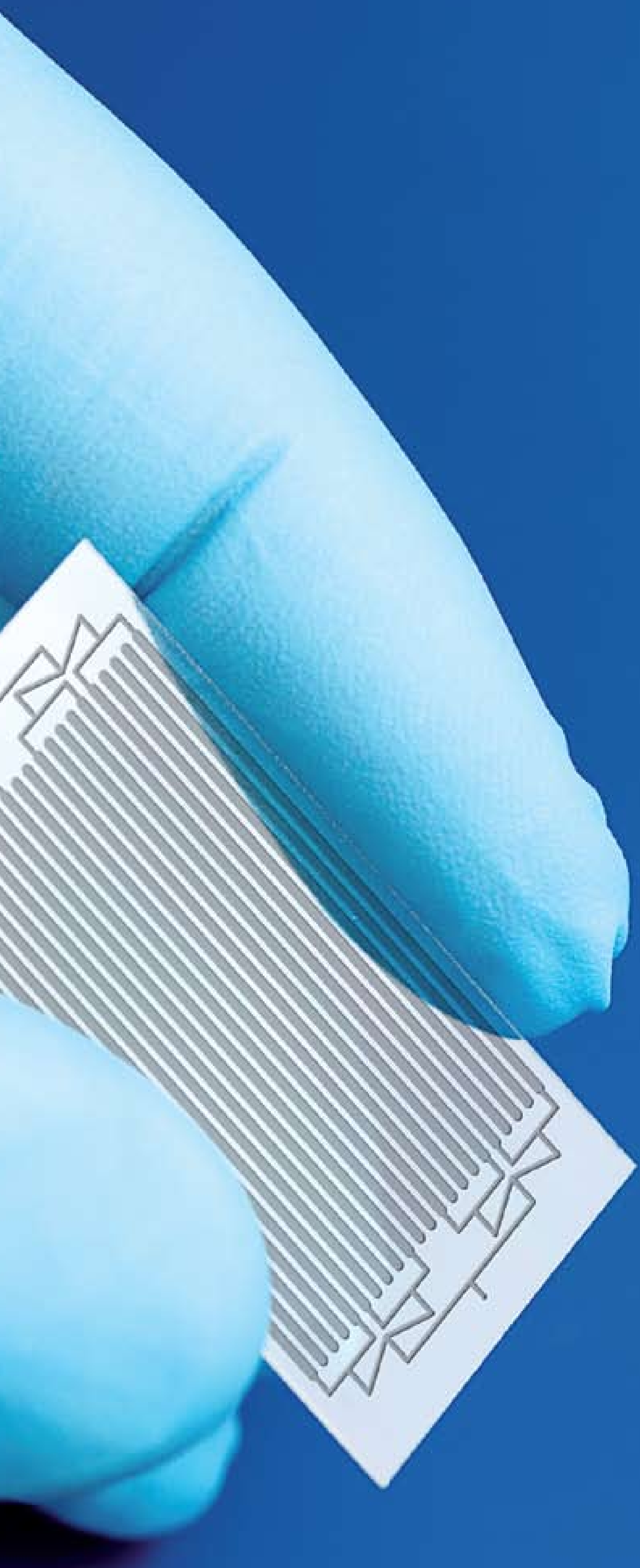
Hacı Ömer Sabancı Holding A.Ş.
2010 Annual Report

Sabancı of Turkey...

Value creator...

SABANCI OF TURKEY



SABANCI OF TURKEY


SABANCI OF TURKEY
Participative...

Innovative...

SABANCI OF TURKEY


Transparent...

SABANCI OF TURKEY

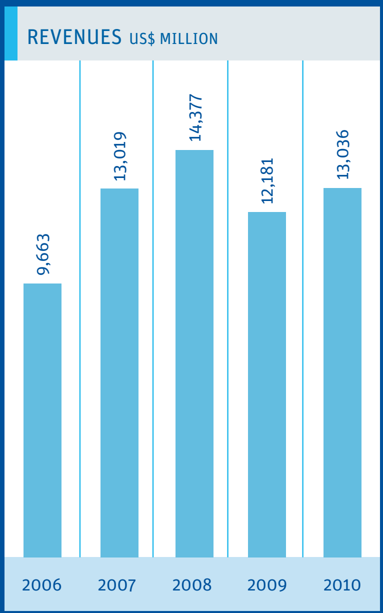
Distinctive...

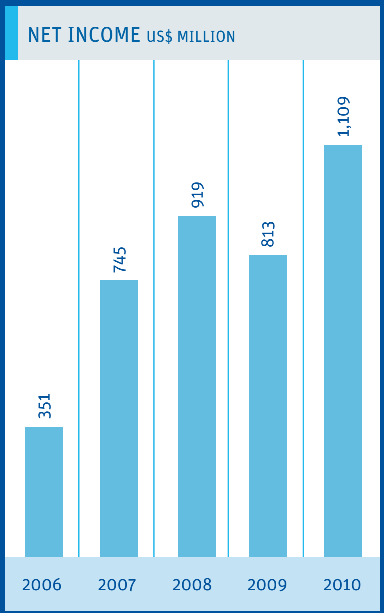
SABANCI OF TURKEY

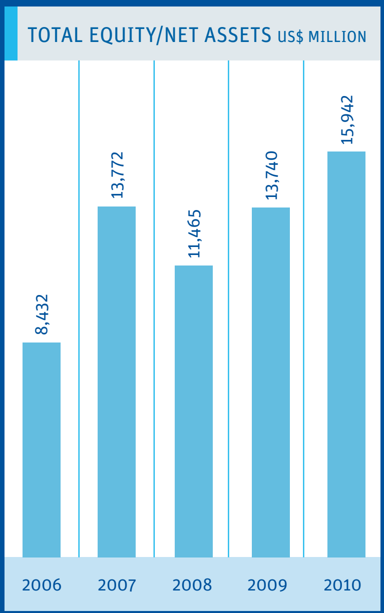
Consolidated Financial Highlights*

US$ MILLION				
Years	Revenues	Total Assets	Net Income	Shareholders' Equity
2006	9,663	48,107	351	4,876
2007	13,019	68,112	745	7,341
2008	14,377	66,668	919	6,319
2009	12,181	74,335	813	7,271
2010	13,036	84,127	1,109	8,454

(*) In accordance with the Financial Reporting Standards issued by the Capital Markets Board, restated.







Contents

The Sabancı Group in Brief

Sabancı Holding is the parent company of the Sabancı Group, Turkey's leading industrial and financial conglomerate. Sabancı Group companies are market leaders in their respective sectors that includes financial services, energy, cement, retail, tire, tire reinforcement materials and automotive. Listed on the Istanbul Stock Exchange (ISE), Sabancı Holding has controlling interests in 11 companies also listed on the ISE.

Sabancı Group companies currently operate in 18 countries and market their products in various regions in Europe, the Middle East, Asia, North Africa and North and South America. Having generated significant value and know how in Turkey, Sabancı Holding has experienced remarkable growth in its core businesses. Its respectability, trademark image and strong joint ventures, further extended its operations into the global market. Sabancı Holding's multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Carrefour, Citigroup, Dia, Heidelberg Cement, Hilton International, International Paper, Mitsubishi Motor Co., Philip Morris and Verbund.

In addition to coordination of finance, strategy, business development and human resource functions, Sabancı Holding determines the Group's vision and strategies.

In 2010, the consolidated revenue of Sabancı Holding was US$ 13.0 billion with an EBITDA of US$ 3.0 billion.

The Sabancı Family is collectively Sabancı Holding's major shareholder with 60.6% of the share capital. Sabancı Holding shares are traded on the Istanbul Stock Exchange with a free float of 39.4%. Depository receipts are quoted on SEAQ International and Portal.

Letter from the Chairman and the Chief Executive Officer

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

In 2010, as the world rebounded from a deep economic slowdown and regained its pre-crisis growth momentum, we have monitored and diligently considered opportunities to take our Group forward.

Dear Shareholders,

Last year, the world rebounded from a deep economic slowdown and regained its pre-crisis growth momentum. The global economy grew 5.0% surpassing expectations. The forces behind this momentum were implementation of aggressive monetary and fiscal policies, rebuilding of depleted inventories and also the strong recovery of developing economies due to structural changes dating back to 1990s. Consequent excess liquidity increased investors' risk appetite, which led to a sharp appreciation of stock markets, emerging market assets and commodity prices.

Having contracted 4.7% in 2009, the Turkish economy grew 8.9% in 2010, exceeding expectations. Supported by strong banking and financial structures, the economy surpassed pre-economic crisis GDP levels. Furthermore, it was the fastest growing economy in Europe and one of the fastest growing economies in the world. Strong domestic demand was the locomotive of the economic recovery. Easing of monetary policies, record low real interest rates, increased household and commercial loans and rising inventory levels were energizing stimulants. Exports contributed marginally to the economic recovery. Strong domestic demand, Turkish lira's appreciation spurred by foreign capital inflows as well as rising energy prices caused the current account balance to widen from 2.3% to 6.5% of GDP. Annual CPI inflation was 6.5% in 2009 and 6.4% at the end of the 2010; very close to the Central Bank's inflation target of 6.5%. Interest rates continued to decline in 2010.

As a nation, we must create sustainable resources to achieve our full growth potential. Of course, Turkey requires a certain amount of external financial resources to make the required investments. Thus, it is natural for Turkey to be a net importer of capital, which results in running a current account deficit. However, our goal should be to maintain this deficit at reasonable levels and to finance it through long-term foreign investments. However, we also need to increase our national savings to sustain higher growth rates. The private sector plays an important role by creating more domestic funding and reinvesting earnings in long-term investments. Accordingly, we will continue to strengthen our businesses thus contributing to Turkey's continued strong economic growth.

As "Sabancı of Turkey", we give utmost importance to managing our businesses in a sustainable manner. Profitable growth is considered to be the source of sustainability at Sabancı Holding. During the recent crisis, we defined "success" as growing profitably within an effective working capital and risk management framework. We believe that "success" is our responsibility. Through the dedicated and effective work of our Group members we have fulfilled our responsibility. We have monitored and diligently considered opportunities to take our Group forward.

We have pursued profitability and achieved successful results in all of our businesses while creating value for our shareholders. The following were the main developments in 2010:

- Sabancı Holding assumed 6.1% of Akbank and 49.8% of Avivasa shares from Aksigorta, thus making the Company a pure insurance business. Subsequently, Aksigorta initiated a search for a strategic partner to reinforce and carry forward its market position. In February 2011, after a rigorous selection process, Aksigorta formed an equal partnership with Ageas, one of Europe's leading insurance groups.

- Çimsa completed its overseas terminal investments in Trieste, Italy and Novorossysk, Russia. The terminal development investment in Alicante, Spain still continues.

- 30% of consumer electronics expenditures in Turkey are incurred in technology markets. Teknosa maintained its leadership in this channel achieving a 42% market share in 2010. Teknosa expanded its total sales area to 101,000 m^2 with 256 stores by year's end.

- Carrefoursa purchased Alpark with 27 supermarkets in Istanbul, in line with the Company's geographical and supermarket focused growth strategy.

- Olmuksa purchased DS Smith's operations in Turkey for € 5.5 million, increasing the number of facilities from six to eight.

- Faced with contracting market conditions, Temsa initiated a restructuring program intended to create a profitable growth business platform.

- Sabancı Holding restructured its organization to be better aligned with Group needs.

Energy security remained a top priority issue on the 2010 global agenda. Energy – how we achieve it, how we distribute it, how we use it – continues to be of utmost importance to the global economy, global security and indeed the future of our planet. Creating sustainable, competitive and environmentally sound energy policies will be the major challenge in this century. To cope with rising demand, there is a need to vastly increase energy infrastructure investments and regionalize energy markets across borders. This will require an unprecedented level of international cooperation and investment.

Turkey is located between 70% of the world's oil and gas reserves and the world's second largest energy market. Accordingly, Turkey is an essential component of Europe's energy security, acting as an energy bridge between the commodity-rich economies of the East and the advanced markets of Europe. On the other hand, the Turkish energy sector's ongoing privatizations and liberalization of the market are also of great importance for the energy future. We will continue to play a leading role in the exciting development phase of Turkey's energy sector. One of our Phase I energy investments, the Enerjisa Bandırma Natural Gas Combined Cycle Plant, started operations on November 25, 2010; its construction began two years ago. Bandırma Natural Gas Combined Cycle Plant is Turkey's largest and

We will do what it takes to be the “Sabancı of Turkey”: accelerating our long-term investments, further strengthening and expanding our companies thus creating more value.

most effective natural gas plant and will fulfill 3.5% of Turkey’s energy demand. The plant has an installed capacity of 930 MW with over 7,000 GWh annual production capacity.

When Sabancı Holding completes its energy projects by 2015, it will comprise approximately 3 billion m^3 or 8% of Turkey’s natural gas demand. This corresponds to the current annual natural gas consumption of countries such as Bulgaria or Greece. Considering the size and demands of the energy market, we expect that energy will be traded not only between countries but also among companies and consortiums. As a first step to develop projects to this end, Enerjisa Natural Gas Wholesale Company obtained a ten-year import license (Spot LNG).

Esteemed Shareholders,

We are pleased to report the following results for the year 2010:

- Consolidated revenue of US$ 13.0 billion,

- Consolidated EBITDA of US$ 3.0 billion with a 17% increase and

- Consolidated net income of US$ 1.1 billion

There will be a general election in Turkey in 2011. Economically, if a slowdown occurs accompanied by increase in inventory levels, this could hinder the rate of increase in oil and commodity prices throughout the world. Perhaps the most important point to consider is that we should make no compromises in the principles of a market economy. We expect the growth of the economy during 2011 to be approximately 5%. We also anticipate that inflation will be in the range of 6-6.5%.

We will continue our commitment to profitability in the coming year in accordance with our sustainable growth strategies. We have moved beyond the crisis, now it is time to leap forward. We will do what it takes to be the “Sabancı of Turkey”: accelerating our long-term investments, further strengthening and expanding our companies thus creating more value. We will grow closer to our customers and our markets. To ensure profitability and efficiency, we will give additional emphasis and priority to innovation. In addition, we will be open to change in our organizational approach to achieve these goals.

For Sabancı’s leadership team, interpreting trends and assessing risks, timely and correct decision-making and taking decisive action remain the key to our success. Our objectives in 2011 are to have our businesses become even more competitive and productivity oriented and to create sustainable value for all of our shareholders.

We are grateful to all of our staff, business partners, customers and shareholders for their confidence and contributions to our success.

Best regards,

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and
Managing Director

Board of Directors

(Elected for the period of May 2010-May 2013)

Güler Sabancı
Chairman and Managing Director

Erol Sabancı
Vice Chairman

Sevil Sabancı Sabancı
Board Member

Serra Sabancı
Board Member

Mevlüt Aydemir
Board Member

Erkut Yücaoğlu, PhD
Board Member

A. Zafer İncecik, PhD
Board Member

Zafer Kurtul
Board Member and CEO

Güler Sabancı
Chairman and Managing Director

Güler Sabancı was born in Adana and graduated from the Business Administration Department of Bosphorus University. She worked in various executive positions in the Tire and Tire Reinforcement Materials Group and currently serves as the Chairperson and Managing Director of Sabancı Holding. She is also the President of the Board of Trustees of Sabancı University, Sabancı Foundation and the Board of Sakıp Sabancı Museum.

Erol Sabancı
Vice Chairman

Erol Sabancı was born in Kayseri in 1938 and graduated from Manchester College of Commerce in the UK. In addition to his position as the Vice Chairman of the Sabancı Holding, he is also Honorary Chairman and Consultant to the Board and a Board member of Akbank where he has served since 1967. He is married and has two children.

Sevil Sabancı Sabancı
Board Member

Sevil Sabancı was born in 1973 in Istanbul and graduated from the Business Administration Department of Marmara University. She worked in several managerial positions within the Group and served as a Board member from 1997 to 2001. In addition to her Sabancı Holding Board membership, she is a member of the Board of Trustees of Sabancı University and the Board of Sakıp Sabancı Museum; she is also a member of TÜSİAD. She is married and has one child.

Serra Sabancı
Board Member

Serra Sabancı was born in 1975 in Adana and graduated from the University of Portsmouth. She also holds a degree from the Department of Economics at Istanbul Bilgi University where she graduated with honors. She started her career at Temsa. After becoming a Board member of Sabancı Holding, she participated in the Institute of Directors (IOD) seminars and courses on Board membership, mergers and acquisitions in London. In addition to her Sabancı Holding Board membership, she is a member of the Board of the Sabancı Foundation and various Sabancı Group companies.

Mevlüt Aydemir
Board Member

Mevlüt Aydemir was born in Erzincan in 1948 and graduated from the Faculty of Economics at Istanbul University. Aydemir served as a public accountant with the Ministry of Finance between 1972-1981 and has carried out various functions at Sabancı Holding since 1981. He is a member of the Board of Directors in the companies within the Group and has been the Director of Sabancı Holding since May 2010. He is married and has two children.

Erkut Yücaoğlu, PhD
Board Member

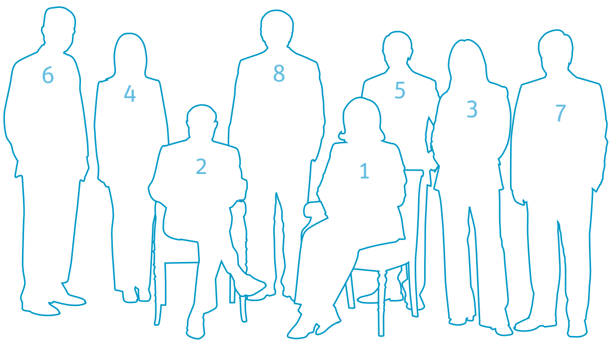
Erkut Yücaoğlu was born in Eskişehir in 1947 and graduated from Mechanical Engineering from Robert College. He earned an MS and a PhD in Industrial Engineering from Stanford University in the USA. Yücaoğlu served as Chairman of TÜSİAD, the Turkish Industrialists' and Businessmen's Association, during the 1999-2000 term. Prior to his election as Chairman, he served for a decade on the Board of Directors of TÜSİAD. He is the major shareholder and CEO of the MAP/TURKUAZ group of companies, based in Istanbul. Currently, he is the Chairman of TÜSİAD's High Advisory Council. Yücaoğlu is married and has two children.

A. Zafer İncecik, PhD
Board Member

Zafer Incecik was born in Izmir in 1942 and completed his primary and secondary education in Istanbul. Incecik is an alumnus of the St. George's Austrian High School. He has an undergraduate degree in Electrical Engineering from İstanbul Technical University. He received his doctorate from Vienna University of Technology in the field of semiconductor physics. İncecik holds patents and has articles published during the period when he was in Austria and Germany. He was awarded Grand Medals of Honor by the Austrian and German States. İncecik is married and has two children and two grandchildren.

Zafer Kurtul
Board Member and CEO

Zafer Kurtul was born in Sivas in 1958 and graduated from the Faculty of Business Administration at Istanbul University. He earned an MBA in Finance from the University of Wisconsin-Madison in the USA. Kurtul joined Akbank in 1998 as Executive Vice President and served as CEO from November 2000 until June 2009 when he was appointed Vice Chairman. Previously, he served in executive positions at Citibank, BNP-Ak-Dresdner Bank and Societe Generale. Accredited as a Chartered Financial Analyst (CFA), Zafer Kurtul has been appointed as the CEO in the Sabancı Group as of July 19, 2010.



Board of Directors

Güler Sabancı, *Chairman and Managing Director* (1)
Erol Sabancı, *Vice Chairman* (2)
Sevil Sabancı Sabancı, *Board Member* (3)
Serra Sabancı, *Board Member* (4)
Mevlüt Aydemir, *Board Member* (5)
Erkut Yücaoğlu, PhD, *Board Member* (6)
A. Zafer İncecik, PhD, *Board Member* (7)
Zafer Kurtul, *Board Member and CEO* (8)

Executive Committees, Strategic Business Unit Presidents and Corporate Management

Executive Committees

Finance Committee
Erol Sabancı
Mevlüt Aydemir
Faruk Bilen
Cezmi Kurtuluş
Levent Demirağ

Audit Committee
Mevlüt Aydemir
Serra Sabancı

Human Resources Committee
A. Zafer İncecik, PhD
Zafer Kurtul
Haluk Dinçer
A. Merve Ergun

Bussines Development Committee
Erkut Yücaoğlu, PhD
Zafer Kurtul
A. Zafer İncecik, PhD
Hakan Akbaş
Faruk Bilen

Corporate Management Committee
A. Zafer İncecik, PhD
Sevil Sabancı Sabancı
Serra Sabancı
Mevlüt Aydemir

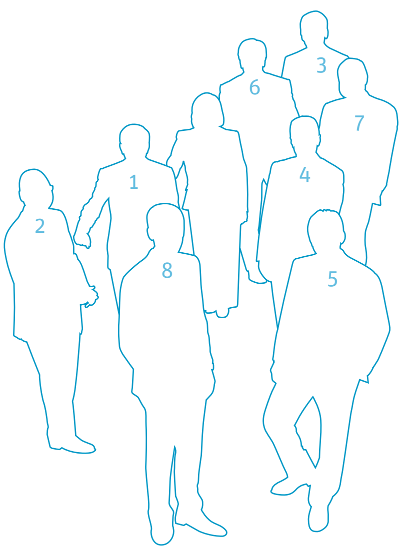
CEO and Strategic Business Unit Presidents

Zafer Kurtul, *Board Member and CEO* (1)
Faruk Bilen, *Chief Financial Officer (CFO)* (2)
Hakan Akbaş, *Strategy and Business Development* (3)
Hayri Çulhacı, *Banking* (4)
Haluk Dinçer, *Retail and Insurance* (5)
Mehmet Göçmen, *Cement* (6)
Selahattin Hakman, *Energy* (7)
Mehmet N. Pekarun, *Industrials* (8)

Corporate Management

Nedim Bozfakıoğlu, *Secretary General*
Cezmi Kurtuluş, *Head of Budgeting, Accounting and Consolidation*
Levent Demirağ, *Head of Financing and Tax Management*
Bülent Bozdoğan, *Head of Internal Audit*
A. Merve Ergun, *Head of Human Resources*

Ahmet Güzeltuna, *Chief Consultant, Labour Relations*
Ateş Eremekdar, *Director, Sabanci Center Management*
Barbaros İneci, *Chief Economist*
Fikret Cömert, *Director, Budgeting, Consolidation and Investor Relations*
Gökhan Eyigün, *Director, Corporate Business Development*
Reha Demiröz, *Director, Budgeting, Accounting and Consolidation*
Suat Özyaprak, *Chief Communication Officer*
Şerafettin Karakış, *Director, Tax Management*
Tülin Oğur, *Director, Financing*
Volkan Kara, *Director, Corporate Strategy and Planning*



Vision

Creating sustainable advantage through differentiation

Mission Statement

Managing a competitive strategic portfolio with sustainable growth potential to create value for all of our stakeholders

Management Approach

Responsibility and Transparency

Upholding our core values of modesty, respect and proximity to people, being socially responsible and managing according to the principles of corporate governance

Innovation

Creating long-lasting advantages such as brand, technology, design, network and IP

Participation

Generating a management approach that promotes participation and collective thinking in the decision-making process

Strategic Approach

Managing the present with excellence and shaping our future to ensure long-term advantages

Sabancı Holding Management Platforms

Sabancı Holding X+ Strategic Planning

The Sabancı X+ Strategic Planning Process provides the means for developing a market focused long-term strategic roadmap for Sabancı Group companies to ensure sustainable and profitable growth.

This Process effectively integrates a ten-year strategic plan (X+10) along with the three-year business plan (X+3) and the annual budgeting process across all Group companies.

The X+ Strategic Planning Process is continuously enhanced to provide the necessary tools and foundation for a more effective, result-oriented medium to long-term strategic plan for Group companies.

Future Forums

Future Forums is an initiative aiming to develop a culture that places “market” and “customer” at the heart of everything. It leverages the mindset that enables thinking beyond traditional industry and market boundaries so that sustainable growth throughout the Sabancı Group is attained. Future Forums is carried out in cooperation with Sabancı University and aims to:

- develop an approach for tracking sectoral trends and dynamics and identifying the effects of these on the market today and in the future,
- develop and disseminate the market and customer focused mindset and related processes,
- improve the effectiveness of strategic and marketing planning processes,
- strengthen the approach of identifying niche market needs; detect and give meaning to such market signals,
- create a learning environment that fosters the communication of market and customer information.

SABE (Sabancı Business Excellence)

Sabancı Business Excellence (SABE) is a continuous improvement approach to process change, linked to business strategy to drive better business results.

The purpose of SABE is to ensure that business excellence becomes a cultural foundation of sustainable competitive advantage and profitable growth.

We strive to continuously identify areas for improvement while developing and deploying the best practice implementations through methods and tools such as 6 Sigma. We encourage active participation, enhanced cross-SBU peer-communication, dynamic collaboration, knowledge-sharing and learning.

