS PER SHARE

Earnings per share for each class of shares disclosed in these consolidated statements of income is determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the year.

	1 January- 30 June 2005	1 April- 30 June 2005	1 January- 30 June 2004	1 April- 30 June 2004
Earnings per share in full YTL				
- ordinary share	3,14	1,65	2,68	1,45
- usufruct shares	127.397	66.723	108.410	58.664
Weighted average number of shares with TL 1,000 face value each				
- ordinary shares	120.000.000.000	120.000.000.000	120.000.000.000	120.000.000.000
- usufruct shares	189	189	189	189

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

NOTE 42 - EARNINGS PER SHARE (Continued)

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus calculated before 1 January 2004. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier year. When the number of ordinary shares outstanding increases as a result of bonus shares after the balance sheet date but before the issue of financial statements, the earnings per share calculation is based on the new number of shares. Bonus shares issued during the years ended 30 June 2005 and 31 December 2004 were as follows:

	Number of shares issued attributable to transfers to share capital from		
	Retained earnings	**Revaluation surplus**	**Total**
30 June 2005	-	-	-
31 December 2004	18.143.212.400	1.856.787.600	20.000.000.000

The earnings attributable to each class of shares for each period were as follows:

	Usufruct shares	**Ordinary shares**	**Total**
1 January - 30 June 2005	24.078	377.224	401.302
1 April - 30 June 2005	12.611	197.566	210.177
1 January - 30 June 2004	20.489	321.002	341.491
1 April - 30 June 2004	11.087	173.704	184.791

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

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

NOTE 43 - STATEMENTS OF CASH FLOW

	Notes	30 June 2005	30 June 2004
Net income before taxation and outside interests		1.306.485	957.580
Adjustments to reconcile net income before taxation and outside interest to net cash provided by operating activities:			
Depreciation and amortisation expense		224.254	230.023
Provision for loan losses		116.813	12.057
Insurance technical reserves		(37.553)	22.326
Change in employment termination benefits reserve		27.673	17.868
Re-measurement of derivatives at fair value		318.389	145.385
Unearned commission income		(22.989)	(38.165)
Income from associates		(18.265)	(35.923)
Inflation effect on provision for loan losses		-	(18.976)
Inflation effect on non-operating activities		-	(6.866)
Currency translation adjustment		1.948	4.082
Impairment charge on goodwill		-	1.376
Impairment change on investment property		3.356	-
Negative goodwill income		(57.250)	-
Other		3.958	(5.903)
Net cash provided by operating activities before changes in operating assets and liabilities		1.866.819	1.284.864
Changes in operating assets and liabilities			
Increase in trade receivable		(87.299)	(207.299)
Increase in due from related parties		1.739	(13.879)
Decrease on inventory		(4.012)	(72.504)
Increase in other receivables and other current assets		(84.336)	(27.026)
Increase in lease receivables		(182.202)	-
Decrease on trade payables		23.389	72.546
Increase in due to related parties		(2.961)	11.147
Decrease on insurance technical reserve		64.700	(8.347)
Increase on other liabilities and advances received		205.911	130.103
Changes in assets and liabilities in banking sector			
Increase in marketable securities		(1.627.251)	2.901.208
Increase in loans		(3.572.822)	(406.308)
Decrease on customer deposits		7.766.612	(979.041)
Decrease on reserve with the Central Bank of the Republic of Turkey		(1.252.202)	101.523
Inflation effect on operating activities		-	(22.150)
		1.249.266	**1.479.973**
Income taxes paid		(318.904)	(564.133)
Employment termination benefits paid		(23.938)	(14.553)
Interest received / (paid) (non-banking segments) - net		-	(7.249)
Net cash provided by / (used in) operating activities		**2.773.243**	**2.178.902**
Cash flows from investing activities:			
Capital expenditures		(242.121)	(148.572)
Investment in marketable securities (non-banking segments)		103.044	(150.361)
Investment in available-for-sale and held-to-maturity securities (non-banking segments)		(2.356.267)	(1.745.163)
Subsidiary acquisition		(223.635)	(1.903)
Increase due to change in scope of consolidation		21.436	-
Proceeds from sale of property, plant and equipment		51.852	28.361
Dividends received		20.790	29.165
Inflation effect on investing activities		-	(62.380)
Net cash used in investing activities		**(2.624.901)**	**(2.050.853)**
Cash flows from financing activities:			
Increase in short term funds borrowed, bank borrowings and debt securities in issue		1.576.377	412.210
Decrease on finance lease payables		(5.207)	-
Dividends paid		(128.686)	(173.896)
Dividends paid to outside interests		(876.665)	(291.488)
Increase in share capital of outside interests		(101.994)	(14.144)
Inflation effect on financing activities		-	221.933
Net cash provided by / (used in) financing activities		**463.825**	**154.615**
Inflation effect on cash and cash equivalents		-	(137.403)
Net increase / (decrease) in cash and cash equivalents		612.168	145.261
Cash and cash equivalents at the beginning of the period	3	3.232.154	2.624.924
Cash and cash equivalents at the end of the period	**3**	**3.844.322**	**2.770.185**