Growth and Value Creation Through Innovation

In line with its vision to “create sustainable advantage through differentiation”, the Sabancı Group intends to differentiate itself in the marketplace, thus gaining sustainable advantages in a global environment, to maintain growth and profitability. Accordingly, the Sabancı Group has taken the initiative to promote innovation in all of its businesses. We want innovation to be part of our corporate culture and management approach.

SAPOINT (Sabancı Platform of Information Technology)

Sabancı management regards information as a critical asset in achieving a leading edge in the marketplace. SAPOINT aims to better coordinate the group-wide strategies and develop strategies, policies and standards to ensure that information technologies are utilized to support business priorities of the Group companies. SAPOINT has developed a three-year strategic plan to address key areas of development for Information Technology Management such as: Information Security, Standards and Efficiency and Strategic Information Management and Sharing.

Human Resources and Organizational Transformation

In order to achieve its long-term goals and strategies, managing leadership and organizational transformation has been identified by the Human Resources as a critical priority for the Sabancı Group. The leadership and organizational transformation model defines our approach to developing and implementing critical human resources systems and processes, assessing the personnel profile, instituting cultural and organizational structures which support these systems and processes and finally, planning the necessary improvements to assure that the organizational goals are achieved.

This transformation process is supported through annual organizational and human resource review processes. Therein, future human resources and organizational needs are analyzed and priorities and goals for the coming year are identified.

Investor Relations and Dividend Policy

INVESTOR RELATIONS

Sabancı Holding has an open and frequent communication with its shareholders, analysts and financial community. We take great pride in this and believe that the best way to increase Sabancı Holding's value for its current shareholders, while creating an attractive investment opportunity for potential investors, is to execute our strategies successfully and share results in a timely and transparent manner. This is a fundamental principle embodied in Sabancı Holding's corporate structure with three independent members serving on the Board of Directors.

The investor relations agenda is managed by the Investor Relations Department within the Finance Division, which handles the daily information flow to the investment community. In 2010, our investor relations team responded to numerous investor and equity research analyst requests via phone, e-mail and postal mail as well as proactively and regularly contacting a comprehensive list of financial institutions with news updates. Throughout the year, our investor relations activities included more than 200 investor and equity research analyst presentations at our headquarters in Istanbul, as well as over 150 one-on-one and group meetings in major international financial centers, such as London, New York, Zurich, Geneva, Frankfurt, Stockholm, Paris and Vienna. Consequently, we have achieved an increase in coverage at local and international levels.

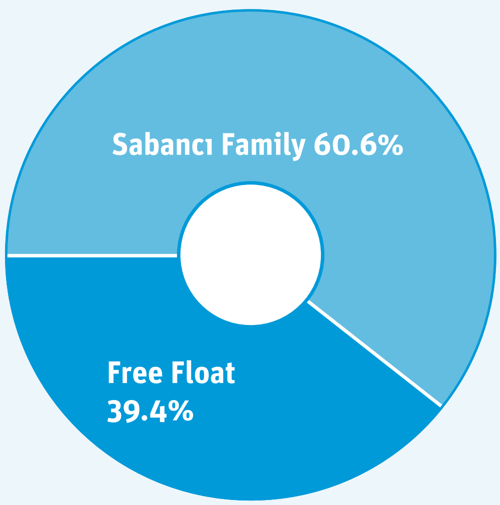
We are confident that such transparency with current and potential shareholders, will enable us to continue to convey the benefits of investing in Sabancı Holding.

We encourage all potential investors to contact us at investor.relations@sabanci.com for any questions or requests for information.

DIVIDEND POLICY

Sabancı Holding's current dividend policy, in accordance with Capital Markets Board principles, is to pay out a minimum of 20% of the distributable income on an annual basis. Based on pending projects and the availability of funds, the Board of Sabancı Holding reserves the right to reevaluate its dividend policy on an annual basis.

Shareholder Structure*



* As of March 31, 2011.

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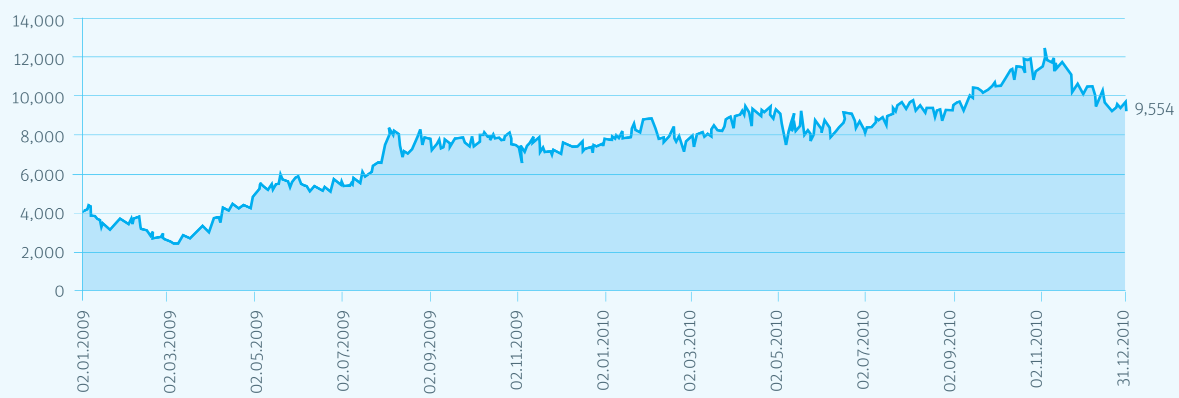
Sabancı Holding Share Price Performance
Jan. 2, 2009 - Dec. 31, 2010
(Market Value in US$ million)



Risk Management

INTRODUCTION

With the knowledge that each risk carries new opportunities, we believe that "sustainable development" can only be achieved by specifying and defining, measuring and managing risks effectively. Providing maximum value to our shareholders, the driving force behind our mission, is possible through effective risk management in all of our operations. Accordingly, as a pioneering group in Turkey, the Sabancı Group has built a strong risk management infrastructure and continues to put into practice a well-defined risk management system.

RISK MANAGEMENT IN NON-FINANCIAL COMPANIES

The Sabancı Group defines risk as a combination of threats and opportunities and implements Enterprise Risk Management in all Group companies to manage its risks in the most effective manner. Risk culture is being adopted and risk management is integrated into our businesses and implemented by risk professionals in all of the Group companies. To effectively manage risk, senior management at all Group companies continually prepare, update and implement detailed action plans against critical risks; results are reported and monitored constantly. The success rate of Group companies with regard to risk management represents a crucial step in our performance measurement system.

The Sabancı Group creates shareholder value through effective management of risk. In 2010, it continued its sustainable growth as in the past and will take the necessary action to continue this success in 2011.

Overall, the Sabancı Group, with its strong capital structure and effective management, is prepared for any challenge that may arise in 2011. The Sabancı Group will overcome all difficulties by closely analyzing events taking place around the world and in Turkey, while taking the necessary actions and forming the right infrastructure to manage every evolving risk. In 2011, the Sabancı Group will continue on its successful path.

The Sabancı Group creates shareholder value through effective management of risk. In 2010, it continued its sustainable growth as in the past and will take the necessary action to continue this success in 2011.

RISK MANAGEMENT IN FINANCIAL COMPANIES

In 2010, the global economy along with financial markets continued to recover and performed better than expected. Emerging economies, Turkey being one of them, pioneered this global economic recovery. In Sabancı Group, the financial institutions monitored these developments carefully and managed risk through strong risk management measurement and calculation systems. Akbank, the largest financial institution within the Group, maintained risk, return and growth balances at the optimal level with the help of successful predictions and timely strategic decisions. Focused on sustainable profitability and value creation, Akbank continued to support the domestic economy and industries through its solid financial structure, innovative products and services.

Fundamentals of Akbank Risk Management philosophy are:

- Detect, manage and monitor market, credit, operational, asset liability risk and other financial risks at an early stage in a proactive manner and appropriately allocate capital among business units,
- Manage risk in a forward-looking manner, determine and analyze risk from the beginning with the help of steering risk strategies, models and parameters,
- Establish a risk management system as an independent structure, separate from, but coordinated with, business units,
- Consider the risk management system as part of the Bank's organization and integrate it into the system,
- Report all financial risks,
- Provide the highest value to shareholders, clients and employees,
- Be open to learning and change in order to cope with new market conditions and
- Be financially sound and reliable, to establish long-term business relationships with our shareholders and clients with the help of our long-term commitment to deliver the best possible service and products.

Human Resources

The aim of Sabancı Holding in human resources management is to develop and execute human resources strategies that create value consistent with the Sabancı vision and business objectives.

Sabancı Holding human resources strategy is to set world class management standards in this field and be a preeminent employer of choice. To realize this goal, Sabancı Holding tailors a management team that is highly selective in recruitment and promotion, can create and instill a compelling vision that holds all employees accountable for achieving high standards of performance. Encouraging and nurturing employees to achieve their full potential and rewarding outstanding performance are key aspects of this strategy.

Sabancı Holding aims to attract trustworthy, sensitive, ethical, market-oriented, strategic-minded, innovative team players.

HUMAN RESOURCES POLICES AND PRINCIPLES

The human resources management approach employed within Sabancı Group companies responds to the specific business requirements of each industry. The design and implementation of these practices are devised to support strategic objectives.

Sabancı Holding Human Resources Policies and Principles represent the basic tenets of the Sabancı Group's human resources management applications and priorities. This enhances the flexibility required for the special conditions and needs of widely diversified businesses.

ATTRACTING AND RECRUITING THE BEST TALENT

Our goal is to:

- Be the employer of choice for top talent.
- Recruit talented individuals who will help support the Group going forward and adhere to the Sabancı values.
- Meet the future workforce needs of the Group through a global and proactive recruiting perspective.

INVESTING IN OUR PEOPLE

Our main responsibilities are to:

- Invest in and create an environment with opportunities for the continuous development of our employees and help them realize their potential.
- Continuously track employee performance and support open communication by creating a culture where managers are accountable for employee development.
- Develop and nurture employees to create a high performance global talent pool of future leaders.

The human resources management approach employed within Sabancı Group companies responds to the specific business requirements of each industry. The design and implementation of these practices are devised to support strategic objectives.

BUILDING ORGANIZATIONAL CAPABILITY

It is our priority to:

- Continuously assess and review organizational capability, people, systems and processes and, if necessary, to restructure in support of the success of the Group.
- Identify and assess high-potential employees and develop their careers based on the future needs of the Group.
- Enhance mobility within the Group through assignments, transfers and rotation for employee and organizational development.

REWARD AND RECOGNITION

We intend to:

- Offer a competitive compensation package to attract top talent and enhance the commitment of existing employees.
- Encourage accountability and reward outstanding employee contributions.
- Provide a level of compensation to employees commensurate with their responsibilities and the value added to the organization.

INCREASING EMPLOYEE MOTIVATION AND COMMITMENT

Our objective is to:

- Promote the development and expansion of an open, participatory and transparent culture that values diversity and creativity.
- Proactively seek and consider employee feedback and expectations while continuously developing approaches that strengthen commitment, motivation and retention.
- Create a safe, healthy business environment that embraces ethical values and balances personal life with career responsibilities.

Sabancı of Turkey

Banking

Akbank[1]
40.9% Participation Stake
28.8% Free Float

Foreign Partnerships

(1) Citigroup (USA) - Sabancı Banking

Insurance

Aksigorta[2]
62.0% Participation Stake
38.0% Free Float

Avivasa[3]
49.8% Participation Stake

Foreign Partnerships

(2) Ageas (Belgium) - Sabancı Insurance (Agreement was signed on 18 February 2011, transaction to be finalized in 2011.)

(3) Aviva (United Kingdom) - Sabancı Life and Pension

Energy

Enerjisa Power Generation[4]
50.0% Participation Stake

Enerjisa Electricity Wholesale and Trading[4]
50.0% Participation Stake

Enerjisa Electricity Distribution[4]
50.0% Participation Stake

Foreign Partnerships

(4) Verbund (Austria) - Sabancı Electricity Production, Trading, Distribution

Cement

Akçansa[5]
39.7% Participation Stake
20.6% Free Float

Çimsa
58.4% Participation Stake
32.0% Free Float

Foreign Partnerships

(5) Heidelberg Cement (Germany) - Sabancı Cement Production

Retail

Carrefoursa[6]
38.8% Participation Stake
3.0% Free Float

Diasa[7]
40.0% Participation Stake

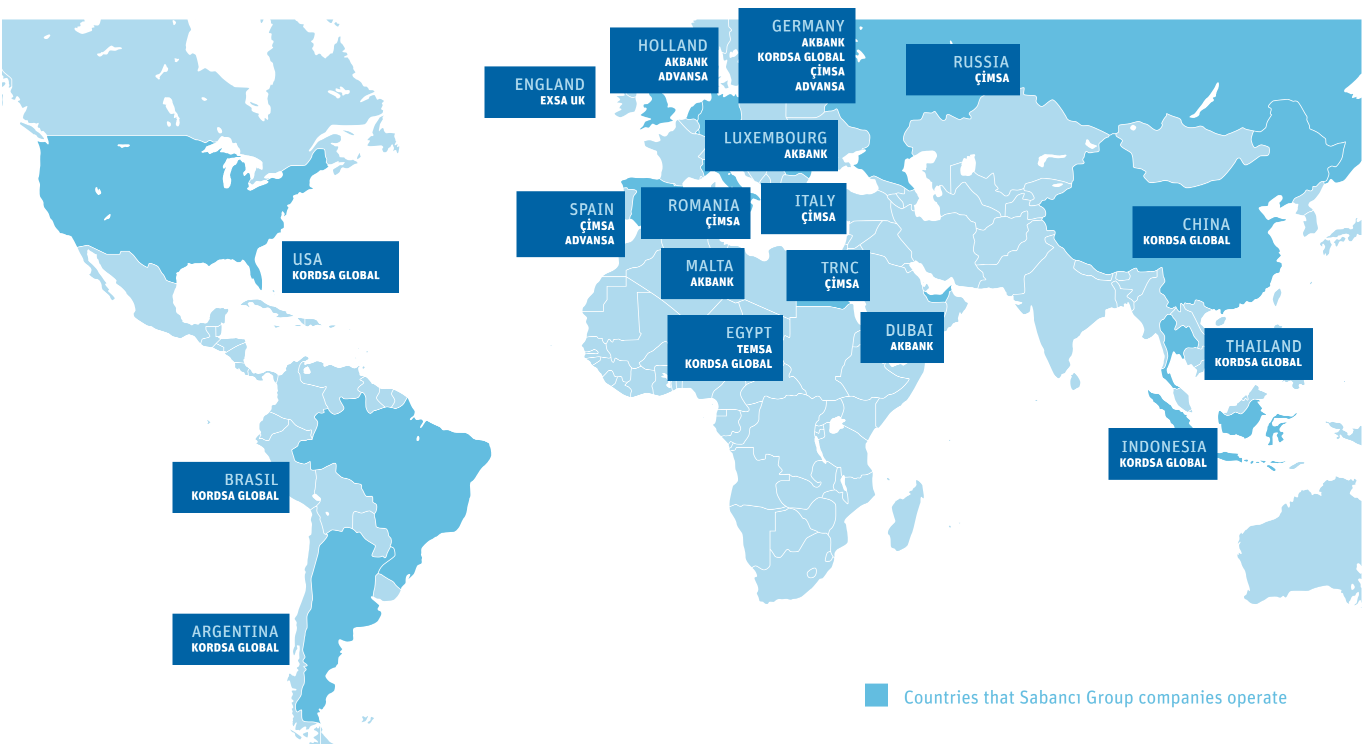
Teknosa
70.3% Participation Stake

Foreign Partnerships

(6) Carrefour (France) - Sabancı Hypermarket and Supermarket Chain

(7) Dia (Spain) - Sabancı Discount Market Chain

Sabancı in the World



Industrials

TIRE REINFORCEMENT METERIALS

Kordsa Global
91.1% Participation Stake
8.9% Free Float

TIRE

Brisa[8]
43.6% Participation Stake
10.3% Free Float

AUTOMOTIVE

Temsa
48.7% Participation Stake

TEXTILE

Advansa BV
100.0% Participation Stake

Sasa
51.0% Participation Stake
49.0% Free Float

Yünsa
57.9% Participation Stake
30.6% Free Float

PAPER AND PACKAGING METERIALS

Olmuksa[9]
43.7% Participation Stake
12.5% Free Float

Dönkasan
50.0% Participation Stake

Foreign Partnerships

(8) Bridgestone (Japan) - Sabancı
Tire Production

(9) International Paper (USA) - Sabancı
Paper and Paper Production

Other Activities

TOBACCO

Philsa[10]
25.0% Participation Stake

Philip Morrissa[11]
24.8% Participation Stake

TOURISM

Tursa
99.5% Participation Stake

AEO
70.3% Participation Stake

INFORMATION TECHNOLOGIES

Bimsa
100.0% Participation Stake

OTHER

Exsa
45.7% Participation Stake

Exsa U.K.
100.0% Participation Stake

Foreign Partnerships

(10) Philip Morris (USA) - Sabancı
Tobacco Production

(11) Philip Morris (USA) - Sabancı
Tobacco Marketing, Sales and Distribution

Corporate Social Responsibility

Sabancı Foundation

Sabancı University

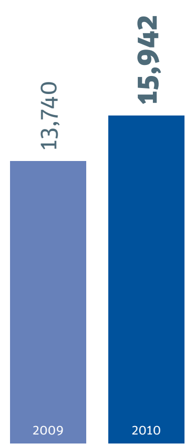
Sabancı University Sakıp Sabancı Museum

Consolidated Financial Indicators

REVENUES
US$ MILLION

NET INCOME
US$ MILLION

TOTAL EQUITY/ NET ASSETS
US$ MILLION



Principal Subsidiaries and Participation Stakes

The following table shows Sabancı Holding's direct ownership interest in and indirect control over each of the Sabancı Group companies as of March 31, 2011.

Name of Company	Paid-in Capital as of March 31, 2011 (000 TL)	Direct Ownership (%)	Indirect Control (%)	Total Direct Ownership and Indirect Control (%)
Banking				
Akbank[1]	4,000,000	40.75	0.10	40.85
Insurance				
Aksigorta[1]	306,000	61.98	-	61.98
Avivasa	35,779	49.83	-	49.83
Energy				
Enerjisa GenCo	1,854,560	49.99	0.01	50.00
Enerjisa TradeCo	5,000	49.99	0.01	50.00
Enerjisa DisCo	1,158,650	49.99	0.01	50.00
Cement				
Akçansa[1]	191,447	39.72	-	39.72
Çimsa[1]	135,084	49.43	8.98	58.41
Retail				
Carrefoursa[1]	113,422	38.78	-	38.78
Diasa	112,000	40.00	-	40.00
Teknosa	110,000	70.29	-	70.29

Name of Company	Paid-in Capital as of March 31, 2011 (000 TL)	Direct Ownership (%)	Indirect Control (%)	Total Direct Ownership and Indirect Control (%)
Industrials				
Kordsa Global[1]	194,529	91.11	-	91.11
Brisa[1]	7,442	43.63	-	43.63
Temsa	210,000	48.71	-	48.71
Advansa BV[3]	22 EUR	92.82	7.18	100.00
Sasa[1,2]	216,300	-	51.00	51.00
Yünsa[1]	29,160	57.88	-	57.88
Olmuksa[1]	32,603	43.73	-	43.73
Dönkasan	150	20.00	30.00	50.00
Other				
Philsa	3,000	25.00	-	25.00
Philip Morrissa	700	24.75	-	24.75
Tursa	95,000	99.41	0.11	99.52
AEO	38,000	70.29	-	70.29
Bimsa	400	79.98	20.02	100.00
Exsa	117,000	12.82	32.88	45.70
Exsa U.K.[3]	10,000 GBP	98.70	1.30	100.00

1. Shares are traded on the Istanbul Stock Exchange
2. Direct ownership by Advansa BV
3. Expressed in thousands

Banking

AKBANK

As of the end of 2010, Turkey's most valuable company, Akbank, maintained its leading position in the Turkish banking sector through a strong balance sheet, transparent corporate governance practices and strong sustainable international relations.

In addition to its core banking activities, Akbank offers a wide array of retail, SME, corporate, private banking and international trade finance services. Non-banking financial services, together with capital market and investment services, are provided by the Bank's subsidiaries. With state-of-the-art information technologies and a staff of experienced bankers, Akbank focuses on providing top quality services to a wide range of retail and corporate customers.

Akbank operates from its Istanbul Head Office and 20 regional directorates throughout Turkey. It is underpinned by a strong and extensive domestic distribution network of 912 branches and a workforce of over 15,300 employees. In addition to the Bank's traditional delivery channels through its branch network, Akbank also offers banking services to its customers through its retail and corporate internet branches, its Telephone Banking Center, 3,127 ATMs and more than 267,000 POS terminals, in addition to other high-technology channels.

Akbank's overseas operations are performed by Akbank N.V. in the Netherlands, Akbank AG in Germany and Akbank Dubai Limited in Dubai, as well as a branch in Malta.

Since January 2007, Citigroup has held a 20% strategic stake in Akbank. The strategic partnership with Citigroup has contributed to the enhancement of consumer banking activities with joint ATM usage and credit card applications such as Citi Axess and the strong collaboration in developing project finance and corporate banking activities.

The Akbank Banking Center, which started service in 2010, has become the highest operating capacity operations center in Turkey. Equipped with state-of-the-art technology, this giant complex will continue to positively affect Akbank's operational efficiency.

With its robust capital, reliable deposit structure, ability to raise foreign financing on favorable terms and superior asset quality, Akbank continues to maintain a leading position in the Turkish banking sector. As of the end of 2010, Akbank's consolidated net profit reached TL 3,010 million (approximately US$ 1,958 million) while its consolidated net assets were TL 120,070 million (approximately US$ 78,089 million). The Bank's consolidated capital adequacy ratio is 19.9%, one of the highest in the sector.

By continuing its activities with the responsibility of creating value for the Turkish economy, Akbank's total loans increased by 29.4% and reached TL 57.7 billion. Thanks to effective risk management practices, Akbank's NPL ratio decreased to 2.2% at year-end 2010 from 3.8% at the end of 2009 and stood well below the sector average.

In 2010, Akbank continued to raise funds from foreign markets at favorable terms. The total amount of these resources reached US$ 8 billion by the end of the year.

Akbank took a pioneering position with regard to deposit banks through a US$ 1 billion Eurobond issuance with a five-year maturity on July 2010. Akbank's Eurobond issuance was ranked in traditional "20/20 All Stars" list of FTSE Global Markets Magazine, one of the most reputable international financial publications. In December 2010, Akbank issued a Turkish lira denominated domestic bond of up to TL 1 billion with a maturity of six months; the first of its kind issued by a deposit bank in Turkey.

Harvard University's Kennedy School of Government has turned Akbank's transformation and growth strategy in the aftermath of the 2001 crisis into a case study. The management, change and growth strategy implemented throughout Akbank's "New Horizons Restructuring Program" post-2001 crisis, at a time when Turkish economy and banking industry were struggling to deal with the impact of the crisis, not only outlined Akbank as a bank that managed to grow during the years of crisis but also positioned the Bank as a lecture topic and a reference success story on crisis management.

Through effective risk management practices and exceptional performance, Akbank holds the highest individual and financial strength ratings that can be assigned within the Turkish banking sector. Akbank, in a first by deposit banks, released its sustainability report in compliance with GRI (Global Reporting Initiative) standards, the most widely accepted reporting standard. Moreover, Akbank has ranked among the global leaders as the first and only Turkish company included in the prestigious global climate change project, CDP 2010 Global 500.

In 2010, Akbank received various awards in Turkey and from foreign institutions. Among them, the most notable are: "Turkey's Best Bank" from Global Finance and EMEA Finance magazines, "Turkey's Best Private Banking Service Provider" by Euromoney, "Turkey's Best Foreign Exchange Provider", "Turkey's Best Trade Finance Provider" and "Best Bank in Online Deposit Acquisition" by Global Finance.

Ak Securities, a 99.8%-owned subsidiary of Akbank, established in 1996, provides local and foreign customers with brokerage services, Akbank mutual funds and Threadneedle (Lux) Funds, Turkish Derivatives Exchange (TURKDEX), repo transaction services and investment advisory, corporate finance and investment banking services.

Established in June 2000 as a 99.99% owned subsidiary of Akbank, Ak Asset Management provides investment management services for 49 portfolios along with asset management services to large individual and corporate investors in accordance with their own investment expectations and risk profiles. In 2010, Ak Asset Management strengthened its position as a pioneer in the investment management sector through innovative investment products it introduced to customers.

Ak Lease, founded in 1988 to provide financial leasing services, is a 99.99%-owned subsidiary of Akbank. Thanks to its sector-specific structuring and expert staff, Ak Lease produces low-cost, long-term solutions to meet the needs and expectations of its customers.

A total of 28.8% of Akbank shares are listed on the Istanbul Stock Exchange (ISE). The Bank's Level 1 ADRs are traded on the OTC in the United States. Akbank's market capitalization stood at US$ 22.3 billion on December 31, 2010, making it the most valuable company on the ISE.

Insurance

AKSİGORTA

Established in 1960, Aksigorta ranks as one of Turkey's leading non-life insurance companies in terms of premium generation, shareholders' equity and financial strength. Celebrating its 50th anniversary during 2010, Aksigorta is an insurance company with the highest brand awareness in Turkey.

Based in Istanbul, Aksigorta offers its clients fire, marine, motor third party liability, accident, personal accident, credit, legal protection, engineering, agriculture and health insurance coverage. It operates from ten regional offices, four of which are located in Istanbul and one each in Izmir, Adana, Ankara, Trabzon, Bursa and Antalya. Aksigorta also works out of three other representative offices within Turkey.

In the interest of providing better quality service to corporate and individual customers, the Company's insurance products are marketed and distributed through a wide network made up of 1,511 agents, 42 brokers and 885 Akbank branches. These channels are supported by the Aksigorta Service Center and website, which provides services ranging from claims follow-up to other insurance services on a 24/7 basis.

In line with Aksigorta's customer-centric service philosophy, the Aksigorta Service Center continues to provide uninterrupted services, starting from the initial offering through to focusing on every detail in the process of claim management. In addition, Aksigorta strives to simplify the claims process, informing clients in a timely manner and contacting them personally in a bid to improve their satisfaction.

With its customer-focused service philosophy, Aksigorta has increased service quality and customer satisfaction, continuing to offer services for auto, household, business and health products. Aksigorta provides the most rapid, highest quality service through a network of 2,500 business partners beginning as soon as it receives notification of a claim via contracted auto repair and health services associations. These assistance services play an integral part in the insurance business for Aksigorta and its clients. With its network of business partners, 70% of Aksigorta customers receive service without any direct payment in case of damage.

Providing excellent service to its clients, Aksigorta has transferred the claims process management system to an electronic environment as part of its Operational Efficiency Project. Through this system, the whole claims process, including claim notification, swift investigation of the claim, approval and finally, payment, are all managed in an electronic environment.

Based on ISO 9001:1994 Standards, Aksigorta established its Quality Control System, which was certified in 1998. This certificate was renewed in 2001 in accordance with the ISO 9001:2000 Standard. In 2007, Aksigorta extended the validity of the certificate until 2010. Aksigorta was named the "Most Trustworthy Insurance Company in Terms of Quality" and was awarded the "Consumer 2008 Quality Prize" at the annual competition held by the "Tüketici Dergisi" (a free advertising magazine) for the third consecutive year.

Within the framework of the "Investing in the Future Project," initiated in 1995, the Fire and Earthquake Simulation Center, YADEM, started operations the following year. In November 2006, Aksigorta moved YADEM, with all usage rights, to Şişli City Hall Science Center so that more people could benefit from YADEM at that location. Working toward an increased risk and insurance awareness in Turkey, Aksigorta is involved in various projects in cooperation with the Turkish Insurance Foundation and opinion leaders in public and media sectors. After YADEM, Aksigorta and AKUT (a very reputable NGO) achieved a breakthrough in 2010 by reaching more than one million people with respect to natural disasters and insurance awareness via the project entitled "Keep on Living, Turkey". "The Disaster Training" convoy, set up by Aksigorta and AKUT - Turkey's most trusted

organizations in their own fields to form this Keep on Living, Turkey social responsibility project, has educated more than a million people about natural disasters and insurance awareness in a total of ten provinces and 50 districts throughout the country.

In 2010, according to a research study conducted by Synovate, Aksigorta was deemed “the most prestigious” company in the insurance sector. Also, in another research study carried out by TNS PIAR, Aksigorta was named the insurance company with the highest brand awareness.

After renovation of the corporate website, Aksigorta won the “Standard of Excellence Award” at Web Marketing Association’s Web Award.

Aksigorta shares are listed on the Istanbul Stock Exchange with a free float of 38%.

AVIVASA

Following the merger of Ak Emeklilik and Aviva Hayat ve Emeklilik on June 8, 2007, Avivasa Emeklilik ve Hayat began operations as one of Turkey’s leading individual pension and life insurance companies.

With a paid-in capital of approximately TL 36 million, the company has nearly 1,200 employees of whom 747 are sales staff employed as financial advisors.

The Company serves over 1.5 million clients in the individual pension and life insurance sectors. Bank direct sales, direct sales, sales from banks, agencies, corporate projects and telemarketing distribution channels are utilized.

The Bank Direct Sales channel is the distribution channel that aims primarily at prospects from banks such as Akbank and Citibank by introducing them to individual pension and life insurance products. Through the Direct Sales distribution channel, non-bank clients of various socio-economic levels receive services via financial advisors. In the Sales from the Bank distribution channel, individual pension products and other banking products are presented to clients by the Bank’s customer representatives located in branches within the scope of bank insurance. The objective is to expand current operations via agencies and corporate projects. Telemarketing, a recently formed distribution channel, is being used to expand into different client segments by using simpler products.

Avivasa funds are managed by Ak Asset Management, a Sabancı Group subsidiary and a leading company in the portfolio management sector.

According to the Pension Monitoring Center’s 2010 data, Avivasa Emeklilik ve Hayat has individual pension fund size of TL 2,541 million and a market share of 21.30%.

Moreover, according to the Association of the Insurance and Reinsurance Companies’ 2010 data for Turkey, Avivasa Emeklilik ve Hayat has a total life insurance premium output of TL 124 million and a market share of 5.7%.

Energy

The Sabancı Group's strategic plans for 2015 have identified the energy sector as a key growth area, with a focus on electricity and downstream natural gas operations. Consequently, the Group intends to lead in the electricity market and has established an ambitious target to command a 10% market share of the electricity sector by the year 2015 as the leading player.

In May 2007, the Group signed a joint venture agreement with Verbund, one of the leading electricity companies in Europe. The agreement is based on an equal share and management principle. Verbund is Austria's largest generator of electricity and one of the most valuable companies. Sabancı and Verbund will work together and exclusively within all areas of the Turkish electricity sector, except for nuclear energy investments.

Planning to attain a total installed capacity of 5,000 MW by 2015, the Sabancı Energy Group continues to rapidly expand and diversify its generation portfolio under the scope of the Verbund partnership.

The Enerjisa Group aims to become the market leader in the electricity sector within a vertically integrated structure by combining generation, distribution, wholesale and trading activities. The facilities that serve this purpose held through Enerjisa Power Generation (GenCo), Enerjisa Electricity Wholesale & Trading (TradeCo) and Enerjisa Distribution (DisCo).

The Group is also actively working on seeking opportunities in the natural gas business.

Enerjisa Group will continue to add value for its shareholders, customers, employees, suppliers and society by exploring every opportunity in the market. The Group aims to be a preferred supplier by virtue of its customer-centric approach in all of its operations. Enerjisa Group constantly develops its processes and systems in a bid to increase and sustain competitiveness.

Total consolidated sales in 2010 for Enerjisa Group companies reached to TL 2.9 billion.

ENERJİSA POWER GENERATION (GENCO)

Enerjisa GenCo was founded in 1996 to explore new business opportunities in the energy sector and to operate as a reliable and competent supplier of energy to its customers.

In addition to natural gas combined cycle power plants in Kocaeli, Adana, Çanakkale and Mersin, with a total installed capacity of 370 MW and hydroelectric power plants located in Antalya, Mersin and Kahramanmaraş with a total installed capacity of 85 MW, 930 MW Bandırma Natural Gas Combined Cycle Power Plant was put into operation in 2010, increasing the total installed capacity to 1,385 MW by the end of 2010.

The licensed portfolio of Enerjisa GenCo, which has grown rapidly since 2006, reached a total capacity of 3,209 MW including existing power plants, projects under construction and projects with ongoing engineering works as per year-end 2010. In addition to this portfolio, projects with a total capacity of nearly 1,000 MW are at the license application stage.

Aiming at diversifying the generation capacity to create a strategic advantage, 12 hydropower power plants with a total capacity of 1,303 MW, the 450 MW Tufanbeyli Thermal Power Plant and two wind power plants with a total capacity of 69 MW are currently in the planning and implementation stages.

The 142 MW Hacınınoğlu Hydroelectric Power Plant and 30 MW Çanakkale Wind Power Plant will go on line in the first quarter of 2011 while 85 MW Menge Hydroelectric Power Plant and 39 MW Dağpazarı Wind Power Plant are planned to be in operation by the end of 2011. Also, as a part of its commitment to renewable energy, Enerjisa GenCo has targeted wind power plants with a total installed capacity of 300 MW by the end of 2015.

Enerjisa GenCo contributes to securing power supplies in Turkey by generating electricity at its power plants for Turkey's leading industrial and commercial entities as well as customers using it via distribution companies.

The Enerjisa Group intends to continue to add value for its shareholders, customers, employees, suppliers and society by exploring every available opportunity in the market.

ENERJİSA ELECTRICITY WHOLESALE AND TRADING (TRADECO)

Within Enerjisa Group companies, the Enerjisa TradeCo was founded in 2004 to operate in the electricity wholesale market. Enerjisa TradeCo trades in electricity and/or capacity in accordance with the limits set by market regulations. In addition to the wholesale trading of electricity, the Company sells electricity directly to eligible customers. Opportunities to import and export electricity are also carried out under the wholesale license.

Enerjisa TradeCo has a customer-oriented approach in its sales and marketing activities. With the objective of becoming the supplier of choice, the Company offers quality services to meet the customers' expectations at the highest level and continually improves its systems and processes as a result of customer feedback.

In addition to wholesale and trading activities, Enerjisa TradeCo provides consultancy services to the Enerjisa Group companies. It serves as a consultant to Enerjisa GenCo on operations in the balancing market, power plant optimization and customer relationship management.

In an effort to secure the supply of natural gas and other fuels in a cost effective manner for the long-term, the Company acts as a consultant to Enerjisa Group Companies on supply contracts of natural gas and other fuels for current and prospective power plants, fuel procurement strategies in the medium and long-term, establishment of fuel optimization systems and management of risk related to these systems. Enerjisa Natural Gas Wholesale Company was founded in 2004 to achieve those targets. The Enerjisa Natural Gas Wholesale Company started its operations by gathering the required licenses for supplying natural gas to Enerjisa NG CCPPs and primarily optimizing their consumption as well as benefiting from new business opportunities emerging with the liberalization of natural gas market. It has acquired the right to import Spot LNG by taking the licence for ten years from EMRA as of September 6, 2010.

The Company also offers consultancy services to Enerjisa DisCo regarding the management of existing energy purchase agreements with TETAŞ and EÜAŞ and by following the opportunities related to the management of energy balancing in day-ahead markets and similar activities. In order to satisfy the long-term demand position of the Enerjisa DisCo, the Enerjisa TradeCo seeks to negotiate and procure new long-term energy purchase contracts and performs market risk management consulting services.

ENERJİSA ELECTRICITY DISTRIBUTION (DISCO)

Enerjisa Group aims to become the market leader in the electricity sector in a vertically integrated structure by combining generation, distribution, wholesale and trading activities.

Due to this strategic target, Sabancı Verbund Joint Venture, Enerjisa DisCo participated in the privatization tender for the block sale of 100% of the shares of Başkent Electricity Distribution Company (Başkent EDAŞ) and won the tender offering the highest bid of US$ 1,225 million on July 1, 2008.

The transfer of shares of Başkent EDAŞ to Enerjisa DisCo, (established in 2008 for this purpose) was concluded successfully on January 28, 2009.

Başkent EDAŞ builds, maintains and operates the electricity distribution grid and provides electricity retail services as well as additional services to 3.2 million customers in Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak (BAŞKENT Distribution Region).

Prior to the takeover date, the integration process began, resulting in a very smooth transfer without negatively effecting operational and financial performance in 2009 when the electricity consumption had significantly decreased. During 2010, Başkent EDAŞ experienced positive performance results, confirming the strategic advantage of its specific customer structure.

Given the regulated nature of the business and the expected changes in the market for the upcoming years, Başkent EDAŞ focused on the necessary preparations both strategically and operationally. All the preparations are being planned in parallel to the long-term vision of the energy market and customer satisfaction.

Cement

Akçansa meets 10% of Turkey's cement needs at global standards with its environmentally friendly facilities and while emphasizing service quality, it utilizes state-of-the art technology to meet customer standards.

AKÇANSA

Through the merger of Akçimento and Çanakkale Çimento in 1996, Akçansa became the leading cement producer in Turkey. The Company is currently a Sabancı Holding and Heidelberg Cement joint venture.

Operating in the Marmara, Aegean and Black Sea regions of Turkey, Akçansa has been producing cement at its Istanbul, Çanakkale and Ladik plants and ready-mixed concrete at 35 ready-mixed concrete plants under the "Betonsa" brand. It operates out of the Ayazağa, Bursa and Saray aggregate quarries under the "Agregasa" brand and operates four cement terminals located in Ambarlı, Aliağa, Yarımca,Yalova and Hopa.

2010 was an important year for Akçansa in terms of profitability and efficiency with wider production, distribution networks and sustainable success principles. The construction of the Waste Heat Power Generation Project was initiated in the Çanakkale Plant with an investment of US$ 24 million. This will result in a capacity of 105 million kWh, saving 30% of the total energy consumption of the Çanakkale Plant by reducing carbon emissions equal to 60,000 tons. Akçansa will start operating this waste heat power generation plant in 2011.

Akçansa meets 10% of Turkey's cement needs at global standards with its environmentally friendly facilities and while emphasizing service quality, it utilizes state-of-the art technology to meet customer standards. Akçansa's total domestic cement and clinker sales amounted to 4.6 million tons in 2010. By adding clinker and cement exports of 2.8 million tons, the Company's domestic and clinker exports reached 7.4 million tons. Total revenue was US$ 540 million in 2010.

In parallel with expanding growth targets, new ready-mixed concrete and aggregate plants were added to the sales network. Continually extending its spectrum of special products in the field of ready-mixed concrete, Betonsa has managed to differentiate itself from the competition by finding innovative special solutions for its customers. Ready-mixed concrete sales rose by 22% to reach 5 million m^3.

Akçansa cement plants continue to be pioneers in the Turkish cement sector in the use of alternative fuels and raw materials for environmental protection.

The Company will achieve premium quality in production and service to fulfill the demand of customers and compete on measures beyond price in a sector where it is hard to discern differences.

The Company's vision is "to achieve sustainable growth" and its goal is to be "Turkey's leading building materials company, thus enriching quality of life within society". Akçansa has been selected as the Most Admired Company in the cement sector according to the Capital Monthly Magazine.

Akçansa shares are listed on the Istanbul Stock Exchange with a free float of 20.6%.

Çimsa is one of the top three white cement brands in the world and the leading international Turkish producer.

ÇİMSA

Çimsa, one of the leading names in Turkish industry, was founded in 1972 and pursues the vision of being “the most valuable cement and concrete company in Turkey”. Its mission is “to be a business partner to cement and concrete users at the global level”. Çimsa’s basic activity area is “supplying the basic materials needed for strong and reliable infra and superstructures for living and production spaces”.

The Company commenced operations in Mersin in 1975. It produces gray, white and calcium alimunate cements and is an industry leader for innovation. The Company develops new products in line with customer requirements; accordingly in 2010, it began Super Bims cement production at the Niğde Plant.

Çimsa entered the ready concrete production business in 1988 and provides services throughout Turkey in Adana, Mersin, Kayseri, Antalya, Osmaniye, Kahramanmaraş, Nevşehir, Eskişehir, Kütahya, Bursa, Konya, Karaman, Aksaray, Sakarya and Bilecik. It has a clinker production capacity of 5 million tons and ready concrete production capacity of 3.3 million m^3. The Company had sales turnover of US$ 473 million, 26% coming from international trade.

Çimsa is one of the top three white cement brands in the world and the leading international Turkish producer. It has affiliate companies and terminals in Sevilla (Spain), Emden (Germany), Constanza (Romania), Trieste (Italy), Novorossysk (Russia) and Famagusta (TRNC), and markets its products in 46 countries.

To better serve international white cement users while expanding its distribution network, Çimsa acquired 60% of the shares of Medcon in Trieste, Italy in early 2010. The acquisition was renamed Çimsa Adriatico and has a production capacity of 400,000 tons of white and gray cement. Accordingly, Çimsa gained significant marketing power from this acquisition in Northern Italy, the Adriatic and Central Europe.

The Company is committed to be more actively competitive in foreign markets and holds the required EC and CE certificates and Kitemark quality documents to market all its cement products in European Union countries.

Çimsa adopted many new practices in the sustainability area and signed the Waste Gas to Electricity Project in the Mersin Plant in July 2010. This project is intended to recover 50% of consumed electricity and will also reduce carbon emissions.

With the modernization in the first quarter of 2010, the former capacity of 3,400 tons/day on the first line of the Mersin Plant was raised to 4,000 tons/day. Thus clinker quality rose while heat consumption declined.

Çimsa aims to achieve business excellence at global scale thus employs quality control management, environmental management and occupational health and safety management systems. Çimsa also is a leader in maintaining low carbon emissions thus minimizing its impact on the environment.

The Company is dedicated to protecting natural resources by careful and effective disposal of waste products. The “Hot Disk Project” planned for the Eskişehir Plant, intends to produce alternative energy out of municipal and industrial wastes. This will result in an energy saving of US$ 2 million annually.

Çimsa gives great importance to environmental and human health issues. The Green and Safe Plants program implements all health and safety initiatives. In 2010, the Çimsa İnegöl Ready Concrete Facility received the “Blue Beret Labor Safety Competiton Award”. The Adana-Zeytinli Ready Concrete Facility captured the “International Representation Award”. The Kayseri Plant garnered first prize in the “Labor Health and Safety” competition organized by the Cement Industry Employers Foundation.

Çimsa shares are listed on the Istanbul Stock Exchange with a free float of 32%.

Retail

Retailing is one of the most important sectors of the Turkish economy. It is estimated to be worth US$ 200 billion and provides over two million jobs. Food, the longest established segment in the retail sector, is becoming an increasingly attractive business in Turkey due to the gradual expansion of organized retail in the overall sector. Food retail expenditures reached US$ 100 billion in a market still dominated by open street markets and traditional stores. Nevertheless, as organized retailers start to gain a larger market share, currently estimated at 35%, foreign investors are finding the sector increasingly attractive. Fueled by such factors as rising income, urbanization and enhanced price sensitivity among consumers, the number of organized retail sales points has grown at an average annual rate of 15% since 2000. In 2010, a year of nearly 8% GDP growth, organized retailers experienced 11% sales growth. During the same period, Sabancı-Carrefour joint ventures reported parallel growth, thus maintaining market share.

CARREFOURSA

Carrefoursa is a joint venture between Sabancı Holding and Carrefour, the top retailer in Europe and the second largest in the world, with more than 16,000 stores in 33 countries. Carrefoursa celebrated its 14th anniversary in 2010. Its mission is to provide Turkish consumers with a broad selection of high quality, reasonably priced food products presented in a welcoming and pleasant shopping environment and ensuring steady profitable growth to its shareholders.

With sales areas ranging from 2,000 to 15,000 m^2, flagship format hypermarkets carry a wide assortment of food and non-food products with up to 40,000 stock-keeping-units (SKUs), at the lowest prices, housed under one roof. Supermarkets, with between 500 and 2,000 m^2 of retail space, offer an impressive assortment of fresh food while providing consumers with convenient shopping at the lowest prices.

2010 was a particularly successful year for Carrefoursa, with a record number of store openings. The supermarket format was diversified and its weight in the Company's overall growth strategy was increased. The Company acquired local retailer Alpark with 27 supermarkets, created synergy with Diasa and also carried out a successful optimization within its store network.

Carrefoursa generated US$ 1.6 billion sales revenue in 2010, while its store network expanded to 27 hypermarkets and 219 supermarkets with a total sales area of 373,000 m^2. Nearly 100 million consumers shopped at Carrefoursa stores throughout the year.

The Company took notable steps in 2010 in terms of growth, strategic cooperation with Diasa and optimization:

1) Growth: The Company expanded in smaller format markets in line with consumer trends. Balanced growth in store formats, due to an increasing number of supermarkets, accounted for the fastest period of store openings in the Company's history. Carrefoursa consolidated its position in the market as the leading hypermarket chain by opening Istanbul Avcılar and Bursa Maya hypermarkets.

2) Strategic cooperation with Diasa: One of Carrefoursa's central tenets is diversification by offering its customers services with added value. To this end, the Company launched joint business development projects with Diasa in negotiations with private label and logistics suppliers and improved terms of purchase.

3) Store network optimization: Thanks to the increased number of store openings in 2010, the Company closed 16 low-performing supermarkets without harming revenue growth. Thus, as it looks to the future, the Company enjoys a more profitable and productive store network.

By strengthening the supermarket format and furthering the geographical scope of hypermarket expansion, Carrefoursa achieved record growth in 2010, opening two hypermarkets and 49 supermarkets. Growth was further supported inorganically by a tactical acquisition in Istanbul and a total of 76 supermarkets were added to the network.

The 2010 results are a testament to the Company's clout and determination to successfully implement its strategies, including new market formats while realizing its target to become the leading player in the sector. The Company's sound financial structure provides the capacity to evaluate and rapidly take action with its own resources on all projects offering a potential for growth and value creation.

Carrefoursa will accelerate investment in 2011, thanks to its strong cash position. It will retain its strong position in the hypermarket format with new stores, all of which are approved, and increase its share in the supermarket segment with further store openings.

Opening an average of five new stores per week, Diasa continues its expansion and operates by year-end 2010 in 29 cities, mainly in the Marmara and Aegean regions.

DİASA

The discount format for retail, which offers low prices through a low cost business model, is becoming ever more popular as consumers become more price conscious, both globally and in Turkey. To address the growing demand for discount stores, Diasa was established in 2000 as a joint venture between Sabancı Holding and Dia, Spain's leading discounter and a part of the Carrefour Group. The successful global model of over 6,300 Dia stores was adapted to Turkey's local needs. Currently in a phase of rapid expansion, Diasa provides consumers convenience and quality at discount prices. The discount format is a powerful growth engine for the Group and Diasa has been one of the fastest growing food retail chains in Turkey with 22% annual growth over the last five years.

Diasa generated US$ 500 million revenue in 2010, reaching a network of 890 stores and a combined retail space of 190,000 m^2. More than 90 million customers shopped at the Company's stores last year. With its global expertise in private label products, which account for 34% of the Company's sales, Diasa continued to lead the market in Turkey.

Opening an average of five new stores per week, Diasa continues its expansion and operates by year-end 2010, in 29 cities, mainly in the Marmara and Aegean regions.

Unique among Turkish food retailers, the Diasa franchise markets share in the overall store network reached 37% in 2010. This particular business model is prevalent in Spain and other territories where Diasa operates. In Turkey, it is set up under the Diasa banner and run by local entrepreneurs with purchasing, logistics and store management know-how support is provided by Diasa. Taking its cue from the shift toward organized retail, this model provides local and independent players a chance to continue their operations as part of a national chain. Boosting the Company's growth and profitability, as well as improving its awareness in the sector, franchise markets will continue their proliferation in 2011.

In 2010, Diasa opened stores in seven new cities as the discount market model became widespread among all regions. In 2008, the "Dia Market" model was created in response to feedback from customers and market research. In 2010, the model became widespread with 282 "Dia Market" stores accounting for 32% of the total network.

2010 saw the opening of 283 new stores and improvements in the franchise infrastructure. In line with the strategy of broadening the geographic presence nationwide, a new warehouse investment process has started in Adana. The Company launched joint business development projects with Carrefoursa and improved terms of purchase. Thanks to these, as well as further economies of scale and continuing productivity operations, Diasa managed to increase sales-per-square-meter efficiency and improved its profitability compared to previous year.

A review of Diasa's strategic plan, reviewed in December 2010, provided further proof of the success of the Dia Market and franchise models, which, in turn, led to a reformulation of the Company's strategy over the next three years, which will result in investments of more than TL 160 million and the opening of over 1,000 new stores. With this move, the Company aims to increase its share in the ever-growing discount retail market and improve its profitability by creating economies of scale. As the first step in the plan, the target for 2011 is to strengthen the logistics infrastructure with new warehouses in Adana, Ankara and Antalya and to open 350 new stores to achieve nearly 35% growth in overall sales.

TEKNOSA

Teknosa, established in 2000, is 100% owned by Sabancı. Since its inception, Teknosa, with its slogan “Technology for Everyone,” has been the sector’s most extensive store network in Turkey. In 2010, the Company owned 256 stores and operated in 69 cities and 38 districts.

With over 101,000 m^2 of total retail space and a wide assortment of technology products, Teknosa has created a unique and pleasant shopping environment, attracting six million customers each month. With a workforce of over 3,000, Teknosa completed 2010 with revenue totaling TL 1.3 billion and increased its sales area by 20,000 m^2 over the previous year.