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

NOTE 44 - DERIVATIVE FINANCIAL INSTRUMENTS

	Fair values	
	Assets	**Liabilities**
30 June 2005		
Derivatives held for trading		
Foreign exchange derivatives		
Currency forwards	21.366	112.443
Currency swaps	6.408	30.189
Total over-the-counter derivatives	**27.774**	**142.632**
Total derivatives held for trading	**27.774**	**142.632**

	Fair values	
	Assets	**Liabilities**
31 December 2004		
Derivatives held for trading		
Foreign exchange derivatives		
Currency forwards	31.313	36.727
Currency swaps	210.075	1.705
Total over-the-counter derivatives	**241.388**	**38.432**
Total derivatives held for trading	**241.388**	**38.432**

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NOTE 45 - LOANS AND ADVANCES TO CUSTOMERS

a) Loans and advances to customers

	30 June 2005	31 December 2004
Consumer loans and credit cards receivables	5.493.214	3.889.216
Food and beverage, wholesale and retail	1.780.630	1.482.886
Project finance loans	1.528.549	1.593.208
Financial institutions	1.474.995	1.415.864
Small-scale retailers	1.329.579	851.499
Mining	973.722	387.503
Chemicals	642.089	349.277
Textile	514.715	282.329
Automotive	489.847	610.147
Construction	322.373	174.655
Health care and social services	178.965	91.408
Electronics	169.137	63.525
Agriculture and forestry	142.603	101.530
Telecommunication	100.837	247.748
Tourism	76.646	50.460
Other manufacturing industries	852.974	733.370
Others	1.087.700	1.172.237
Total	17.158.575	13.496.862
Non-performing loans	296.596	204.119
Total loans and advances to customers	17.455.171	13.700.981
Accrued interest receivable	255.673	197.818
Allowance for loan losses	(453.441)	(336.628)
Net loans and advances to customers	**17.257.403**	**13.562.171**

Effective interest rates of foreign currency, mainly USD, EUR denominated, and YTL denominated loans and advances to customers are 5,98 % p.a. (31 December 2004: 6,28 % p.a.), 4,07 % p.a. (31 December 2004: 4,15 % p.a.) and 25,35 % p.a. (31 December 2004: 27,10% p.a.), respectively.

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NOTE 45 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

The maturity schedule of loans and advances to customers at 30 June 2005 and 31 December 2004 are summarised below:

	30 June 2005	31 December 2004
Up to 3 months	5.920.654	5.939.749
3 to 12 months	6.704.179	3.856.279
Current	12.624.833	9.796.028
1 to 5 year	4.197.525	3.716.959
Over 5 year	435.045	49.184
Non-current	4.632.570	3.766.143
	17.257.403	**13.562.171**

The repricing schedule of loans and advances to customers at 30 June 2005 and 31 December 2004 are summarised below:

	30 June 2005	31 December 2004
Up to 3 months	9.319.668	7.830.599
3 to 12 months	5.946.279	4.596.878
1 to 5 year	1.903.670	1.122.165
Over 5 year	87.786	12.529
	17.257.403	**13.562.171**

Movements in the allowance for loan losses were as follows:

	30 June 2005	30 June 2004
Balance at 1 January	336.628	264.814
Gross provisions	142.567	50.787
Recoveries	(51.337)	(28.591)
Written-off	(2.815)	(4.532)
Net specific provision	88.415	17.664
Net additional provision	28.398	(5.607)
Monetary gain	-	(18.975)
	453.441	**257.896**

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NOTE 46- BANKING CUSTOMER DEPOSITS

	30 June 2005			31 December 2004		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Savings deposits	2.347.766	15.676.454	18.024.220	2.486.801	12.953.738	15.440.539
Commercial deposits	1.783.302	3.673.065	5.456.367	1.017.665	2.693.473	3.711.138
Bank deposits	93.858	2.343.422	2.437.280	59.123	1.848.159	1.907.282
Funds deposited under repo transsactions	-	4.214.004	4.214.004	-	2.311.218	2.311.218
Other	348.617	830.557	1.179.174	140.260	33.996	174.256
	4.573.543	**26.737.502**	**31.311.045**	**3.703.849**	**19.840.584**	**23.544.433**

NOTE 47 - MUTUAL FUNDS

At 30 June 2005, the Group manages twelve (31 December 2004: twelve) mutual funds and ten mutual pension funds ("Funds") which were established under Capital Markets Board Regulations. At 30 June 2005, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of YTL 4.033.597 (31 December 2004: YTL3.706.830). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0,010% to 0,012%. At 30 June 2005, management fees and commissions earned by the Group amounted to YTL61.149 (30 June 2004: YTL56.266).

NOTE 48 - DISCLOSURE OF OTHER MATTERS

None (31 December 2004: None).

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