In addition to its existing store model across the country, Teknosa also reaches consumers through new formats. Debuting in 2009, the new Extra and Exxtra concepts demonstrate Teknosa’s vision of technology retailing. In 2010, Teknosa added eight Exxtra and nine Extra stores to its network. Among those eight stores were the Sabancı İş Merkezi flagship store with a sales area of 4,500 m^2 on three floors and Istanbul Cevahir Shopping Mall store, with a sales area of 6,200 m^2 also on three floors.

Teknosa continues to invest in Teknosa Akademi, which was founded in 2005 to create an infrastructure for career planning and a qualified workforce. At Teknosa Akademi, where the retailers of the future are trained, participants are informed of new developments in the retail sector and are taught certain skills via personal, work-related and managerial classes. To date, training has been provided to over 8,000 individuals at the Teknosa Akademi center. The sector’s first Assessment Center was opened in 2007, a place where employees receive effective career planning starting from their first day on the job.

All of Teknosa’s operations are based on scientific retailing methods; the Company’s after-sales services are carried out by Teknosa Asist, another first approach in the sector. Customer demands are met 24 hours a day through the Teknosa Asist points in stores, the Teknosa Asist call center at 444 55 99 and the 5599 SMS information service. In addition to Teknosa Asist, the Company initiated a new plan in 2009 that made technical assistants available to customers within stores to solve specific problems. Currently available in 79 stores, this program will become more prevalent in 2011. Finally, the Teknosa web store (www.teknosa.com) also offers round-the-clock service to its customers.

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Another service offered to customers is TeknoGaranti that extends the warranty period of products purchased from Teknosa for up to five years and ensures customer satisfaction by exceeding the conditions of the manufacturer's warranty and has major advantages such as unlimited repair, home service, instant exchange and can be purchased from all Teknosa stores for a wide range of products such as TVs, laptop computers, cell phones, cameras etc.

Teknosa Kart is another customer relationship management program and helps the Company create its customer database, providing a better understanding of the Company's customers, their demands and shopping patterns. As of year-end 2010, there are over 1.5 million Teknosa Kart holders. Initiated in 2010, integration of Siebel Customer Relationship software enabled Teknosa to do a 360 degree review of its customers. With the help of this software, defined as the best customer relationship management solution, Teknosa strengthened its ties with the customers and took an important step toward providing a customized shopping experience.

Teknosa has the largest logistics center in its sector and operates from its hub in Gebze, which covers an area of 62,000 m^2 in total with 30,000 m^2 in-doors. Connected online to all Teknosa stores, the hub's operations are carried out with full information technology (IT) support.

Teknosa was awarded the International Organization for Standardization's quality management standard ISO 9001: 2008 Quality Management System Document in 2007. The company celebrated another first in its sector by receiving the ISO 27001 Information Security Management System (ISMS) standard in 2008. Moreover, the company continues its efforts to receive the ISO: 10002 (Customer Satisfaction and Complaints Handling Management Certificate) in 2011.

As Turkey's leading electronics retailer, Teknosa finds it imperative to carry out numerous corporate social responsibility projects, including sports, education and the arts.

With the "Technology for Women" project, the company offers free computer classes to women in various cities across the country to boost computer literacy. To date, over 6,000 women have taken part in the program in 23 cities. As a second phase of this project, Istanbul and Adana being the first locations, Teknosa formed permanent classes across the country to offer continuous education.

Paralleling this project, Teknosa has also been working with Istanbul University to bring a technological dimension to the Library of Rare Works. Named "Technology for History", the project involves Teknosa providing technical assistance to the library to digitize nearly 100,000 works, thus protecting them from the destructive effects of time.

Teknosa, promoting Turkish sports and sportsmen since 2007, has been supporting the Turkish National Football and Basketball Teams in collaboration with Turkish Football Federation and Turkish Basketball Federation by providing them with technological infrastructure.

Teknosa also aims to set an example for other firms in the sector by taking effective action regarding the environment. In 2009, the Company became the first in its sector to use 100% biodegradable bags. Teknosa believes in the importance of sustainability for a better world and has supported the Ministry of Energy's energy efficiency project since the beginning of 2009. It has opened its large network of stores to this project to reach a wider audience. Since 2005, the Company has also instigated a plan to collect and recycle electronic refuse, especially the collection of used batteries. All Teknosa stores now offer depositories for electronic waste; customers are encouraged to help save the environment by implementing e-waste collecting systems at homes and offices.

The İklimsa chain, which distributes air conditioning units and gas boilers, also operates under the Teknosa umbrella. Positioned as the HVAC Center of Turkey, İklimsa offers the world's greatest brands under one roof along with 25 years of Sabancı experience. The Company provides customers with a wide variety of brands, including Mitsubishi, General, Sharp, Sigma, Panasonic and Tronic air conditioners, Beretta Combi Boilers, Sharp refrigerators, humidifiers and air cleaners and Sigma air curtains. With seven brands and 200 models, İklimsa operates 192 centers in 53 cities across the country. The Company is committed to providing after-sales services to assure customer satisfaction and as such, offers high quality service from over 100 İklimsa service stations across Turkey.

Teknosa will maintain its target of stable growth over the next year and will add new stores to its existing network across the country in 2011. The Company will further accelerate the development of new store concepts and improve its in-depth after-sales services and overall infrastructure to reach its growth targets in 2011.

Industrials

TIRE REINFORCEMENT METERIALS

KORDSA GLOBAL

Kordsa Global is the world's leading producer of industrial nylon and polyester yarns, tire cord fabric and single end cord, serving the tire reinforcement and mechanical rubber goods markets.

Its success story began in 1973 with an investment in the tire cord fabric plant in Izmit, Turkey. Since then, the Company has become a global leader through strategic acquisitions made in collaboration with powerful business partners. Now with 11 plants located in nine countries across five continents and a strong workforce of 4,500 employees, the Company has maintained its position as a global leader. Kordsa Global recorded sales of US$ 850 million in 2010.

With Headquarters in Istanbul, Kordsa Global operates in the following four regions and countries:

Europe, Middle-East and Africa,
(Turkey, Germany, Egypt)
North America,
(Laurel Hill/NC, USA, Chattanooga/TN, USA)
South America,
(Brazil, Argentina)
Asia Pacific
(China, Indonesia, Thailand)

Due to its flexible production capability the Company was able to successfully manage growing demand in the market during 2010. Accordingly, Kordsa Global's sales revenue reached pre-economic crisis levels as the tire industry recovered from the economic downturn of 2009.

To achieve a more balanced customer portfolio, Kordsa Global aimed to gain a greater share from tire customers in developing economies, especially in Asia Pacific Region. In addition to supplying these new customers, Kordsa Global retained its position as the leading textile reinforcement supplier to the five largest tire companies: Bridgestone, Michelin, Goodyear, Pirelli and Continental.

In 2010, Kordsa Global continued to develop new products geared to meeting the changing needs of its customers. Among the newly developed products, Kordsa Global commercialized its nylon twisted monofilament under Monolyx™ brand name as well as its high denier, high tenacity polyester yarn products. In addition, the commercialization stage was started for hybrid cords under Twixtra™ brand name and for high modulus polyester yarns.

Following accreditation by the Turkish Ministry of Industry and Trade, Kordsa Global's R&D Center received funding for 11 projects from TUBITAK/TEYDEB and three projects supported under the Ministry of Industry and Trade's Santez Funding Program in 2010.

Today, recognized as one of the leading global brand names, Kordsa Global became the first company in its industry to be included in the Turquality® program, a funding program that financially supports creation of global Turkish brand names.

After earning the ISO 27001 in 2009 for its information security management system, Kordsa Global's R&D Center and Head Office were awarded the ISO 9001 Quality Management System Certificate the following year. This certificate, obtained after a successful audit conducted by Bureau Veritas, is a direct result of Kordsa Global's integral approach to sustainable quality management as part of its corporate culture.

Kordsa Global shares are listed on Istanbul Stock Exchange with a free float of 8.9%.

TIRE

BRISA

Established in 1974 under the name of Lassa, mass production commenced in 1978. The company changed its name to Brisa in 1988 after the establishment of a 50/50 joint venture between the Sabancı Group and the Bridgestone Corporation.

Brisa produces over 500 different types of tires under the Lassa and Bridgestone brand names. A wide range of designs, types and sizes accommodate many different vehicles from passenger cars to earthmoving equipment. Brisa's fully integrated tire production facilities are located in an enclosed facility of 350,000 m^2 and has a production capacity of ten million tires a year.

Temsa, one of Turkey's leading automotive companies, manufactures and distributes Temsa brand buses and coaches in domestic and international markets. At the same time, the Company represents Mitsubishi and Komatsu as their distributor in Turkey.

Brisa was the first winner of the "National Quality Award" in Turkey in 1993. Brisa's dedication to business excellence was rewarded again in 1996 with the receipt of the prestigious "European Quality Award". Brisa was the first Turkish company and the first tire company in Europe, to receive this award.

A sales network in nearly 600 locations, including 450 exclusive dealers, markets tires throughout Turkey. Additionally, the Company reaches its clients through distinctive channels such as car markets and hypermarkets. Brisa tires are mounted as original equipment on Renault, Toyota, Ford, Fiat, Honda, Hyundai, Mercedes Benz, BMC, Temsa, Mitsubishi and MAN vehicles.

Maintaining its position as a leader in the domestic market, Brisa expanded its presence in international markets with the Lassa brand by entering new markets and building brand equity. Brisa products are marketed in over 50 countries, mainly in Europe.

Brisa's Technology Center works in coordination with similar Bridgestone centers in Tokyo and Rome, thus integrating Bridgestone technology. This cooperative effort plays a vital role in reinforcing the Company's competitive edge in world markets.

Brisa's net sales revenue reached US$ 654 million in 2010. Its shares are listed on the Istanbul Stock Exchange with a free float of 10.3%.

AUTOMOTIVE

TEMSA

Temsa, one of Turkey's leading automotive companies, manufactures and distributes Temsa brand buses and coaches in domestic and international markets. At the same time, the Company represents Mitsubishi and Komatsu as their distributor in Turkey. Temsa first started production activities in 1987 in Adana and launched its own Temsa brand in 2001. In 2008, the Firm expanded its production capabilities by adding the Egypt and Adapazarı production sites to manufacture coaches, midi-coaches and light trucks.

The production capacities of Temsa Adana and Egypt plants are 3,250 and 1,300 buses and coaches respectively; a total of 4,550 vehicles per year. The yearly production capacity of the Adapazarı Plant is 7,500 light trucks, making the Temsa capacity for one shift total 12,050 vehicles annually. Apart from its own brand in the bus and coach industry, Temsa also represents many well-known international brands such as Mitsubishi and Komatsu as their distributor in Turkey and certain assigned territories.

The Temsa Adana facility has a total area of 555,000 m^2 at which Safir and Safari intercity coaches, Opalin and Prestij midi-coaches and Avenue citybus, developed specifically for public transportation are manufactured. Temsa Safir, which was completely redesigned at the end of 2009 to cater to the growing expectations of both intercity and tourism segments, achieved outstanding success in the Turkish market in 2010. It was launched in Egypt with an aim to achieve similar success. In addition, Temsa will enter into the European midi-coach market with its MD9 product.

The Temsa Egypt Plant was established with a 1,300 bus and midi-bus capacity. It is able to carry the manufacturing and marketing experience coupled with the Company's accumulated know-how and design capability to match the demand at MENA and Gulf countries; it continues on its path to maturity with increased sales.

Temsa buses and coaches, designed and manufactured by its own know-how, are sold both to domestic and international markets. Only in France, a fleet of 3,000 Temsa brand buses are on the roads. Germany, Italy and Belgium are the focus markets in Europe, recently the United States is emerging as an important new market for Temsa.

As the distributor for Komatsu Construction Machinery for 27 years, Temsa offers construction equipment and forklifts to many sectors. Bucket production was re-launched in 2008, attracting much interest in the construction machinery sector based on the high-quality functional structure of this product. Aiming to become a regional player, the Temsa Komatsu Construction Machine Business Unit established distributorships in Azerbaijan and Georgia and continues initiatives with new contacts established in other regions.

With a sales network of 40 authorized dealers under a distributorship agreement with Mitsubishi, Temsa conducts the sales, services and spare parts operations for Mitsubishi passenger cars; Lancer, Evo, Colt, 4x4 vehicles; Pajero and Outlander, ASX in cross over segment, L200 in pick-up and Fuso Canter in light truck segments.

The total consolidated revenue of Temsa is US$ 619 million in 2010.

Advansa BV is Europe's leading integrated polyester manufacturer and produces polyester staple fiber and yarn at its facilities in Turkey and Germany.

TEXTILES

ADVANSA BV

Advansa BV is Europe's leading integrated polyester manufacturer and produces polyester staple fiber and yarn with a shifting focus on specialty polymers and chemicals at its facilities in Turkey and Germany.

SASA

From the end of the first quarter of 2010, Sasa ran at full manufacturing capacity in both specialty polymers and textiles segments. The Company also commenced investment projects in both textiles and specialty polymers and chemicals. These investments will come into production by the end of 2011.

Additional investments will enable Sasa to produce more specialty products such as phthalate free plasticizers, film grade polymers and fibers for textiles and non-woven hygienic products.

Fully equipped R&D assets at the Adana Plant continue to develop products and processes for the textile and polymers/chemicals businesses thus maintaining the Company's competitive advantage.

Sasa is a 51%-owned subsidiary of Advansa BV and is listed on the Istanbul Stock Exchange, with a free float of 49%.

YÜNSA

With its vision, high product quality, market position and production flexibility, Yünsa is Turkey's major worsted wool fabric exporter and also the leading worsted fabric producer in Europe. Yünsa had a 100% capacity utilization rate in 2010 and ranks among the world's top five producers of woolen fabric.

In addition to 100% wool products, Yünsa also produces cashmere, silk, lycra, polyester and viscose blended wool fabrics. Yünsa manufactures fabrics for men's and women's apparel, uniforms and upholstery.

Yünsa has integrated a rich textile culture into its product line, working with numerous global customers around the world due to its strong international connections. Exporting to more the 60 countries, the Company has sales offices in the United Kingdom, Germany, United States and China along with a design office in Italy.

In addition to its trend creator role in menswear, Yünsa also plays a pivotal part in conveying Turkish wool fabrics to international markets; it has a major global presence with

its design competence and quality products. As a preferred fabric vendor in close liaison with customers, the Company maintained its influential position in the textile industry.

Yünsa's total sales were approximately US$ 105 million in 2010 with exports accounting for US$ 63 million of the total.

2010 marked an after-crisis recovery process, with strong emphasis on growth, stimulative economic policies, serious economic concerns in developed countries and a rapid rise in raw-material prices. All this contributed to significant improvement in market conditions for the textile sector.

Yünsa is a participant in the Turquality® project, a state initiated program that supports companies to generate worldwide brands. The Company also enhanced and accelerated research and development activities during 2010.

Yünsa has adopted the ISO 9001 Quality Standards. Additionally, the Hohenstein Institute in Germany has licensed the operation with the Eko-Tex 100, certifying that Yünsa's products are not hazardous to health or the environment.

Yünsa shares are listed on the Istanbul Stock Exchange with a free float of 30.6%.

Olmuksa has taken action to deliver a “livable future” for shareholders and society under the provisions of the sustainability umbrella.

PAPER AND PACKAGING MATERIALS

OLMUKSA

Olmuksa has been offering high quality corrugated packaging products and services since 1968. It has consistently conformed to meticulous operating standards with strong sense of responsibility toward shareholders, customers, suppliers, employees and its community. The Company provides services and products to its customers throughout Turkey and neighboring countries with paper mills in Edirne and Çorum and corrugated box production facilities in Gebze, Izmir, Adana, Bursa, Çorlu, Çorum, Manisa and Antalya. The Company has regularly transmitted the benefits of technological advancement to its customers.

International Paper, the world’s largest manufacturer of paper and corrugated packaging, became a shareholder in Olmuksa in 1998. This resulted in a more diverse product line and improvements in customer service. Olmuksa has also succeeded in increasing its export volume to different markets in recent years.

In 2010, Olmuksa acquired all shares of DS Smith Plc. operations in Turkey. This acquisition extended the Company’s business into new geographic areas and will strengthen its market position and service level in different end-user segments.

Attractive growth rates in the corrugated market sector, the positive impact of new legislation introduced in line with the EU accession process and Turkey’s growing export volume have a positive impact on the growth of the corrugated packaging segment.

Olmuksa aims to attain growth parallel to the corrugated market sector and the Turkish economy in 2011. Growth will be supported by modernized investments, to be implemented in line with the dictates of the market.

Olmuksa has taken action to deliver a “livable future” for shareholders and society under the provisions of the sustainability umbrella. Accordingly, Olmuksa’s sustainability policy includes consistent ethical behavior, effective and responsible use of natural resources and ongoing efforts to create economic value in consonance with heightened environmental awareness.

The core factor behind the success of the Company throughout its 43-year history has been its focus on customer relationship management. With over 1,000 employees fully dedicated to customers, Olmuksa will continue to offer innovative solutions to support its growth targets for 2011 and beyond.

The Company's annual production capacity reached 90,000 tons for paper and 330,000 tons for corrugated packaging. The Company posted US$ 186 million in net sales in 2010; its shares are listed on the Istanbul Stock Exchange with a free-float of 12.5%.

DÖNKASAN

Dönkasan is Turkey's leading state-of-the-art recycled paper collecting, sorting and baling facility. Its first plant was established in 1983 in Kartal, Istanbul, followed by facilities in Adana and Büyükçekmece. The Company has an annual processing capacity of more than 200,000 tons, of which the majority is devoted to supplying its main shareholders, Olmuksa and Kartonsan, with waste fiber.

Other

TOBACCO

PHILSA

Philsa, a 75/25 joint venture between Philip Morris and Sabancı Holding, was established in 1991. The factory manufactures Marlboro, Parliament, Muratti, Chesterfield, L&M, Lark, Bond Street, Congress, Merit and Lider brand cigarettes for consumption in Turkey and other markets.

Inaugurated in late 1992, the factory in Izmir-Torbalı has strengthened its reputation as a world-class manufacturer in the tobacco industry, thanks to an outstanding workforce and its state-of-the-art technology. The total investment of this plant has reached more than TL 850 million.

PHILIP MORRISSA

Philip Morrissa was established in 1994 as a 75/25 joint venture between Philip Morris and Sabancı Holding. The Company is active in the national distribution and sales of Philip Morris cigarette brands. Its distribution network serves 158,084 sales outlets in 81 cities throughout the country. Philip Morrissa is one of the largest sales networks in Turkey with 90 distributors, 532 vehicles and a sales force of 606. In 2010, Philip Morrissa captured 42.1% of the Turkish market while the total value of cigarettes sold by the Company reached TL 8.8 billion (US$ 5.9 billion).

TOURISM

TURSA/AEO

The natural and historic splendor of Turkey captivates visitors from around the world. In 2010, more than 28.6 million tourists visited Turkey to partake of the warm Turkish hospitality, splendid food, brilliant beaches and stunning archeological sites.

The Sabancı Group entered into the tourism sector years ago with the Erciyas Hotel in Adana. The Group established a partnership with Hilton International in 1988 with the opening of the Ankara Hiltonsa. This partnership was extended further with the opening of the Hilton Parksa in 1990 and the opening of the Mersin Hiltonsa the same year. In 2001, the Adana Hiltonsa was added.

The Group now holds 100% of the shares of Tursa, holder of the Adana Hiltonsa, Mersin Hiltonsa and Hilton Parksa, as well as a majority stake in Ankara Enternasyonal Otelcilik, owner of Ankara Hiltonsa. All Sabancı-Hilton facilities are managed by Hilton Hotels. Total accommodations have now reached 1,831 beds, with 630 beds at the Ankara Hiltonsa, 616 beds at the Adana Hiltonsa, 372 beds at the Mersin Hiltonsa and 213 beds at the Hilton Parksa.

INFORMATION TECHNOLOGIES

BİMSA

Founded in 1975, Bimsa has been one of Turkey’s leading business and information consulting service providers for the past 36 years. The Company provides hardware and software solutions to medium and large-scale companies by acting as business and information technology consultants.

Its objective is to create value for the businesses of its clients by meeting all their information technology needs. With more than 80 experienced employees, Bimsa provides products, implementation consultation, installation and support services, performance management, business intelligence, SAP applications, Pratis.Net electronic purchasing and information security services.

Social and Cultural Activities

SABANCI UNIVERSITY

The Sabancı Group decided to establish a “world university” led by the Sabancı Foundation in 1994. Instead of choosing a university as a template of existing institutions, a unique university was designed during the foundation phase of the University. Accepting students since 1999, Sabancı University sets an example for many of contemporary universities with its unique educational system.

Academic programs at Sabancı University are innovative and interdisciplinary. Since it views the conventional system of “departments” as hindering the interdisciplinary approach by causing early and overly restricted specialization, Sabancı University does not have academic divisions.

Instead, its system is based upon the Common Foundations Development Program, which all students must complete regardless of their subsequent program choices. Students who complete the Common Foundations Development Program have demonstrated their capability for critical thought, interdisciplinary interaction and problem-solving. Accordingly, they have the requisite knowledge base required to complete the program. In the second phase of Foundations Development Program, students are free to choose the introductory courses to their preferred diploma disciplines and select from eleven programs.

Faculties

There are three faculties at Sabancı University: Engineering and Natural Sciences (FENS), Arts and Social Sciences (FASS) and the Sabancı School of Management. All faculties offer undergraduate, graduate and postgraduate programs.

FENS offers undergraduate programs in Computer Science and Engineering, Biological Sciences and Bioengineering, Materials Science and Engineering, Mechatronics Engineering, Electronics Engineering and Manufacturing Systems Engineering. Graduate programs are offered in Information Technologies, Biological Sciences and Bioengineering, Electronics Engineering, Computer Sciences and Engineering, Mechatronics Engineering, Industrial Engineering, Materials Science and Engineering, Physics and Mathematics.

Undergraduate programs within FASS include Economics, Management, Visual Arts and Visual Communication Design, Cultural Studies and Social and Political Sciences, in addition to the graduate programs in Economics, Visual Arts and Visual Communication Design, Political Science, Political Science-Conflict Resolution, Cultural Studies, History and European Studies.

The Sabancı School of Management offers undergraduate, graduate and postgraduate in Management, Management for Executives degree programs and graduate programs in Finance and Information Technologies in Management. The Executive Development Unit (EDU) provides executive development programs for business professionals.

The University places great emphasis on industry relations and offers an Industry Leaders graduate program. Conducted jointly by the FENS and the Sabancı School of Management and supported by industry partners, this program confers two graduate diplomas.


Sabancı Üniversitesi


SURALP


SABANCI ÜNİVERSİTESİ


SABANCI UNIVERSITY
TURKEY
MojPosao

More than 4,000 graduates of Sabancı University are pursuing successful careers both in academia and in the business world.

Graduates

More than 4,000 graduates of Sabancı University are pursuing successful careers both in academia and in the business world.

30% of Sabancı University graduates continue their postgraduate studies with scholarships at the leading universities around the world, including Harvard University, University of California, Carnegie Mellon University, Stanford University, Boston University, Brown University, MIT, Politecnico di Milano and University of Massachusetts. The rate of employment within first year of graduation is 90%.

Emre Ertan
Class of 2010/Manufacturing Systems Engineering
"A perfect education in all aspects... I can sum up my university as such. We experienced high quality in education with very capable academic staff. The atmosphere as a whole makes us the individuals our country needs in intellectual and social respects. We were educated in a liberal atmosphere and raised as individuals who are capable of acting, deciding on our own and embracing diversity."

Sabancı University Nanotechnology Research and Application Center (SUNUM)

Established by Sabancı University with the support of the State Planning Organization, the Nanotechnology Research and Application Center (SUNUM) is the first interdisciplinary nanotechnology center in Turkey. SUNUM's groundbreaking ceremony took place in 2010. The Center is leading advanced and interdisciplinary research projects that will be rapidly adopted by industry in the application of nanotechnology to physics, electronics, mechatronics, materials science, chemistry and biology. The Center aims to improve the University's international competitive advantage in intellectual property portfolio and contribute to progress by its leading research.

A Campus That Lives and Breathes

The Sabancı University campus is a haven from the bustling city yet has everything to meet the daily needs of the students. The campus abounds with amenities from the performing arts center to a sports center, health center, supermarket and movie hall. Sabancı University has the best housing unit-to-student ratio among universities in Turkey.

SABANCI UNIVERSITY SAKIP SABANCI MUSEUM (SSM)

Sabancı University's Sakıp Sabancı Museum (SSM) is located in the mansion known as "Atlı Köşk" (Horse Mansion). Atlı Köşk, bought by Hacı Ömer Sabancı in 1950, currently houses the main collection of the Museum. The mansion was bequeathed to Sabancı University, along with its collections and furniture in 1998. A modern gallery wing was added to the original structure; the Museum was opened to the public in 2002. Exhibition space was expanded in 2005 and upgraded to meet international museum standards.

SSM currently offers a multi-faceted museum environment with rich collections in addition to the temporary international exhibitions it hosts, conservation units and exemplary educational programs. It also organizes and hosts concerts, conferences and seminars.

SSM Collections, Three Main Categories

The Calligraphy Collection offers a comprehensive overview of 500 years of Ottoman calligraphy, with rare Korans, kıtas, albums, panels, hilyes, edicts, endowments deeds and menşurs. In 2009, the Museum acquired additional examples for the Ottoman Calligraphy Collection. These new works were exhibited in the Ottoman Calligraphy Halls in the Mansion section.

The Painting Collection at the Sakıp Sabancı Museum is comprised of works from between 1850 and 1950. The collection includes the most distinguished examples of early Turkish painting, as well as paintings by foreign artists who resided in Istanbul during the last years of the Ottoman Empire.

The Archeological and Stone Work collection consists of Roman, Byzantine and Ottoman pieces and is exhibited in the Museum's garden. The three ground floor rooms at the Atlı Köşk display 18th and 19th century furniture and decorations used by the Sabancı Family when the mansion served as their personal residence.

Exhibitions Held at SSM

SSM has hosted numerous exhibitions since its opening in 2002.

"From the Medicis to the Savoias Ottoman Splendour in Florentine Collections", "The Art of the Book from East to West and Memories of the Ottoman World Masterpieces of the Calouste Gulbenkian Museum, Lisbon", "Genghis Khan and His Heirs, The Great Mongol Empire" and "Istanbul, Isfahan, Delhi: Three Capitals of Islamic Art Masterpieces from the Louvre Collection" are some of the history-themed exhibitions held at SSM. Grand retrospectives of the prominent masters of modern art, "Picasso in Istanbul"; "Great Master of Sculpture Rodin in Istanbul" and "Salvador Dalí, A Surrealist in Istanbul" were exhibited at the Museum.

Sakıp Sabancı Museum currently offers a multi-faceted museum environment with rich collections in addition to the temporary international exhibitions it hosts, conservation units and exemplary educational programs. It also organizes and hosts concerts, conferences and seminars.

The Museum maintained its distinctive and innovative exhibition program during 2010. As part of the "Japanese Season 2010 in Turkey" Sakıp Sabancı Museum hosted an exhibition entitled "Transcending Borders: The Art of Brush and Pen". The exhibition provided an introduction to the art of calligraphy by displaying fine examples of Ottoman, Far Eastern, and Latin calligraphy. This was followed by the exhibition entitled "Legendary Istanbul - From Byzantium to Istanbul: 8,000 Years of a Capital." As the European Capital of Culture for 2010, Istanbul's 8,000 years of history were displayed using over 500 artifacts. The different pieces, chosen from 39 foreign and 19 Turkish museums, were displayed together for the first time in an exceptional exhibition.

The final events of the year were "Treasures of the Aga Khan Museum", with pieces from one of the world's most esteemed Islamic art collections and the "Jameel Prize 2009" exhibition organized by the Victoria and Albert Museum (V&A) in London.

Overseas Exhibitions Held by SSM

In addition to hosting various exhibitions on its own grounds, the Sakıp Sabancı Museum has promoted its collection by lending works of art to other venues outside the country.

The Museum has loaned works to exhibitions such as "Mothers, Goddesses and Sultanas" (2004-2005) held in Brussels, "Turks: A Journey of a Thousand Years, 600-1600" (2006) held in London and "Istanbul: The City and the Sultan" (2006-2007) in Amsterdam. However, it has been the exhibitions made up entirely of its own collections and hosted by prestigious museums around the world that brought the Sakıp Sabancı Museum into the international mainstream.

Following exhibitions during 2007 and 2008, "Evocations, Passages, Atmospheres and Paintings from the Sakıp Sabancı Museum, Istanbul" at the Lisbon Gulbenkian Museum, "Letters in Gold: The Ottoman Art of Calligraphy from Sakıp Sabancı Museum" at the Madrid's Real Academia de Bellas Artes de San Fernando and "The Ottoman Calligraphy from the Sakıp Sabancı Museum" at the Real Alcázar in Seville, the Museum contribute from its own collection to the exhibition "From Byzantium to Istanbul: One Port for Two Continents" held at the Grand Palais in Paris in 2009.

Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery

Opened for visitors on October 1, 2009, the Sakıp Sabancı City Museum introduces and displays urban formation and culture of life in the city of Mardin. The Dilek Sabancı Art Gallery aspires to establish a modern and contemporary art platform in Mardin through temporary exhibitions.

In 2010, Dilek Sabancı Art Gallery hosted its first exhibition entitled "Nature, Man and the Sea - With Works Selected from the Sabancı University Sakıp Sabancı Museum Collection". This exhibition was followed by "Abidin Dino in Mardin", that opened in October, displaying 255 works by the artist created between 1930 and 1990. Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery have been visited by more than 130,000 people as of the end of 2010.

SSM Education Activities

The extensive educational programs initiated during the Picasso exhibition continued in 2010; they have enhanced in number, diversity and content. During the year, special workshops and kid's training programs were held for both children and adults. A total of 12,769 students attended

Concert for Elements - Studio Festi Dancers State Theater-Sabancı International Adana Theater Festival

the 2010 workshop. Special Event Days were held and eleven different events were organized between April and December 2010. In nine months, 453 women were reached within the scope of the social responsibility project "Meeting the City, Meeting the Museum" and was the only private museum project approved by the Istanbul 2010 European Capital of Culture Agency. To support these current exhibitions, films, conferences and gallery talks with students of Sabancı University and guided tours were organized. Neighbor Day events continue at the Museum.

International Conferences and Meetings

Organized by the Sakıp Sabancı Museum and the IIC International Institute for the Conservation of Historic and Artistic Works, the conference "The Conservation of Cultural Heritage and the East Mediterranean" was held during September 20-24, 2010 at the Sabancı Center; Sabancı Holding was the major sponsor of this event sponsor. The event hosted more than 400 experts from abroad and 70 Turkish museum professionals as well as numerous conservation students.

In 2010, Sakıp Sabancı Museum also hosted the evaluation meeting of one of the most prestigious awards in its field, the European Museum of the Year Award (EMYA). An International Workshop on Conservation and Bookbinding Studies was conducted within the context of the Treasures of the Aga Khan Museum exhibition.

SABANCI FOUNDATION

The Sabancı Family has made considerable contributions to the development of the Turkish economy by initiating many industrial establishments within Sabancı Holding. Sabancı family members have been actively involved in philanthropic activities that enhance social development particularly in the areas of education, arts, sports and culture. To institutionalize the Family's philanthropic activities, The Hacı Ömer Sabancı Foundation was established in 1974.

The Foundation was established with the support of family members, mainly Sadıka Sabancı, wife of Hacı Ömer Sabancı, who donated her entire personal wealth to the endowment. The income base of the Foundation, sustained mainly through donations from family members, Sabancı Group companies and revenue generated by its own assets, resulted in the Sabancı Foundation becoming one of the largest foundations in Turkey. The foundation is a member of the Turkish Third Sector Foundation (TÜSEV), the European Foundation Center (EFC), the Council on Foundations (COF) and the European Consortium of Foundations on Human Rights and Disability.

Foundation programs and investments have the mission "To promote social development and social awareness among current and future generations by supporting initiatives that impact and create lasting change in people's lives". In addition to its existing investments in institutions, education, scholarships, awards, arts and culture, the Foundation has created new programs that focus directly on "women", "youth" and "the disabled".

Over the past 36 years, the Foundation has built almost 120 institutions in 78 residential areas across Turkey, specifically schools, student dormitories, health facilities, cultural centers, sports facilities, libraries, teacher centers, social facilities and Sabancı University, one of its most significant investments.

Each year, almost 1,300 students, including 380 new students, benefit from Sabancı Foundation Scholarships. Since its establishment, more than 35,000 students have obtained scholarships through this program.

The Sabancı Foundation also supports a management training program with a gender equity component for school principals. Initiated in 2009, the partnership between Türkan Sabancı Primary and Vocational School for the Blind and the Perkins School for the Blind continued its coordinated activities in 2010.

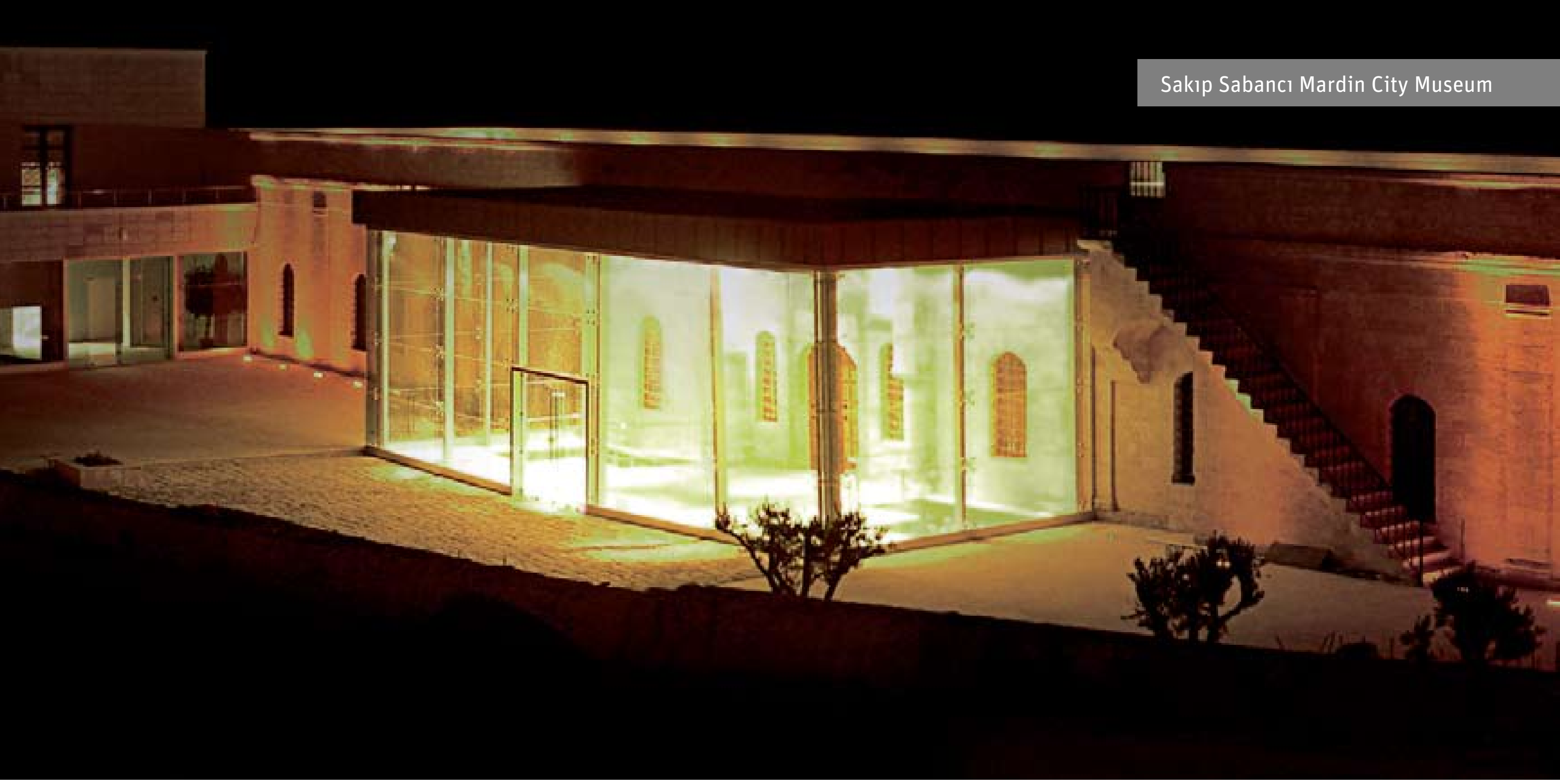
Sabancı Foundation invests in institutions are devoted to education. The Metin Sabancı Center for Children with Cerebral Palsy continues to provide educational opportunities to those in need. Additionally, the Foundation built the Enerjisa Bandırma Science High School and the Enerjisa Bandırma Science High School Student Dormitory aided by the conditional donation of Enerjisa. The opening ceremony for the high school and the dormitory was held on October 23, 2010.

Each year, almost 1,300 students, including 380 new students, benefit from Sabancı Foundation Scholarships. Since its establishment, more than 35,000 students have obtained scholarships through this program. In 2010, the Foundation, in partnership with the Vista Tourism and Travel Company, awarded Sabancı Foundation-Vista Scholarships to support students studying in Tourism Vocational Schools which began in 2009. Additionally, the Sabancı Foundation Awards program recognizes exceptional performance in education, sports, culture and art.

Arts and culture represent another important investment for the Sabancı Foundation. The Foundation supports two annual events, the Turkish Folk Dance Competition and the Sabancı International Adana Theater Festival. In 2006, the Foundation commenced support for the Mehtap Ar Children's Theater to make drama more accessible to children. Since then, 2,000 performances have given almost 400,000 children who had a chance to watch theater for the first time in their lives in 35 provinces. The Ankara International Music Festival with almost 350 artists and the Metropolis Antique City excavation have been supported through the Foundation's Arts and Culture program. Also in 2009, the Foundation began supporting the National Youth Symphony Orchestra, consisting of 93 musicians studying at conservatories in Turkey. The "Abidin Dino in Mardin - Selected Works 1930 - 1990" exhibition was opened on October 25, 2010 at the Dilek Sabancı Art Gallery in the Sakıp Sabancı Mardin City Museum.

To encourage and enable those who have the power to change the future and to make a difference in the lives of Turkish citizens, the Sabancı Foundation conducts activities through grant programs, partnerships and seminars. Activities in this area follow:

"The United Nations Joint Program to Promote and Protect Human Rights of Women and Girls" is a multi-year landmark project begun in 2006 in partnership with all United Nations agencies in Turkey, the Ministry of Interior, Sabancı Foundation and Sabancı University. The program, implemented in Izmir, Kars, Nevşehir, Trabzon, Şanlıurfa and Van, officially closed at the beginning of 2010. In February 2010, the Ministry of Internal Affairs published a circular for the governors of all 81 provinces in Turkey instructing them to create "Local Equality Action Plans" and "Local Equality Divisions" thus expanding the program to all provinces. In 2010, the Sabancı Foundation continued providing support for expansion of this program in the sub-provinces and neighboring provinces of pilot cities. Meanwhile, 13 projects were funded and completed as part of the Sabancı Foundation Grant Program, bringing the total project number to 34. Parallel to these activities, Sabancı University trained 2,144 teachers, students and women and 206 teachers were later awarded with Purple Certificates.



Sakıp Sabancı Mardin City Museum

As Turkey's first comprehensive strategic grant-making foundation, Sabancı Foundation launched the Social Development Grant Program in 2009. The Social Development Grant Program aims to advance social development by promoting an equitable environment in which women, young people and the disabled have equal access opportunities to actively participate in society. Accordingly, the Sabancı Foundation supports civil organizations that assist these groups. To date, the program has attracted 441 applications from 63 of the 81 provinces in Turkey. A total of TL 2.2 million has been allocated to ten projects in 71 provinces over two years. While impact assessments of completed projects continue; new grant program for 2011 was launched and received 190 applications in Turkey. New projects will be selected and begin implementation in 2011.

The Multidimensional Empowerment of Women in Urban Areas project (2009-2011) implemented by AÇEV (Mother Child Education Foundation) is yet another project funded as part of the Sabancı Foundation Grant Program. This project aims to provide literacy training to 11,000 women, young girls and disabled women in six cities and provides information about the rights of disabled. As of now, the project has reached almost 8,000 people.

Sabancı Foundation Seminars gather civil society, foundation, academia, private and public sector representatives, and international experts to learn about new trends and topics related to civil society. In 2010, the fourth Sabancı Foundation Seminar was held in honor of the late Sadıka Sabancı, under the theme of "Can Philanthropy Change the World?" with guest speakers Matthew Bishop, U.S. Business Editor and New York Bureau Chief and Luc Tayart de Borms, Managing Director of the King Baudouin Foundation in Belgium.

In 2010, the Sabancı Foundation continued to support "Turkey's Changemakers" project to highlight the efforts of individuals who promote change and development in their communities and have remarkable impacts on the lives of others. Nominated by the public and selected by an Advisory Board, Changemakers is aired weekly on CNNTurk TV. To date, more than 400,000 people have followed the show via Internet, Facebook and Twitter.

The Cities Sabancı Foundation Operates in

Summary of Activities

1	University
40	Education Institutions
17	Teachers Centers
18	Dormitories
16	Cultural Facilities
12	Social Facilities
8	Health Care Centers and Facilities
5	Sports Facilities
4	Libraries
71	Cities Grant Projects

Corporate Social Responsibility Policy and Principles

With this policy statement, the Sabancı Group stresses corporate social responsibility principles as well as the importance and priority given to the topic by the Group.

Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach. We expect all of our establishments that constitute the Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place priority on the development of society. We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole. We pursue a pioneering role with regard to actions that protect democracy, human rights as well as the environment. As the Sabancı Group, the SA-Ethics program, prepared and put into practice in accordance with the Principles of Corporate Social Responsibility, constitute a guide to our business operations.

The basic principles that govern our social responsibility practices are;

1- As the Sabancı Group, we fulfill our social and environmental responsibilities toward society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.

2- We regard our human resources as the most significant component in creating sustainable growth. We ensure that all employees take advantage of their personal rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a non-discriminatory, safe and healthy work environment. We undertake efforts to enable the personal development of all employees while pursuing a balance between their private and professional lives.

   Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical challenge or similar reasons are not tolerated.

   We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.

   We administer programs that contribute to preserving employee health that we accept as important to ensuring our employees' quality of life and success.

   As the Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

3- We manage the environmental impact of our activities with a sense of responsibility. All of our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact. We require our companies, beyond their legal requirements, to apply the best environmental solutions to all they do and to support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness.

4- As the Sabancı Group, we struggle toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social and societal volunteering.

5- We develop and implement approaches to ensure that all of our partners and particularly our suppliers act in accordance with social responsibility standards of the Group.

6- We show sensitivity to the traditions and culture of Turkey and other countries in which we operate. We comply with all legal regulations currently in effect.

7- We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with the relevant regulations; relevant units audit the level of implementation. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. As the Sabancı Group, we share corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All of our executives and employees, starting with the CEO of H.Ö. Sabancı Holding A.Ş., undertake accountability for carrying out corporate social responsibility activities.

This policy document has been prepared to share with our employees, shareholders and all other stakeholders, our public commitment on the part of the Sabancı Group to fulfill our responsibility toward helping to create a better world and a better future.

Zafer Kurtul
CEO and Board Member

Güler Sabancı
Chairman and Managing Director

Sabancı Group Environmental Policy

OUR PRINCIPLES

Sabancı Group has adopted the innovative and sustainable environmental approach in its operations.

Being aware of the fact that the public embraces the "sustainable", we adopt in our environmental activities an integral, transparent and reliable management, as well as communication and collaboration with the public.

Our basic principle in our operations in different sectors is "to assume the responsibility of the lifecycle of products and services".

With such an approach, we manage our operations at each step of our development with an eye to their impacts on the environment.

OUR CORPORATE ENVIRONMENTAL POLICY

- We establish and implement our environmental standards at a level above and beyond the legal obligations.
- We aim at perfection through intercompany information and experience sharing.
- We adopt the proactive approach in all our operations for an uninterrupted improvement of our environmental performance.
- We identify and manage the environmental risks.
- We try to apply the best available production techniques.
- While monitoring environmental developments and converting them into business opportunities, we contribute to sustainability.
- We support the environmental awareness and information sharing for purposes of social development.

INTERGROUP ENVIRONMENTAL POLICY REQUIREMENTS

We observe the environmental law and other statutory obligations

While implementing the environmental applications at a level above and beyond the legal obligations, we ensure the control of compliance.

We identify our environmental impacts

We identify all our environmental impacts, develop a systematic of targeting, programming and monitoring, review the impacts and take improving actions.

We manage the intergroup source utilization

We determine the organizational roles, responsibilities and authorities in infrastructure, technology, finance and human resources, and ensure that our employees develop the environmental awareness.

We ensure a systematic approach in our applications and create intercompany synergies

We establish our operational standards with a proactive approach and ensure that they are followed by everybody including our employees, suppliers and contractors.

In the course of our operations, we identify any risks endangering the environment in a proactive approach and try to take the measures to minimize them in a timely and thorough manner.

We continually try to improve and review our environmental performance

We set and implement targets for energy and waste management and for natural source consumption.

While aiming at continuous improvement through clean products and clean production technologies, we also take on the environmental responsibility of our products and services.

While reporting our operations unequivocally, we facilitate access to information.

Hacı Ömer Sabancı Holding A.Ş. Convenience Translation into English of Consolidated Financial Statements at 31 December 2010 Together With Independent Auditor's Report

(Originally Issued in Turkish)

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel : (212) 366 6000
Fax : (212) 366 6010
www.deloitte.com.tr

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. ("Holding") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheet as at 31 December 2010, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Hacı Ömer Sabancı Holding A.Ş. and its subsidiaries as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards issued by Capital Markets Board.

Other Matter

The audit of the consolidated financial statements for the year ended 31 December 2009 was performed by another independent auditing firm. The predecessor auditing firm expressed an unqualifed opinion in the auditor's report dated 26 March 2010 on consolidated financial statements as of 31 December 2009.

Without qualifying our conclusion we would like to draw attention to the following matter:

Subsidiaries are companies in which Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power relating to shares held by Holding and its Subsidiaries together with voting power which Holding effectively exercises relating to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of their shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are treated as non-controlling interests.

Additional Paragraph for US Dollar ("USD") Translation

As explained in NOTE 2 to the consolidated financial statements USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the offical USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2010 for the consolidated balance sheet and the official official USD average CBRT bid rate of the year 2010 for the consolidated statement of income and consolidated statement of cash flows. The resulting difference from the use of average CRBT rate for the translation of consolidated statement of income and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of IAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

Additional Paragraph for Convenience Translation into English

The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January-31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Istanbul, 1 April 2011

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

Ömer Tanrıöver
Partner

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Balance Sheets at 31 December 2010 and 2009

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

	Note References	Unaudited 31 December 2010 USD (*)	Audited 31 December 2010	Audited 31 December 2009
ASSETS				
Current Assets		35.556.858	54.970.903	57.490.689
Cash and Cash Equivalents	5	3.209.693	4.962.185	12.869.232
Financial Assets				
-Held for Trading	6.a	550.677	851.346	240.062
-Available for Sale	6.b	6.081.778	9.402.429	6.880.750
-Held to Maturity	6.c	666.210	1.029.960	3.434.726
Derivative Financial Instruments	27	307.391	475.227	245.178
Reserve Deposits with the Central Bank of the Republic of Turkey	2.3	3.417.734	5.283.817	3.464.090
Trade Receivables	8, 32	708.926	1.096.000	1.056.831
Receivables from Finance Sector Operations	28	18.914.091	29.241.185	26.913.934
Other Receivables	9	318.270	492.046	511.622
Inventories	10	627.224	969.689	823.244
Other Current Assets	19	428.929	663.124	624.949
		35.230.923	54.467.008	57.064.618
Non-current Assets Held for Sale	21	325.935	503.895	426.071
Non-current Assets		48.569.846	75.088.981	54.435.623
Trade Receivables	8, 32	20.475	31.654	44.335
Receivables From Finance Sector Operations	28	18.618.947	28.784.892	17.992.319
Other Receivables	9	93.474	144.511	136.160
Financial Assets				
- Available for Sale	6.b	21.798.052	33.699.788	22.322.162
- Held to Maturity	6.c	3.094.473	4.784.055	6.978.702
Investments Accounted Through Equity Method	11	193.922	299.803	304.662
Investment Property	12	98.011	151.525	218.169
Property, Plant and Equipment	13	3.146.887	4.865.088	4.111.730
Intangible Assets	14	696.445	1.076.704	1.056.632
Other Non Current Assets	19	43.683	67.534	67.856
Goodwill	15	469.099	725.227	706.354
Deferred Tax Assets	26	296.378	458.200	496.542
Total Assets		84.126.704	130.059.884	111.926.312

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2010, and therefore do not form part of these consolidated financial statements (Note 2.1.2.k).

The consolidated financial statements have been approved for issue by the Board of Directors on 1 April 2011 and signed on its behalf by Zafer Kurtul, member of Board of Directors and CEO and Cezmi Kurtuluş, Budgeting Accounting and Consolidation Department Head.

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Balance Sheets
at 31 December 2010 and 2009

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

	Note References	Unaudited 31 December 2010 USD (*)	Audited 31 December 2010	Audited 31 December 2009
LIABILITIES				
Short Term Liabilities		**61.814.064**	**95.564.541**	**84.137.575**
Financial Liabilities	7	5.010.933	7.746.903	5.149.488
Current Portion of Long-term Financial Liabilities	7	563.160	870.645	862.259
Trade Payables	8, 32	773.087	1.195.192	996.367
Other Payables	9	1.376.685	2.128.355	1.889.376
Payables from Finance Sector Operations	29	52.653.223	81.401.882	73.367.719
Derivative Financial Instruments	27	334.853	517.683	383.465
Income Taxes Payable	26	212.497	328.520	202.748
Other Short Term Liabilities and Provisions	19	676.741	1.046.241	1.018.205
		61.601.179	**95.235.421**	**83.869.627**
Liabilities Relating to Non-current Assets Held for Sale	21	212.885	329.120	267.948
Long Term Liabilities		**6.370.757**	**9.849.191**	**7.100.160**
Financial Liabilities	7	4.679.650	7.234.739	4.569.513
Trade Payables	8, 32	1.840	2.845	2.371
Other Payables	9	47.516	73.459	290.840
Payables from Finance Sector Operations	29	1.029.002	1.590.837	1.176.368
Derivative Financial Instruments	27	187.292	289.554	417.115
Provision for Employment Termination Benefits	18	78.143	120.809	111.332
Deferred Tax Liabilities	26	262.017	405.079	389.095
Other Long Term Liabilities and Provisions	19	85.297	131.869	143.526
EQUITY		**15.941.883**	**24.646.152**	**20.688.577**
Equity attributable to the parent	**20**	**8.453.548**	**13.069.186**	**10.947.422**
Share Capital	20	1.319.796	2.040.404	1.900.000
Adjustment to Share Capital	20	2.216.534	3.426.761	3.426.761
Treasury Share (-)	20	(13.929)	(21.534)	-
Share Premium	20	14.017	21.670	21.670
Revaluation Funds	20	461.321	713.203	311.064
Hedge Funds	20	(116.882)	(180.699)	(194.426)
Restricted Reserves	20	253.748	392.295	371.648
Translation Reserve	20	(28.692)	7.728	(11.254)
Net Income for the Year	20	1.109.264	1.662.836	1.258.481
Retained Earnings	20	3.238.371	5.006.522	3.863.478
Non-controlling Interests		**7.488.335**	**11.576.966**	**9.741.155**
-Sabancı Family Members		2.293.584	3.545.881	3.128.810
-Others		5.194.751	8.031.085	6.612.345
TOTAL EQUITY AND LIABILITIES		**84.126.704**	**130.059.884**	**111.926.312**
Contingent assets and liabilities	16			

(*)USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2010, and therefore do not form part of these consolidated financial statements (Note 2.1.2.k).

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements of Income for the Years Ended 31 December 2010 and 2009

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

	Note References	Unaudited 1 January- 31 December 2010 USD (*)	Audited 1 January- 31 December 2010	Audited 1 January- 31 December 2009
CONTINUING OPERATIONS				
Sales (net)	4,22	5.334.515	7.996.678	6.824.954
Interest, Premium, Commission and Other Income	4	7.701.418	11.544.771	12.023.248
Total		**13.035.933**	**19.541.449**	**18.848.202**
Cost of Sales (-)	4, 22	(4.357.108)	(6.531.501)	(5.549.353)
Interest, Premium, Commission and Other Expenses (-)	4	(3.633.242)	(5.446.393)	(6.524.608)
Total		**(7.990.350)**	**(11.977.894)**	**(12.073.961)**
Gross Profit from Non-financial Operations		977.407	1.465.177	1.275.601
Gross Profit from Financial Operations		4.068.176	6.098.378	5.498.640
GROSS PROFIT		**5.045.583**	**7.563.555**	**6.774.241**
Marketing, Selling and Distribution Expenses (-)	23	(323.414)	(484.812)	(412.329)
General and Administrative Expenses (-)	23	(2.171.665)	(3.255.424)	(2.949.226)
Research and Development Expenses (-)	23	(14.615)	(21.908)	(12.762)
Other Operating Income	24	325.823	488.424	485.290
Other Operating Expenses	24	(64.228)	(96.280)	(418.311)
OPERATING PROFIT		**2.797.484**	**4.193.555**	**3.466.903**
Shares of Income of Investments Accounted For Under Equity Method	11	112.820	169.122	174.933
Financial Income	25	292.491	438.457	430.693
Financial Expenses (-)	25	(330.026)	(494.724)	(422.512)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.872.769**	**4.306.410**	**3.650.017**
Tax income/ (expense) from continuing operations				
Current Income Tax Expenses	26	(519.837)	(779.259)	(709.628)
Deferred Income Tax Benefit/ (Charge)	26	(40.086)	(60.090)	117.582
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**2.312.846**	**3.467.061**	**3.057.971**
DISCONTINUED OPERATIONS				
Net income/ (loss) after tax from discontinued operations	21	13.124	19.673	(16.295)
NET INCOME FOR THE YEAR		**2.325.970**	**3.486.734**	**3.041.676**
ATTRIBUTABLE TO NET INCOME		**2.325.970**	**3.486.734**	**3.041.676**
-Non-controlling Interests		1.216.706	1.823.898	1.783.195
-Equity Holders of the Parent		1.109.264	1.662.836	1.258.481
Earnings per share-thousands of ordinary shares (TL)	31	5,44	8,15	6,17

(*)USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2010, and therefore do not form part of these consolidated financial statements (Note 2.1.2.k).

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements of Comprehensive Income for the Years Ended 31 December 2010 and 2009

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

	Note References	Audited 1 January- 31 December 2010	Audited 1 January- 31 December 2009
NET INCOME FOR THE YEAR		**3.486.734**	**3.041.676**
Other Comprehensive Income/ (Loss):			
Net unrealized fair value gains from available for sale financial assets, after tax	26	1.244.351	1.092.187
Losses on available for sale financial assets transferred to the income statement, after tax	26	(313.707)	(186.701)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	26	20.947	48.930
Currency translation differences	26	(7.044)	37.311
Cash flow hedges, after tax	26	42.152	(233.417)
Hedges of net investment in a foreign operation, after tax	26	23.424	(2.493)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) (AFTER TAX)		**1.010.123**	**755.817**
TOTAL COMPREHENSIVE INCOME		**4.496.857**	**3.797.493**
ATTRIBUTABLE TOTAL COMPREHENSIVE INCOME		**4.496.857**	**3.797.493**
-Non-controlling Interests		2.420.236	2.264.427
-Equity Holders of the Parent		2.076.621	1.533.066

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2010 and 2009

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

	Share capital	Adjustment to share capital	Treasury Share (-)	Share premium	Revaluation funds	Hedge funds	Restricted reserves	Translation reserve	Net income for the year	Retained earnings	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1 January 2009	1.800.000	3.426.761	-	21.670	(40.372)	(93.345)	257.817	(35.484)	1.188.559	3.031.365	9.556.971	7.781.806	17.338.777
Capital increase	100.000	-	-	-	-	-	-	-	-	(100.000)	-	496	496
Transfers	-	-	-	-	-	-	113.831	-	(1.188.559)	1.074.728	-	-	-
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1.236	1.236
The liquidation and sale of subsdiaries	-	-	-	-	-	-	-	-	-	-	-	(24.998)	(24.998)
Dividends paid	-	-	-	-	-	-	-	-	-	(142.615)	(142.615)	(281.812)	(424.427)
Total comprehensive income	-	-	-	-	351.436	(101.081)	-	24.230	1.258.481	-	1.533.066	2.264.427	3.797.493
Balances at 31 December 2009	1.900.000	3.426.761	-	21.670	311.064	(194.426)	371.648	(11.254)	1.258.481	3.863.478	10.947.422	9.741.155	20.688.577
Balances at 1 January 2010	1.900.000	3.426.761	-	21.670	311.064	(194.426)	371.648	(11.254)	1.258.481	3.863.478	10.947.422	9.741.155	20.688.577
Capital increase (Note 20)	140.404	-	(21.534)	-	-	-	-	-	-	(128.991)	(10.121)	12.088	1.967
Transfers	-	-	-	-	-	-	20.647	-	(1.258.481)	1.237.834	-	-	-
Addition of subsdiaries (*)	-	-	-	-	-	-	-	-	-	6.536	6.536	28.280	34.816
Effect of change in the effective ownership of subsidiaries (Note 2,20)	-	-	-	-	15.719	-	-	5.344	-	231.705	252.768	(252.768)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(204.040)	(204.040)	(372.025)	(576.065)
Total comprehensive income	-	-	-	-	386.420	13.727	-	13.638	1.662.836	-	2.076.621	2.420.236	4.496.857
Balances at 31 December 2010	2.040.404	3.426.761	(21.534)	21.670	713.203	(180.699)	392.295	7.728	1.662.836	5.006.522	13.069.186	11.576.966	24.646.152

(*)It comprises the effects of including Ak B Tipi Yatırım Ortaklığı A.Ş., Ak Global Funding BV and Akbank Dubai Limited in the consolidation and the current year subsidiary purchases.

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements of Cash Flows for the Years Ended 31 December 2010 and 2009

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

	Notes References	Audited 1 January- 31 December 2010 USD (*)	Audited 1 January- 31 December 2010	Audited 1 January- 31 December 2009
Net income before tax from continuing operations		2.872.769	4.306.410	3.650.017
Net income/ (loss) before tax from discontinued operations	21	14.417	21.612	(11.609)
Adjustments to reconcile income before taxation to net cash provided by operating activities:				
Depreciation and amortisation expenses	4	300.471	450.420	430.811
Provision for loan losses	28	323.763	485.336	1.433.710
Changes in the fair value of derivative instruments		(113.874)	(170.702)	306.633
Unrealized interest and foreign currency income		(264.169)	(396.001)	(401.275)
Unrealized interest and foreign currency expense		(41.190)	(61.746)	(243.775)
Provision for employment termination benefits	18	40.352	60.489	50.085
Impairment charge on property, plant and equipment, intangible assets and investment property	13,14	15.410	23.101	83.618
Impairment on non current assets held for sale	21	-	-	89.965
Currency translation differences		(23.595)	(35.370)	9.756
Insurance technical reserves and other provisions		40.823	61.196	(7.331)
Shares of income of investments accounted for under equity method	11	(112.820)	(169.122)	(174.933)
Loss on sale and liquidation of subsidiaries		-	-	(42.695)
Gain on bargain purchase	3	(7.678)	(11.510)	-
Loss/ (gain) on sale of property, plant and equipment, intangible assets and investment properties		(29.315)	(43.944)	612
Allowance for impairment on inventory	10	(1.043)	(1.564)	985
Allowance for doubtful receivables	8	11.919	17.867	48.885
Other		(62.557)	(93.776)	(24.992)
Net cash provided by operating activities before changes in operating assets and liabilities		**2.963.683**	**4.442.696**	**5.198.467**
Changes in trade receivables		(22.174)	(33.240)	(72.768)
Changes in inventories		(91.335)	(136.915)	456.915
Changes in other receivables and other current assets		(13.793)	(20.677)	39.226
Changes in trade payables		122.088	183.015	(3.156)
Changes in other liabilities and other payables		1.430	2.144	721.256
Net cash (used in)/provided by operating activities of non-current assets held for sale		(29.152)	(43.700)	69.322
Changes in assets and liabilities in finance segment:				
Changes in securities held for trading		(400.677)	(600.633)	(65.172)
Changes in receivables from financial operations		(9.001.329)	(13.493.396)	2.487.499
Changes in payables from financial operations		5.656.686	8.479.626	9.016.262
Changes in reserve with the Central Bank of the Republic of Turkey		(1.096.387)	(1.643.534)	2.813.419
Income taxes paid	26	(593.356)	(889.467)	(751.454)
Employment termination benefits paid	18	(34.730)	(52.062)	(48.159)
Net cash provided by operating activities		**(2.539.046)**	**(3.806.143)**	**(19.861.657)**

(*) USD amounts presented above are translated above TL convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2010, and therefore do not form part of these consolidated financial statements (Note 2.1.2.k).

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2010 and 2009

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

	Note References	Unaudited 1 January- 31 December 2010 USD (*)	Audited 1 January- 31 December 2010	Audited 1 January- 31 December 2009
Cash flows from investing activities:				
Capital expenditures	4	(740.315)	(1.109.765)	(881.642)
Purchase of financial assets available-for-sale and held-to-maturity		(5.226.897)	(7.835.353)	(9.573.881)
Cash used in business combinations		(19.366)	(29.031)	(938.186)
Proceeds from sale and liquidation of subsidiary		-	-	142.789
Proceeds from sale of property, plant and equipment, intangible assets and investment property		99.203	148.710	10.785
Dividends received		115.439	173.048	164.297
Net cash used in investing activities of non-current assets held for sale		(4.668)	(6.998)	(25.784)
Net cash used in investing activities		**(5.776.604)**	**(8.659.389)**	**(11.101.622)**
Cash flows from financing activities:				
Change in financial liabilities		3.518.951	5.275.065	(2.889.055)
Dividends paid		(136.113)	(204.040)	(142.615)
Dividends paid to non-controlling interests		(248.175)	(372.025)	(281.812)
Capital increase of non-controlling interests		1.312	1.967	496
Net cash provided/ (used) in financing activities of non-current assets held for sale		2.508	3.760	(168.509)
Net cash (used)/ provided by financing activities		**3.138.483**	**4.704.727**	**(3.481.495)**
Effect of change in foreign currency rates on cash and cash equivalents		35.962	53.909	(22.408)
Net increase/ (decrease) in cash and cash equivalents		(5.141.205)	(7.706.896)	5.256.132
Cash and cash equivalents at the beginning of the period (**)	5	7.902.209	11.845.767	6.589.635
Cash and cash equivalents at the end of the period (**)	**5**	**2.761.004**	**4.138.871**	**11.845.767**

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2010, and therefore do not form part of these consolidated financial statements (Note 2.1.2.k).

(**) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 24.300 TL and cash and cash equivalents at the end of the period comprise interest accrual TL 343 in the current period (31 December 2009: TL 64.621 and TL 24.300 respectively). Restricted cash is not included (Note 5). In the current period, the interest received and paid by non finance segments are TL 93.988 and TL 80.622 respectively (31 December 2009: TL 146.371 and TL 102.160 respectively).

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and is owned by the members of the Sabancı family (Note 20). The number of employees in 2010 is 57.209 (31 December 2009: 55.201). The Holding's registered address is as follows:

Sabancı Center, 4. Levent, Istanbul, Türkiye

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1997. As of 31 December 2010, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 20):

	%
Sabancı family	43,61
Public quotation	39,40
Sakıp Sabancı Holding A.Ş.	13,79
Sabancı University	1,51
Çimsa	1,06
Hacı Ömer Sabancı Foundation	0,63
	100,00

Subsidiaries

The business nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments at 31 December 2010 are as follows:

Subsidiaries	Nature of business	Business segment
Akbank T.A.Ş. ("Akbank")	Banking	Finance
Aksigorta A.Ş. ("Aksigorta")	Insurance	Finance
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	Tire, tire reinforcement	Tire, tire reinforcement
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	Automotive	Automotive
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	Cement and clinker	Cement
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	Trade	Retailing
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	Trade	Other
Exsa UK Ltd. ("Exsa UK")	Trade	Other
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	Tourism	Other
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	Tourism	Other
Bimsa Uluslararası İş, Bilgi ve Yönetim Trade of data and Sistemleri A.Ş. ("Bimsa")	Processing Systems	Other
Advansa B.V. ("Advansa")	Textile	Other
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	Textile	Other

For the purposes of segment information, Holding's stand-alone financial statements have been included within the "Other" business segment (Note 4).

All the Subsidiaries are registered in Turkey except for Exsa UK, Advansa (collectively referred to as the "Foreign Subsidiaries"). Exsa UK is registered in the United Kingdom, Advansa is registered in the Netherlands.

Hacı Ömer Sabancı Holding A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 December 2010 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Venturer
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	Pension	Finance	Aviva
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Tire, tire reinforcement	Tire, tire reinforcement	Bridgestone
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	Cement and clinker	Cement	Heidelberg
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	Trade of consumer goods	Retail	Carrefour
Diasa Dia Sabancı Süpermarketleri Ticaret A.Ş. ("Diasa")	Trade of consumer goods	Retail	Dia S.A.
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	Energy production and sales	Energy	Verbund
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ("ETS")	Energy sales	Energy	Verbund
Enerjisa Elektrik Dağıtım A.Ş. ("EED")	Energy distribution	Energy	Verbund
Başkent Elektrik Dağıtım A.Ş. ("BEDAŞ")	Energy distribution	Energy	Verbund
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	International Paper and Kartonsan

All the Joint Ventures are registered in Turkey.

NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

Preparation of Financial Statements in Hyperinflationary Periods In accordance with the CMB's decision No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the CMB Accounting Standards (including the application of IFRSs) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

The Group has prepared its consolidated financial statements within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué in accordance with CMB Financial Reporting Standards which is based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats recommended and including the information required by the CMB.

Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of accounts and prepare their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervising Agency for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

2.1.2 Basis of consolidation

a) The consolidated 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 at the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated 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% of the 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 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 an actual dominant influence over the financial and operating policies.

Hacı Ömer Sabancı Holding A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2010:

	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
Subsidiaries	%	%	%	%
Advansa	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank (*)	40,85	16,15	57,00	40,78
Aksigorta	61,98	-	61,98	61,98
Bimsa	100,00	-	100,00	89,96
Çimsa	53,00	1,42	54,42	53,00
Exsa	45,70	54,30	100,00	30,25
Exsa UK	100,00	-	100,00	99,09
Kordsa Global	91,11	-	91,11	91,11
Teknosa	70,29	29,71	100,00	70,29
Temsa	48,71	51,28	99,99	48,71
Tursa	99,52	-	99,52	99,45
Yünsa	57,88	11,50	69,38	58,88

(*) The effective ownership in Akbank in Holding share portfolio has been increased to 40,78% from 36,80% as a result of Akbank and Aviva shares which held in Aksigorta's portfolio, and Akbank shares which are held in Exsa's portfolio injected as capital in kind to Holding via spin-off process.

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2009:

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	40,85	16,38	57,23	36,80
Aksigorta	61,98	-	61,98	61,98
Bimsa	100,00	-	100,00	89,96
Çimsa	53,00	1,42	54,42	53,00
Exsa	45,70	54,30	100,00	30,25
Exsa UK	100,00	-	100,00	99,09
Kordsa Global	91,11	-	91,11	91,11
Teknosa	70,29	29,71	100,00	70,29
Temsa	48,71	51,28	99,99	48,71
Tursa	99,51	-	99,51	98,46
Yünsa	59,37	11,50	70,87	58,80

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 31 December 2010 and result of operations for the year ended 31 December 2010 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 6.b).

Changes in the share capital of the Group's subsidiaries

The Group's joint ventures in accordance with IAS 27 due to loss of control do not cause changes in the share capital accounted for as equity transactions. The book value of share of the Group and non controlling shares are adjusted for reflecting changes in share of subsdiary. Non-controlling amount of shares corrected with the difference between the fair value of the consideration received or paid, directly recorded in equity as a share of the Group. The effect of the share changes in Akbank and Yünsa during current period has been associated with equity in accordance with IAS 27 "Consolidated and Separate Financial Statements".

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.

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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 31 December 2010:

	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of effective interest
Joint Ventures	%	%
Akçansa	39,72	39,72
Avivasa (*)	49,83	49,83
Brisa	43,63	43,63
BEDAŞ	50,00	50,00
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,13
Enerjisa	50,00	50,00
ETS	50,00	50,00
EED	50,00	50,00
Olmuksa	43,73	43,73

(*) As a result of Akbank and Aviva shares held in Aksigorta's portfolio, and Akbank shares held in Exsa's portfolio, injected as capital in kind to Holding via spin-off process, the total Avivasa shares previously held by Aksigorta by 49,83% are currently included in Holding's share portfolio.

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 31 December 2009:

	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of effective interest
Joint Ventures	%	%
Akçansa	39,72	39,72
Avivasa	49,83	49,83
Brisa	43,63	43,63
BEDAŞ	50,00	50,00
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,13
Enerjisa	50,00	50,00
ETS	50,00	50,00
EED	50,00	50,00
Olmuksa	43,73	43,73

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

d) Investments in Associates are accounted for by the equity method. These are entities 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 Associates 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 Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost (Note 11 and Note 2.e).

Associates whose financial position at 31 December 2010 and result of operations for the year ended 31 December 2010 are insignificant to the overall consolidated financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 6.b).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2010 and 2009:

	Proportion of effective interest by the Holding
Associates	**%**
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 Associates.

e) Other investments in which the Holding and its Subsidiaries, 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 6.b).

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

The portion of the profit or loss and net assets of Subsidiaries attributable to equity interests that are not owned, directly or indirectly through the Subsidiaries, by the parents, is presented as non- controling interest. Certain Sabancı family members, Sabancı Vakfı, 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 financial statements their interests are treated as non- controling interest and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

g) Changes in International Financial Reporting Standards

New and Revised International Financial Reporting Standards

The Group has applied to the new and revised standards and interpretations effective for accounting related to its operations which has published by the International Accounting Standards Board (IASB) and the IASB's International Financial Reporting Interpretations Committee (IFRIC) and effective as of 1 January 2010. This adaptation and interpretation of new and revised standards have led to changes in the Group's accounting policies in relation to the following areas:

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(1) New and revised IFRSs affecting the presentation and disclosure

Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to IAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in IAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset. This change has been applied retrospectively.
Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)	The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has applied the amendments in advance of their effective date. The amendments have been applied retrospectively.

(2) New and Revised IFRSs affecting the reported financial performance and / or financial position

IFRS 3 (2008) Business Combinations

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impact of the adoption is as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.
b) to change the recognition and subsequent accounting requirements for contingent consideration.
c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.
d) in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.
e) IFRS 3 (2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

In the current year, above changes in IAS 27 (2008) have not affected the financial statements.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interest in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or bargain purchase gain being recognised when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under IAS 27 (2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

IFRS 5 (Amendments) Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2008) clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

IAS 28 (2008) Investment in Associates

When significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss, according to amendments to IAS 28. As part of Improvements to IFRSs issued in 2010, IAS 28 (2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate should be applied prospectively.

(3) New and Revised IFRSs valid as of 2010, applied with no material effect on the consolidated financial statements

The following new and revised standards are also applied to the consolidated financial statements. New and revised standards and interpretations, this was a significant effect on the amounts reported in the current year and there is no front, but will take place later periods may have a significant impact on operations and events.

IFRIC 17, “Distributions of non-cash assets to owners”, effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, “Transfers of assets from customers”, effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

“Additional exemptions for first-time adopters” (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, “Share-based Payments – Group Cash-settled Share Payment Arrangements” is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/intepretations as follows: IFRS 2 Share-based Payments, IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 Cash Flow Statement, IAS 17 Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

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

(4) The standards, interpretations and amendments that have been issued but are not effective and have not been early adopted

IFRS 1 (Amendments) *First-time Adoption of IFRS – Additional Exemptions and Two Other Amendments*

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

On 20 December 2010, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs and to provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amendment above will be effective for annual periods beginning on or after 1 July 2011.

These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7 *"Financial Instruments: Disclosures"*

In October 2010, IFRS 7 Financial Instruments: Disclosures is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011. The Group has not yet considered the potential impact of the adoption of this revised standard.

IFRS 9 *"Financial Instruments: Classification and Measurement"*

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

IAS 12 *"Income Taxes"*

In December 2010, IAS 12 is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012. The Group has not yet considered the potential impact of the adoption of this revised standard.

IAS 24 (2009) *"Related Party Disclosures"*

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

UMS 32 (Amendments) *"Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements "*

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The Group has not yet considered the potential impact of the adoption of this amendment to the standard.

IFRIC 14 (Amendments) *Pre-payment of a Minimum Funding Requirement*

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Group does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

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

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements, IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments are allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

h) 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.

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i) Comparative and restatement of prior year financial statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the previous period. The Group presented the consolidated balance sheet as of 31 December 2010 comparatively with the consolidated balance sheet as of 31 December 2009 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the period 1 January- 31 December 2010 comparatively with the period 1 January-31 December 2009.

	31 December 2009			
	Previously Reported		Reclasses	Restated
Assets				
Other Short Term Receivables	680.626	(i)	(169.004)	511.622
Other Current Assets	455.945	(i)	169.004	624.949
Other Long Term Receivables	204.016	(i)	(67.856)	136.160
Other Non Current Assets	-	(i)	67.856	67.856
Investment Property	368.488	(ii)	(150.319)	218.169
Tangible Assets	3.961.411	(ii)	150.319	4.111.730
Liabilities				
Other Short Term Payables	2.694.581	(i)	(805.205)	1.889.376
Other Short Term Liabilities and Provisions	213.000	(i)	805.205	1.018.205
Other Long Term Payables	434.366	(i)	(143.526)	290.840
Other Long Term Liabilities and Provisions	-	(i)	143.526	143.526
Short Term Liabilities from Derivatives	773.925	(i)	(390.460)	383.465
Long Term Liabilities from Derivatives	26.655	(i)	390.460	417.115

(i) Group, has reviewed the maturity and qualification of assets and liabilities and made the necessary reclass in 2010.
(ii) Group, has reviewed the intended use of its property and lands and made the necessary reclassifications in 2010.

The Group started to recognise cash flow hedge funds under "Hedge Funds" within equity which was recognised in "Revaluation Funds" formerly and started to recognise net investment hedge funds under "Hedge Funds" within equity which was recognised in "Translation Reserve" formerly.

j) Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January-31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

k) US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of income and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT and average USD exchange rate on 31 December 2010 of TL 1,5460 = USD 1 and TL 1,4990 = USD 1, respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of income and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of IAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of cash flows and the use of bid rate at the balance sheet date for the translation of the closing and opening cash balances is included as currency translation adjustment separate from cash flows from operating, financing and investing activities.

2.2 Changes in Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. There has been no change in the accounting policies related to the year end period 1 January – 31 December 2010.

Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied. There were no significant changes in the current year at the Group's accounting estimates.

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. There has been no change in the accounting policies related to the current period.

2.3 Summary of Significant Accounting Policies

2.3.1 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial (Note 5).

2.3.2 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 measuring the relevant class. The counter party liability is included in customer deposits and the difference between the 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 cash and cash equivalents. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the reverse repo agreement using the effective yield method.

2.3.3 Reserve deposits with the Central Bank of the Republic of Turkey

In accordance with the "Communiqué Regarding the Reserve Requirements" (Notice, 2005/1), banks operating in Turkey are required to place reserves in CBRT with a rate of 6% for their TL liabilities and 11% for USD and/or EUR for their foreign currency liabilities. The Central Bank does not make any interest payments over the FC reserve requirements. In accordance with the "Communiqué Regarding the Reserve Requirements" published in the Official Gazette dated 23 September 2010 No. 27708 interest payments over the TL reserve requirements have been annulled. With the changes made in this notice the reserve requirement rates for TL liabilities are differentiated between 9% and 16% and it is applied by banks as of 1 April 2011.

2.3.4 Trade receivables and allowance for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk allowance for trade receivables 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 the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

2.3.5 Related parties

For the purpose of the consolidated 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 of non-eliminated balances is disclosed in Note 32.

2.3.6 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. The unit cost of inventories is determined on the moving weighted average basis (Note 10). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.3.7 Financial Instruments

In accordance with IAS 39, in the banking segment the Group classifies its investments in debt and equity securities in the three following categories; assets held at fair value through profit or loss, held-to-maturity and, available-for-sale assets. Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity are classified as "held-to-maturity financial assets". 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 the interest rates, exchange rates or equity prices, or the client's servicing activity are classified as "available-for-sale financial assets". The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

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 if the fair values can be reliably measured.

Investments in which the Holding has an interest below 20% that do not have a quoted market price in active markets, for which other methods of making a reasonable estimate of fair value are clearly inappropriate or unworkable 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 differences 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.

The Bank has Consumer Price Index (''CPI'') linked government bonds in available for sale and held to maturity portfolios having 5-10 year term and fixed real coupon rates until the maturity. These marketable securities are valued by using effective interest method by considering the real coupon rates together with the changes in the CPI references between the issuance and balance sheet dates. Market values are used to for the fair value calculation. As of 1 January 2011, for the interim periods the Bank has started to use CPI at balance sheet date for the effective interest rate method calculation of these marketable securities, which were calculated considering the estimated inflation rate based on CPI. Used estimated inflation rates will be updated when necessary during the year, final valuation will be according to actual inflation rate.

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.

Interest received from financial assets at fair value through profit or loss is recognised in the income statement as part of interest income and dividend received is recognised in the income statement as part of dividend income. 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 the trade date, which is the date that the banks commit to purchase or sell the assets.

2.3.8 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. The 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 in reference to the market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2010. 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 their fair value gains and losses are reported in the income statement.

Gains and losses on forward foreign exchange contracts are calculated by valuing the contract with the spot exchange rate prevailing at 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 are included in the interest income and expense as appropriate.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows are recognised in the income statement.

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

Akbank and Enerjisa are hedged against cash flow risk arising from TL and foreign currency floating rate borrowings through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under value increase funds within equity.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2.3.9 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 12). 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 is transferred to investment property.

2.3.10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 13). 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
Land improvements	4-50
Buildings	18-50
Machinery and equipment	2-25
Motor vehicles	2-15
Furniture and fixtures	3-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and 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 plus the residual value of the related assets.

Costs to property plant and equipment are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

2.3.11 Intangible assets

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 14). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Costumer relations and agreements are amortised using the straight-line method over their estimated useful life of 27 years and carried at cost less accumulated amortisation and impairment (Note 14).

2.3.12 Non-current assets held for sale and discontinued operations

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in consolidated income statement.

2.3.13 IFRIC 12-Service Concession Arrangements

IFRIC 12, provides guidance on the accounting of public-to-private service concession arrangements by operators.

An arrangement within the scope of IFRIC 12 typically involves a private sector entity (an operator) constructing an infrastructure used to provide a public service or upgrading it, operating and maintaining that infrastructure for a specified period of time.

The Group accounts the amount that is received or will be received due to electricity distribution services at fair value of the service. This amount is recorded as a financial asset. The Group accounts the financial asset considering the cash basis given by the grantor or at the direction of the grantor associated with the electricity distribution services. The amount that should be paid by the grantor or at the direction of the grantor is accounted as a receivable in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”.

2.3.14 Shareholders’ equity

In the restatement of shareholders’ equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in 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 are considered. In the restatement of premium in excess of par, the payment dates are considered (Note 20).

Treasury shares under equity stands for the Holding shares owned by the subsidiaries. Those shares are accounted through reducing the share capital of the Holding by the amount of Holding shares owned by subsidiaries in the accompanying consolidated financial statements.

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction. Since the significant part of the amounts included in revaluation funds are related with the assets subject to amortisation, the revaluation funds are accounted for by transferring the related revaluation fund to the retained earnings during the amortisation period or the disposal period of the aforementioned assets.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in "Hedge Funds" under equity. The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the "Hedge Funds" account under shareholders' equity.

2.3.15 Research expenses and development costs

Research costs are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

2.3.16 Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently 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 as financial expense over the period of the borrowings.

International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. The Group opted for early adoption and changed accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

2.3.17 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.

2.3.18 Income taxes

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

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

Current tax

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

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Current and deferred tax for the period

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

2.3.19 Employee benefits

Retirement benefits

Akbank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund"), established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Pension Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

On 1 November 2005, Banking Law No.5411 ("New Law") which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date was published in the Official Gazette. However, President of the Turkish Republic applied to the Constitutional Court on 2 November 2005 for the abrogation of the related article of Banking Law, and this article was abrogated with the decision No E. 2005/39, K. 2007/33 dated 22 March 2007, which was published in the Official Gazette No 26479 dated 31 March 2007, and its execution was annulled at the publication date of the decision.

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Following the publication of the reasoned ruling of the Constitutional Court in December 2007, the relevant commission of the Turkish Parliament began to work on a new law provision establishing the transfer of the pension funds. The law provision was drawn up as a draft in the first months of 2008 and the legislation processes are in progress as of the preparation date of these consolidated financial statements and at 17 April 2008, at No. 5754 of the Social Security Act (" New Law") circuit that regulates the principles and provisions of the Parliamentary General Assembly agreed and 8 May 2008 and published in the Official Gazette No. 26870th be entered into force. The main opposition party appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. There is no resolution adopted by the Constitutional Court related to mentioned issue as of the publication date of the financial statements.

The New Law requires that present value of post-employment benefits at the balance sheet date regarding the members of the fund to be transferred shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Under secretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. The transfer required by the New Law is to be completed until 8 May 2011. If the time frame for the transfer will not be sufficient, the transfer can be extended for two years with the decision of Council of Ministers.

In this extent, according to the technical balance sheet report dated 31 December 2010 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with TAS 19 for the non-transferrable social benefits and payments which are included in the articles of association and audited within the framework stated in the first paragraph above; and based on the technical balance sheet report as at December 31, 2010 the fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements. Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for Akbank. The consolidated affiliates do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other pension schemes.

The Group's obligation in respect of the post-employment benefits transferrable to SSI, has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the New Law and other related laws and regulations; and the Group's obligation related to other non-transferrable benefits has been calculated in accordance with IAS 19 by a registered actuary. Therefore, the actuarial parameters and results reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9,80%), except for the non-transferrable other benefits. Accordingly, including the obligation for non-transferable other benefits amounting TL 85.337 (31 December 2009: TL 79.761), the surplus of the Fund amounts to TL 462.242 as of 31 December 2010 (31 December 2009: TL 402.213).

The surplus unrecognised in the balance sheet is determined as follows:

	31 December 2010	31 December 2009
Present value of funded obligations	(424.002)	(451.968)
-Pension benefits transferrable to SSI	(760.219)	(742.525)
-Post-employment medical benefits transferrable to SSI	421.554	370.318
-Other non-transferrable benefits	(85.337)	(79.761)
Fair value of plan assets	886.244	854.181
Surplus	**462.242**	**402.213**

The principal actuarial assumptions used were as follows:

Discount rate	31 December 2010	31 December 2009
-Pension benefits transferrable to SSI	%9,80	%9,80
-Post-employment medical benefits transferrable to SSI	%9,80	%9,80
-Other non-transferrable benefits	%4,66	%5,92

Provision for Employment Termination Benefit

The provision for employment termination benefits represents 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 18).

2.3.20 Provisions, contingent liabilities and assets

Provisions are recognised 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 are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

2.3.21 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 incurred due to obtaining guarantees for originated loans are not considered as transaction costs and are 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 cannot 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 the provision for loan losses for the period.

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2.3.22 Government grants

The Group benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

2.3.23 Insurance technical reserves

Unearned premiums reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine and earthquake premiums issued before 14 June 2007. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. Within the framework of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") issued in Official Gazette No: 26606 dated 7 August 2007, unearned premium reserve and the reinsurer's share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premuiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months.

Claim provisions

Within the framework of Regulation on Technical Reserves, insurance companies are requires to account for an unexpired risk reserve against the probability thati future lossed incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred lossed to current year earned premiums. If the loss ratio for a branch is higher than 95% the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premim reserve for the related branch. The difference between gross amount and net amount is considered as reinsurance portion.Opening outstanding claims provision amount is revised consistently with the current period, in calculation of expected loss ratio considered in the calculation of unexpired risk reserve as of 31 December 2010.

Outstanding claim and provision

The company accounts for outstanding claims provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted based on reports of experts or inital assessments of policyholders and experts, ans salvage, subrogation and similar gains are not deducted as of 31 December 2010 (as of 31 December 2009, salvage, subrogation ans similar gains have been deducted in calculations related to outstanding claim provisions)

The Company accounts for additional provisions for claims incurred but not reported which is calculated as the difference between the outstanding claims provisions and the amount calculated by using the actuarial chain ladder methods in accordance with the framework of the Circular on "Actuarial Chain Ladder Method" numbered 2010/12 and dated 20 September 2010 effective from 31 December 2010 and other related regulations.

If the group calculated the 2009 value with the regulation after 30 September 2010 the claim provision for 31 December 2009 would be TL 193.133 more than reported.

Equalisation Reserve

In accordance with the Regulation on Technical Reserves, insurance companied are reuqired to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, on order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods. such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance aggreements are regarded as ceded premiums. The Group will continue to make a provision until %150 of the highest volume of the net premiums written in last 5 financial years.

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserved and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of reserves specified in the contract's technical terms and calculated using statical and actuarial methods in order to cover the liabilities of insurane companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The apptroval of mathematical reserves is made by the actuaries based on current mortaliy tables valid for Turkish insurance companies and prepared by considering mortality statics prepared abroad.

2.3.24 Leasing transactions

2.3.24.1 The Group as a lessee

Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in leasing payables.

Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment. The interest element of the finance cost is charged to the income statement over the lease period.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.3.24.2 The Group as a lessor

Finance leases

When assets are leased out 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.

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Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

2.3.25 Revenue recognition

Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price 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 (Note 4.e).

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 during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period (Note 4.e).

Non-Life:

Premium income represents premiums on policies written during the period, net of 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 the 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 recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.3.26 Earnings per share

Earnings per share for each class of share disclosed in these consolidated statements of income are 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 31 earnings per share are calculated in accordance with IAS 33 “Earnings Per Share”.

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

The companies in Turkey can increase their capitals that they distributed to their shareholders from the profits of previous year by “free of charge share certificates”. Such “free of charge share” distributions are considered as issued share incalculation of profit as per share. Accordingly, number of weighted average shares used in these calculations is calculated considering the retrospective impacts of related share certificate.

2.3.27 Foreign currency transactions

Functional 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 financial statements are presented in Turkish lira, which is the functional 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 Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

Foreign Group companies

The results of Group undertakings using a measurement currency other than Turkish lira are first translated into 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 year-end rates are included in translation reserve as a separate item in the shareholders’ equity.

2.3.28 Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The business combinations before 1 January 2010, is recorded as old version of UFRS 3 (Note 3).

Partial share purchase-sale transactions with non- controling interests

The group applies a policy of treating transactions with non- controling interests as transactions with equity owners of the group. For purchases from non- controling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controling interests are also recorded in equity. For disposals to non- controling interests, differences between any proceeds received and the relevant share of non- controling interests are recorded in equity under retained earnings since there is no caption for these gains or losses in accordance with the CMB Financial Reporting Standards.

2.3.29 Segment reporting

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.

The Group has selected 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 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 financial statements.

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision- maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

2.4 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with CMB Financial Reporting 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 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. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied to the financials to see the effect on net profit/ loss for the period.

NOTE 3-BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2010 are as follows:

Çimsa, a subsidiary of the Group, purchased 60 % shares of the Med.Con Srl Company which is established in Italy, amounting to EUR 3.551 at 9 February 2010. The difference between the cost of acquisition and fair value of purchased assets is TL 816 and recorded as gain on the bargain purchase at consolidated Income statement.

	Fair value
Total current assets	7.413
Total non-surrent assets	34.506
Total liabilities	(28.287)
Book value of net assets	**13.632**
%60 of net assets	8.179
Paid cash and cash equivalents	7.363
The effect of gain on the bargain purchase on consolidated financial statements	**(816)**

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Carrefoursa, a joint venture of the Group, acquired retailer Alpark at 1 July 2010 by purchasing the 99.99 shares of İpek Giyim Mağaza San. Tic. A.Ş. (Alpark) for TL 39.811. The acquisition is recognized by purchasing method. The net assets and the temporary goodwill from the transaction are as follows:

	Temporary fair value
Total current assets	10.462
Total non-surrent assets	6.816
Total liabilities	(26.115)
Book value of net assets	**(8.837)**
Paid cash and cash equivalents	39.811
Goodwill	48.648
Goodwill attributable to the consolidated financial statements resulting from the acquisition completed by the joint venture	**18.866**

In the period between 1 July 2010 and 31 December 2010, Alpark's contribute to sales income is TL 18.322 and contribute to loss before tax to the Group is TL 2.199.

Olmuksa, a joint venture of the Group, acquired 99,99% shares of DS Smith Çopikas and its joint venture DS Smith Trakya at 1 October 2010 with the development plan in corrugated sector.

The acquisition is recognized by purchasing method. The net assets and the temporary goodwill from the transaction are as follows:

	Temporary fair value
Total current assets	19.545
Total non-current assets	25.102
Total liabilities	(9.954)
Book value of net assets	**34.693**
Paid cash and cash equivalents	10.238
Goodwill	(24.455)
Gain on bargain purchase attributable to the consolidated financial statements resulting from the acquisition completed by the joint venture	**(10.694)**

After the acquisition of DS Smith Çopikas, profit amounting TL 249 has been included in period profit. The revenue of DS Smith Çopikas within the period is TL 9.388.

Brisa, a jont venture of the Group, acquired 99,99% shares of Bandag Lastik Mamülleri Tic. Ltd. Şti. at 31 December 2010 for TL 5.604.

This transaction is recognized by purchasing method. The net asset and temporary goodwill are as follows:

	Temporary fair value
Total current assets	4.998
Total non-current assets	3.970
Total liabilities	(3.364)
Book value of net assets	**5.604**
Paid cash and cash equivalents	5.604
Goodwill effect on consolidated financial statements	**-**

Purchase price of the registered value of net assets acquired in excess of TL 3.960 is associated with exclusive right to sell and license of Bandag and it is recognized as intangible assets, its effect on consolidated financial statements is TL 1.728.

The business combinations between the period 1 January and 31 December 2009 are as follows:

Enerjisa Elektrik Dağıtım A.Ş., a joint venture of the Group, won the tender of Privatisation Agency of Republic of Turkey and acquired all the shares of Başkent Elektrik Dağıtım A.Ş. for TL 1.976.169 (USD 1.225.000) with the Share Purchase Agreement signed on 28 January 2009.

Fair values of the acquired identifiable assets and liabilities and the purchase consideration is as follows:

Cash and cash equivalents	114.351
Trade receivables	316.040
Financial assets	359.200
Inventories	16.809
Property, plant and equipment and intangible assets	1.293.624
Other receivables and current assets	57.739
Trade payables	(197.197)
Corporate income tax payable	(9.128)
Unearned income	(95.391)
Deposits received	(85.136)
Provision for termination benefits	(49.474)
Deferred income tax liabilities	(181.773)
Other payables and current/non-current liabilities	(296.301)
Fair value of total net assets acquired	1.243.363
Less: cost of acquisition	1.976.169
Goodwill	732.806
Goodwill attributable to the consolidated financial statements resulting from the acquisition completed by the joint venture	**366.403**

The intangible assets include costumer relations and contracts amounting to TL 1.162.000 in accordance with IFRS 3 “Business Combinations”.

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On 24 July 2006, Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") and Başkent Elektrik Dağıtım A.Ş. ("BEDAŞ") signed the transfer of operating rights agreement. In accordance with this agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, the other movables and immovables which are crucial for operation of the distribution facilities to Başkent for a period of 30 years. The fair value of the operating rights is determined using the expected future cash flows. A financial asset amounting to TL 359.200 and an intangible asset amounting to TL 131.000 are accounted based on transfer of operating rights agreement in accordance with IFRIC 12 "Service Concession Arrangements" and IFRS 3 "Business Combinations". The acquired business contributed revenues of TL 878.573 and net profit of TL 2.342 to the group for the period from 28 January 2009 to 31 December 2009.

Carrefoursa, a joint venture of the Group, acquired 17 supermarkets for a consideration of TL 18.765 in 2009. The acquisition resulted in goodwill amounting to TL 16.339. Goodwill attributable to the consolidated financial statements resulting from the acquisition transaction of the joint-venture is TL 6.336.

Group's joint venture of Enerjisa, has purchased the 99.99% share of Doka Elektrik Üretim A.Ş ("Doka") for TL 65.865 at 28 December 2009 and 100% share of Ceylin Enerji Üretim A.Ş ("Ceylin") for TL 24.166 at 30 September 2009. Due to the reason Doka and Ceylan have not began to operate as of the date of the purchases, they are not in the scope of IFRS 3 "Business Combinations". Net assets acquired, except for electricity production license, recorded at their carrying value (Note 14).

NOTE 4-SEGMENT REPORTING

a) External revenues:

	1 January- 31 December 2010	1 January- 31 December 2009
Finance	11.544.771	12.023.248
Tire, tire reinforcements and automotive	2.604.441	2.173.440
Retail	2.559.050	2.326.124
Cement	1.031.486	894.746
Energy	1.357.873	1.108.373
Other	443.828	322.271
Total	**19.541.449**	**18.848.202**

b) Segment assets:

	31 December 2010	31 December 2009
Tire, tire reinforcements and automotive	2.308.922	2.043.148
Cement	1.372.411	1.268.472
Retail	1.003.271	932.432
Energy	3.179.573	2.601.331
Finance	120.916.734	103.544.785
Banking	119.452.975	102.106.140
Insurance	1.463.759	1.438.645
Other	551.119	546.262
Segment assets (*)	**129.332.030**	**110.936.430**
Non-current assets held for sale (Note 21)	503.895	426.071
Investment in associates	299.803	304.662
Unallocated assets	785.892	916.408
Less: intercompany eliminations and reclassifications	(861.736)	(657.259)
Total assets as per consolidated financial statements	**130.059.884**	**111.926.312**

(*) Segment assets mainly comprise operating assets.

c) Segment liabilities:

	31 December 2010	31 December 2009
Tire, tire reinforcements and automotive	462.862	427.275
Cement	168.487	182.256
Retail	638.537	554.443
Energy	505.663	371.077
Finance	102.280.525	88.587.245
Banking	101.282.777	87.627.989
Insurance	997.748	959.256
Other	77.584	57.376
Segment liabilities (*)	**104.133.658**	**90.179.672**
Liabilities associated with non-current assests held for sale (Note 21)	329.120	267.948
Unallocated liabilities	2.172.007	1.964.891
Less: intercompany eliminations and reclassifications	(1.221.053)	(1.174.776)
Total liabilities as per consolidated financial statements	**105.413.732**	**91.237.735**

(*) Segment liabilities mainly comprise operating liabilities and exclude items such as taxation, certain financial liabilities and unallocated liabilities.

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d) Segmental analysis for the period between 1 January – 31 December 2010

					Finance					
	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Banking	Insurance	Total finance	Other	Inter segment elimination	Total
External revenues	2.604.441	1.031.486	2.559.050	1.357.873	10.582.492	962.279	11.544.771	443.828	-	19.541.449
Inter segment revenues	2.411	14	4.510	79.253	22.900	1.236	24.136	12.988	(123.312)	-
Total revenues	**2.606.852**	**1.031.500**	**2.563.560**	**1.437.126**	**10.605.392**	**963.515**	**11.568.907**	**456.816**	**(123.312)**	**19.541.449**
Cost of sales (*)	(2.204.220)	(804.108)	(2.015.019)	(1.250.180)	(4.644.669)	(941.267)	(5.585.936)	(328.687)	209.920	(11.978.230)
General and administrative expenses	(107.804)	(45.282)	(271.295)	(180.206)	(2.517.110)	(75.810)	(2.592.920)	(40.919)	38.849	(3.199.577)
Sales, marketing and distribution expenses	(180.732)	(10.859)	(264.845)	(1.181)	-	-	-	(28.364)	1.169	(484.812)
Research and development expenses	(18.615)	(354)	-	-	-	-	-	(3.301)	362	(21.908)
Inter segment adjustment	(202)	(100)	-	-	88.804	26.483	115.287	639	(115.288)	336
Operating result	**95.279**	**170.797**	**12.401**	**5.559**	**3.532.417**	**(27.079)**	**3.505.338**	**56.184**	**11.700**	**3.857.258**
Other unallocated operating expenses									(55.847)	(55.847)
Other income/(expense)-net	(7.454)	(7.830)	(5.584)	41.278	250.623	75.667	326.290	45.444	-	392.144
Segment result	**87.825**	**162.967**	**6.817**	**46.837**	**3.783.040**	**48.588**	**3.831.628**	**101.628**	**(44.147)**	**4.193.555**

(*) In the banking segment cost of sales includes interest expenses, fee and commission expenses, provision for loan losses and net foreign currency trading gains. In the insurance segment cost of sales includes premium ceded to reinsurance.

Segmental analysis for the period between 1 January – 31 December 2009

					Finance					
	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Banking	Insurance	Total finance	Other	Inter segment elimination	Total
External revenues	2.173.440	894.746	2.326.124	1.108.373	11.096.229	927.019	12.023.248	322.271	-	18.848.202
Inter segment revenues	2.017	26	1.976	47.630	21.501	1.182	22.683	14.484	(88.816)	-
Total revenues	**2.175.457**	**894.772**	**2.328.100**	**1.156.003**	**11.117.730**	**928.201**	**12.045.931**	**336.755**	**(88.816)**	**18.848.202**
Cost of sales (*)	(1.830.685)	(664.069)	(1.819.693)	(1.015.563)	(5.778.653)	(911.058)	(6.689.711)	(267.059)	210.773	(12.076.007)
General and administrative expenses	(94.526)	(38.035)	(257.944)	(156.218)	(2.240.848)	(109.582)	(2.350.430)	(44.884)	49.039	(2.892.998)
Sales, marketing and distribution expenses	(149.084)	(8.552)	(227.490)	(657)	-	-	-	(29.513)	2.967	(412.329)
Research and development expenses	(9.959)	(185)	-	-	-	-	-	(3.068)	450	(12.762)
Inter segment adjustment	(202)	(100)	-	-	142.592	(288)	142.304	2.348	(142.304)	2.046
Operating result	**91.001**	**183.831**	**22.973**	**(16.435)**	**3.240.821**	**(92.727)**	**3.148.094**	**(5.421)**	**32.109**	**3.456.152**
Other unallocated operating expenses									(56.228)	(56.228)
Other income/(expense)-net	(20.687)	(6.866)	(54.464)	12.966	175.523	50.211	225.734	(89.704)	-	66.979
Segment result	**70.314**	**176.965**	**(31.491)**	**(3.469)**	**3.416.344**	**(42.516)**	**3.373.828**	**(95.125)**	**(24.119)**	**3.466.903**

(*) In the banking segment cost of sales includes interest expenses, fee and commission expenses, provision for loan losses and net foreign currency trading gains. In the insurance segment cost of sales includes premium ceded to reinsurance.

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e) Operating results:

i) Banking:

	1 January- 31 December 2010	1 January- 31 December 2009
Interest income	8.971.590	9.528.262
Interest expense	(4.482.914)	(4.736.890)
Net interest income	**4.488.676**	**4.791.372**
Fee and commission income	1.610.902	1.567.967
Fee and commission expense	(213.955)	(207.392)
Net fee and commission income	**1.396.947**	**1.360.575**
Provision for loan losses	103.723	(813.193)
Foreign exchange trading gains and losses-net	60.181	142.915
Operating expense	(2.517.110)	(2.240.848)
Other operating income/(losses)	250.623	175.523
Segment result	**3.783.040**	**3.416.344**

ii) Insurance:

	1 January- 31 December 2010	1 January- 31 December 2009
Gross premiums received	962.279	927.019
Premiums ceded to reinsurers	(270.588)	(307.342)
Change in the provision for unearned premiums net of reinsurance	(24.664)	(10.135)
Earned premiums, net of reinsurance	**667.027**	**609.542**
Claims paid	(665.341)	(681.365)
Claims paid-reinsures' share	154.603	176.070
Life insurance provisions	1.411	1.465
Change in the provision for claims	3.391	(5.820)
Claims incurred, net of reinsurance	**(505.936)**	**(509.650)**
Change in life mathematical reserve, net	(5.368)	(1.339)
Commission expenses-net	(106.992)	(81.698)
Technical income	**48.731**	**16.855**
General and administrative expenses	(75.810)	(109.582)
Other operational income/ (expense)	75.667	50.211
Segment Result	**48.588**	**(42.516)**

iii) Non-financial segments:

	1 January- 31 December 2010	1 January- 31 December 2009
Net sales	7.996.678	6.824.954
Cost of sales	(6.531.501)	(5.549.353)
Gross profit	**1.465.177**	**1.275.601**
Operating expenses	(1.169.104)	(1.023.771)
Other operating (expense)/income	65.854	(158.755)
Segment result	**361.927**	**93.075**

The Group assesses the performance of its operating segments based on a measure of adjusted Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA"). Adjusted EBITDA does not include the effects of non-recurring expenses of the operating segments.

	31 December 2010	31 December 2009
Tire, tire reinforcement and automotive	186.020	169.403
Cement	225.980	236.487
Retail	56.836	57.208
Energy	98.028	40.896
Finance	3.968.339	3.501.017
Other	411	957
Total	**4.535.614**	**4.005.968**

A reconciliation of adjusted EBITDA to income before tax from continuing operations is as follows:

	31 December 2010	31 December 2009
Adjusted EBITDA for reported operating segments	4.535.614	4.005.968
Impairment charge on investment property	-	(44.143)
Fixed Asset Disposal Income	34.149	-
Fixed Asset Disposal Adjustment	68.864	-
Gain on bargain purchase	11.510	-
Settlement of tax dispute (Note 26)	(17.768)	-
Gain on sale of subsidiaries	-	65.936
Loss on impairment of subsidiaries	-	(100.675)
Depreciation and amortisation	(422.073)	(402.415)
Other	(16.741)	(57.768)
Operating profit	**4.193.555**	**3.466.903**
Financial expenses-net	(56.267)	8.181
Shares of income of investments accounted for under equity method	169.122	174.933
Income before tax from continuing operations	**4.306.410**	**3.650.017**

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f) Interests in Joint Ventures:

Aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and income and expense items related to Joint Ventures which are proportionally consolidated in the consolidated financial statements as expressed in Note 2, are as follows on a combined basis:

Balance sheet	31 December 2010	31 December 2009
Current assets	1.392.106	1.422.996
Non-current assets	4.134.445	3.538.357
Total assets	**5.526.551**	**4.961.353**
Current liabilities	1.109.088	1.102.077
Non-current liabilities	1.743.087	1.379.531
Total liabilities	**2.852.175**	**2.481.608**
Non-controlling interests	4.401	4.358
Shareholders' equity	2.669.975	2.475.387
Total liabilities, non-controlling interests and, shareholders' equity	**5.526.551**	**4.961.353**

Income statement	1 January-31 December 2010	1 January-31 December 2009
Operating profit	134.675	18.536
Financial income/(expense)- net	13.219	41.771
Income before tax and non-controlling interests	147.894	60.307
Taxation on income	(27.133)	4.557
Income before non-controlling interests	120.761	64.864
Non-controlling interests	(43)	186
Net income for the period from continuing operations	**120.718**	**65.050**

g) Depreciation and amortisation charge, impairments and capital expenditures:

1 January-31 December 2010

	Finance								
	Banking	Insurance	Tire, tire reinforcements and automotive	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	128.061	5.497	98.195	63.013	51.191	50.019	26.097	28.347	450.420
Impairment of property, plant and equipment, intangible assets	-	-	21.431	-	-	1.670	-	-	23.101
Capital expenditures	258.697	3.210	126.338	69.785	512.951	102.274	36.510	6.998	1.116.763

1 January-31 December 2009

	Finance								
	Banking	Insurance	Tire, tire reinforcements and automotive	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	121.608	5.581	99.088	59.522	44.364	46.487	25.765	28.396	430.811
Impairment of property, plant and equipment, intangible assets	-	-	-	668	1.500	18.367	59.704	3.379	83.618
Capital expenditures	143.830	3.748	116.691	39.462	482.318	76.664	18.929	25.784	907.426

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NOTE 5-CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2010 and 2009 is as follows:

	31 December 2010	31 December 2009
Cash in hand		
- banking	813.004	595.685
- other companies	6.288	3.210
Bank-time deposits	1.519.764	2.911.140
Bank-demand deposits	1.285.549	1.934.841
Government bonds	1.301.362	6.519.548
Tresury bills	13.131	751.932
Government bonds denominated in foreign currency	1.011	114.106
Receivable from reverse repo transactions	13.803	25.724
Eurobonds	5.654	13.004
Other cash and cash equivalents	2.619	42
Total	**4.962.185**	**12.869.232**

Effective interest rates of USD, EUR and TL denominated time deposits are 0,21% p.a (31 December 2009: 0,08% p.a), 0,44% p.a (31 December 2009: 0,22% p.a) and 2,73% p.a (31 December 2009: 12,75% p.a), respectively.

The analysis of maturities at 31 December 2010 and 2009 is as follows:

	31 December 2010	31 December 2009
Demand	2.107.460	2.533.777
Up to 3 months	2.854.725	10.326.219
Over 3 months	-	9.236
Total	**4.962.185**	**12.869.232**

As of 31 December 2010 there is restricted cash amounting to TL 822.971 on Group' s Off- shore cash amounts, payment accounts related to variable interest rated bond exports, and the time and demand deposits in the banks (31 December 2009: TL 999.165).

NOTE 6-FINANCIAL ASSETS

a) Held for trading securities:

The analysis of securities at fair value through profit and loss is as follows:

	31 December 2010	31 December 2009
Government bonds	693.662	132.922
Eurobonds	97.705	66.877
Treasury bills	9.768	30.767
Government bonds denominated in foreign currency	4.130	6.359
Share certificates	46.081	1.787
Other	-	1.350
Total	**851.346**	**240.062**

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are 4,31% p.a. (31 December 2009: 4,63% p.a), 4,67% p.a (31 December 2009: 3,74% p.a) and 10,06% p.a (31 December 2009: 9,21% p.a). The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TL 892 (31 December 2009: TL7.467). Risk in trading financial assets belonging to the owners of insurance policy is TL 7.230 (31 December 2009: TL 7.981).

The analysis of maturities at 31 December 2010 and 2009 is as follows:

	31 December 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	62.956	22.413	85.369	36.523	75.686	112.209
1 to 5 years	424.840	214.910	639.750	76.372	10.948	87.320
Over 5 years	80.146	-	80.146	37.395	-	37.395
No maturity	24.732	21.349	46.081	1.738	1.400	3.138
Total	**592.674**	**258.672**	**851.346**	**152.028**	**88.034**	**240.062**

Period remaining to contractual repricing dates:

	31 December 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	82.550	-	82.550	28.917	-	28.917
3 to 12 months	79.333	22.413	101.746	42.622	75.686	118.308
1 to 5 years	326.274	214.910	541.184	41.356	10.948	52.304
Over 5 years	79.785	-	79.785	37.395	-	37.395
No maturity	24.732	21.349	46.081	1.738	1.400	3.138
Total	**592.674**	**258.672**	**851.346**	**152.028**	**88.034**	**240.062**

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b) Available for sale securities

	31 December 2010	31 December 2009
Debt securities		
- Government bonds	37.861.014	26.092.664
- Eurobonds	3.659.814	2.186.076
- Treasury bills	46.986	111.661
- Government bonds denominated in foreign currency	625.614	30.116
- Investment funds	68.376	50.149
- Other bonds denominated in foreign currency	758.967	654.611
Sub-total	**43.020.771**	**29.125.277**
Equity securities		
- Listed	25.681	21.879
- Unlisted	55.765	55.756
Sub-total	**81.446**	**77.635**
Total financial assets available for sale	**43.102.217**	**29.202.912**

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 4,34% p.a. (31 December 2009: 5,02% p.a.), 4,68% p.a. (31 December 2009: 4,81% p.a.) and 11,16% p.a. (31 December 2009: 11,07% p.a.). The Group's financial assets available for sale subject to funds provided from repo are TL 11.320.252. (31 December 2009: TL 7.982.033). The collateral available for sale financial assets that are given as colleteral because of Group's financing activities are TL 6.037.070 (31 December 2009: TL 976.317). Risk insurance policy available for sale financial assets belonging to the owners is TL 198.367 (31 December 2009: TL 219.532).

Akbank reclassified its government bonds with fair values USD 91.820 and Euro 17.129 into the category of financial assets available-for-sale which were classified under the category of financial assets held-for-trading before in accordance with amendments to IAS 39 and IFRS 7 dated October 2008 and effective from 1 July 2008 due to change in the intention to hold such securities. As of the balance sheet date, fair values of these reclassified government bonds are not existed (31 December 2009: USD 1.745 and Euro 7.590). Had these financial assets not been reclassified, there is no unrealized valuation gain before non- controling interest that would have been recognised in the income statement (31 December 2009: 0,6 USD ve 33 EUR).

The maturity analysis at 31 December 2010 and 2009 is as follows:

	31 December 2010			31 December 2009		
	Banking	"Other companies"	Total	Banking	"Other companies"	Total
3 to 12 months	9.376.139	26.290	9.402.429	6.704.519	176.232	6.880.751
1 to 5 years	28.739.692	147.494	28.887.186	20.293.963	69.725	20.363.688
Over 5 years	4.621.517	41.263	4.662.780	1.786.024	44.666	1.830.690
No maturity	102.783	47.039	149.822	82.247	45.536	127.783
Total	**42.840.131**	**262.086**	**43.102.217**	**28.866.753**	**336.159**	**29.202.912**

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

	31 December 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	7.334.812	-	7.334.812	3.520.091	-	3.520.091
3 to 12 months	20.763.448	26.290	20.789.738	13.109.646	176.232	13.285.878
1 to 5 years	11.737.408	147.494	11.884.902	10.368.745	69.725	10.438.470
Over 5 years	2.901.680	41.263	2.942.943	1.786.024	44.666	1.830.690
No maturity	102.783	47.039	149.822	82.247	45.536	127.783
Total	**42.840.131**	**262.086**	**43.102.217**	**28.866.753**	**336.159**	**29.202.912**

The breakdown of available-for-sale equity securities at 31 December 2010 is as follows:

Unlisted	Share (%)	Carrying Amount	Business
Merter B.V.	24,99	30.117	Real estate
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,96	9.002	Transportation
Other		16.646	
Total		**55.765**	

The breakdown of available-for-sale equity securities at 31 December 2009 is as follows:

Unlisted	Share (%)	Carrying Amount	Business
Merter B.V.	24,99	30.116	Real estate
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,96	9.002	Transportation
Other		16.638	
Total		**55.756**	

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c) Held to maturity:

The breakdown of the held to maturity financial assets is listed below:

	31 December 2010	31 December 2009
Government bonds	4.545.587	4.447.159
Government bonds denominated in foreign currency	270.553	4.802.686
Eurobonds	997.013	1.163.583
Other	862	-
Total	**5.814.015**	**10.413.428**

Effective interest rates of debt securities denominated at USD, EUR and TL are respectively %6,58 (31 December 2009: %4,70), %7,34 (31 December 2009: %5,03) and %11,16 (31 December 2009: %15,05). The Group's financial assets held to maturity subject to funds provided from repo are TL 816.670 (31 December 2009: TL 5.404.692). The amount of Group's held to maturity financial assets colleterals given for financial operations is TL 873.690 (31 December 2009: 5.394.815 TL).

The movement table of held-to-maturity securities is as follows:

	2010	2009
1 January	10.413.428	20.548.706
Additions	1.051	4.471
Transfers to cash and cash equivalents	(813.266)	(5.414.280)
Foreign exchange differences	(2.968)	(95.862)
Addition due to change in amortised cost	35.096	337.771
Redemptions and sales	(3.819.326)	(4.967.378)
31 December	**5.814.015**	**10.413.428**

Akbank reclassified its government bonds with fair values TL 104.306, USD 962.377 and EUR 419.021 into the category of held to maturity financial assets which were classified under the category of financial assets held-for-trading before in accordance with amendments to IAS 39 and IFRS 7 due to change in the intention to hold such securities. As of the balance sheet date, fair values of these reclassified government bonds are TL 1.808 (31 December 2009: TL 61.574, USD 972.098 and EUR 389.177). Had these financial assets not been reclassified, an unrealized valuation gain before non- controlling interest of TL 139 would have been recognised in the income statement (31 December 2009: TL 1.574, USD 315 and EUR 486)

Period remaining to contractual maturity dates for held to maturity financial assets and available-for-sale assets as at 31 December 2010 and 2009 is as follows:

	31 December 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	1.029.960	-	1.029.960	3.434.726	-	3.434.726
1 to 5 years	3.787.042	-	3.787.042	5.815.119	-	5.815.119
Over 5 years	997.013	-	997.013	1.163.583	-	1.163.583
Total	**5.814.015**	**-**	**5.814.015**	**10.413.428**	**-**	**10.413.428**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets and available-for-sale securities as at 31 December 2010 and 2009 is as follows:

	31 December 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	4.340.558	-	4.340.558	6.658.963	-	6.658.963
3 to 12 months	475.466	-	475.466	1.315.638	-	1.315.638
1 to 5 years	978	-	978	1.275.244	-	1.275.244
Over 5 years	997.013	-	997.013	1.163.583	-	1.163.583
Total	**5.814.015**	**-**	**5.814.015**	**10.413.428**	**-**	**10.413.428**

NOTE 7-BORROWINGS

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

	31 December 2010	31 December 2009
Short term	7.746.903	5.149.488
Short-term portion of long term	870.645	862.259
Total short term	**8.617.548**	**6.011.747**

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

Long term	7.234.739	4.569.513
Total	**15.852.287**	**10.581.260**

Effective interest rates of USD, EUR and TL denominated funds borrowed borrowings and debt securities in issue are 2,12% p.a. (31 December 2009: 2,51% p.a.), 1,83% p.a. (31 December 2009: 2,18% p.a.) and 7,14% p.a. (31 December 2009: 6,72% p.a.), respectively.

The maturity schedule of borrowings at 31 December 2010 and 2009 is summarised below:

	31 December 2010	31 December 2009
Up to 3 months	3.844.432	2.137.437
3 to 12 months	4.773.116	3.874.310
1 to 5 years	6.040.748	3.057.788
More than 5 years	1.193.991	1.511.725
Total	**15.852.287**	**10.581.260**

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The maturity schedule of long term borrowings at 31 December 2010 and 2009 is summarised below:

	31 December 2010
2012	2.053.160
2013	1.086.738
2014	809.593
2015	2.091.257
2016 and after	1.193.991
Total	**7.234.739**

	31 December 2009
2011	1.015.398
2012	822.951
2013	790.209
2014	429.231
2015 and after	1.511.724
Total	**4.569.513**

The repricing schedule of borrowings at 31 December 2010 and 2009 is summarised below:

	31 December 2010	31 December 2009
Up to 3 months	9.562.342	7.903.045
3 to 12 months	3.997.160	2.411.256
1 to 5 years	2.280.120	254.423
More than 5 years	12.665	12.536
Total	**15.852.287**	**10.581.260**

Major borrowing transactions of Akbank and Enerjisa at 31 December 2010 are as follows:

Funds Borrowed:

a) Akbank

Funds borrowed from domestic banks mainly represent funds obtained from Turkish Eximbank to finance certain export loans given to customers, under prevailing regulations.

As of 31 December 2010, there are two outstanding syndicated loan facilities; the first syndicated loan facility amounts to USD 1.200.000 comprised of two tranches signed on 25 March 2010 with 1 year maturity. EUR 584.500 with an all-in cost interest rate of Euribor + 1.50% and USD 437.500 with an all-in cost interest rate of Libor + 1.50% are provided by 55 international banks with Wells Fargo Bank N.A. acting as an agent. The second syndicated loan facility amounts to EUR 1.000.000 that comprised of EUR 810.500 and USD 254.700 provided by 52 international banks with West LB AG London Branch acting as agent signed on 17 August 2010. EUR 780.000 of the syndicated loan facility has a maturity of 1 year while EUR 220.000 of the syndicated loan facility has a maturity of 2 years. Tranches with 1 year maturity have an all-in cost interest rate of Euribor/Libor + 1.30% and tranches with 2 years maturity have an all-in cost interest rate of Euribor/Libor + 1.75%.

b) Enerjisa-Funds borrowed via IFC

Groups joint venture Enerjisa signed an agreement with International Finance Coorperation (IFC) and certain international finance instituions under the coordination of IFC, Akbank T.A.Ş. and European Investment Bank ("EIB") to borrow funds amounting to EUR 1.000.000 at 13 June 2008.

The part of the loan amounting to EUR 513.000, which will be coordinated by IFC, EUR 495.000 of will have a maturity if 12 years and EUR 18.000 of it will have a maturity of 15 years. EUR 158.000 of it will be provided by IFC and and EUR 355.000 of it will be provided by several financial instutions under the supervision of IFC and WestLB. KFW IPEX – Bank GmbH, Bank Austria Creditansalt AG, Erste Bank der Oesterreichischen Sparkassen AG, ING Bank N.V., Raiffeisen Zentralbank Oesterreich AG, WestLB, ING and Societe Generale Bank have been participated in this financing package as authorised leading regulators. Akbank T.A.Ş. has provided a paralled loan agrement of EUR 352.000 which has a maturity of 12 years, with the participation of National Bank of Greece. Finally with the participation of EIB with loan amounting to EUR 135.000, the financing package has been completed to EUR 1.000.000. As of 31 December 2010, the Group has obtained EUR 620.000 with respect to this finance package (31 December 2009: EUR 410.000). The effect of the used loan on consolidated financial statements is limited to 50%, joint venture share.

Issued securities

Securities issued consist of US Dollar and TL assets.

The repayment plan for securities issued is stated below in USD.

	31 December 2010		31 December 2009	
	USD	TL	USD	TL
2010	-	-	380.376	565.733
2011	435.467	669.574	383.769	570.780
2012	533.286	819.980	454.581	676.098
2013	583.480	897.160	451.006	670.781
2014	391.549	602.046	261.422	388.813
2015	1.001.150	1.539.368	107.601	160.035
2016	119.764	184.149	107.601	160.035
2017	72.705	111.791	60.542	90.044
2018	36.353	55.895	30.271	45.022
Total	**3.173.754**	**4.879.963**	**2.237.169**	**3.327.341**

The balance amounting to USD 3.173.754 consists of securitization deals and USD denominated securities issued by the Bank. As of 31 December 2010, the outstanding principal amount of the securitization deals amounts to USD 2.160.849. In addition, in 2010, the Bank has issued 5 year USD denominated Eurobonds with a nominal amount of USD 1.000.000 and maturing at 22 July 2015. These bonds have a yield of 5,256% and a coupon rate of 5,125%.

The Bank has also issued TL denominated bonds with a nominal amount of TL 1.000.000 and a fix rate of 7,28% maturing at 10 June 2011. As of 31 December 2010, the outstanding TL denominated bonds are amounting to TL 966.804.

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NOTE 8-TRADE RECEIVABLES AND TRADE PAYABLES

Short-term and long-term trade receivables:

	31 December 2010	31 December 2009
Trade receivables	986.989	956.440
Notes and cheques receivables	228.912	205.291
Due from related parties (*)	7.946	17.761
	1.223.847	**1.179.492**
Less: allowance for doubtful receivables	(96.193)	(78.326)
Total	**1.127.654**	**1.101.166**

(*) Due from related parties and due to related parties are explained in Note 32 Related Party Disclosures.

As of 31 December 2010, trade receivables of TL 139.082 were past due but not impaired (31 December 2009: TL 138.348). The aging analysis of these trade receivables is as follows:

	31 December 2010	31 December 2009
Up to 3 months	102.854	85.495
3 to 6 months	25.087	32.212
6 to 9 months	720	780
9 months and over	10.421	19.861
Total	**139.082**	**138.348**

As of 31 December 2010 and 2009 the aging analysis of overdue and impaired trade receivables is as follows:

Aging analysis of allowance for doubtful receivables:

	31 December 2010	31 December 2009
Up to 3 months	1.105	1.368
3 to 6 months	3.354	2.451
6 to 9 months	13.207	8.021
9 months and over	78.527	66.486
Total	**96.193**	**78.326**

Short-term and long-term trade payables:

	31 December 2010	31 December 2009
Trade payables	1.190.966	994.790
Due to related parties (*)	6.332	3.707
Notes payable	739	241
Total	**1.198.037**	**998.738**

(*) Due from related parties and due to related parties are explained in Note 32 Related Party Disclosures.

NOTE 9-OTHER RECEIVABLES AND PAYABLES

	31 December 2010	31 December 2009
Receivables related to credit card transactions	70.769	32.868
Financial assets (*)	40.244	69.073
Other	381.033	409.681
Total	**492.046**	**511.622**

Other long-term receivables

	31 December 2010	31 December 2009
Financial assets (*)	95.576	98.435
Deposits and guarentees given	31.605	24.057
Other	17.330	13.668
Total	**144.511**	**136.160**

(*) Composed of financial assets accounted for by the Group's joint venture Başkent Elektrik Dağıtım A.Ş. in accordance with IFRS 3 "Business Combinations" and IFRIC 12 "Service Concession Arrangements".

Other short term payables	31 December 2010	31 December 2009
Payables related to credit card transactions	1.313.783	1.107.684
Taxes and funds payables	191.578	193.821
Import deposits and transfer orders	55.227	14.053
Due to personnel	16.820	20.624
Payment orders to correspondent banks	15.274	8.636
Payable to Privatization Administration (*)	-	245.497
Other	535.673	299.061
Total	**2.128.355**	**1.889.376**

Other long term payables		
Deposits and guarentees received	53.902	41.473
Payable to Privatization Administration (*)	-	230.560
Other	19.557	18.807
Total	**73.459**	**290.840**

(*) In accordance with the share purchase agreement signed by the Privatisation Administration and Enerjisa Elektrik Dağıtım A.Ş., a joint-venture of the Group (Note 3), the Group has a payable of USD 612.500 as of 31 December 2009 and it has paid in 2010.

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NOTE 10 – INVENTORIES

	31 December 2010	31 December 2009
Raw materials	267.138	167.512
Work in process	93.497	81.781
Finished goods and merchandises	507.601	476.950
Spare parts	125.442	122.454
	993.678	848.697
Allowance for impairment on inventory (-)	(23.989)	(25.453)
Total	**969.689**	**823.244**

Movement of allowance for impairment on inventory

	2010	2009
1 January	25.453	23.768
Charge for the period	15.607	12.629
Provision used	(17.171)	(11.644)
Currency translation difference	100	700
31 December	**23.989**	**25.453**

NOTE 11-INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	31 December 2010	Share (%)	31 December 2009	Share (%)
Philsa	220.840	25,00	247.965	25,00
Philip Morrissa	78.963	24,75	56.697	24,75
Total	**299.803**		**304.662**	

Income from associates is as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Philsa	108.131	134.053
Philip Morrissa	60.991	40.880
Total	**169.122**	**174.933**

The summary financial information of associates is as follows:

	31 December 2010		31 December 2009	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	1.805.591	922.232	1.973.482	981.623
Philip Morrissa	786.907	467.865	875.741	646.664
Total	**2.592.498**	**1.390.097**	**2.849.223**	**1.628.287**

Sales revenue	1 January-31 December 2010	1 January-31 December 2009
Philsa (*)	8.163.135	7.369.963
Philip Morrissa	8.816.418	7.738.740

(*) Philsa conducts its sales activities over Philip Morrissa.

Net income	1 January-31 December 2010	1 January-31 December 2009
Philsa	432.524	536.213
Philip Morrissa	246.430	165.171
Total	**678.954**	**701.384**

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NOTE 12-INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2010 and 2009 are as follows:

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost:					
Land	196.126	15.278	(43.976)	(25.107)	142.321
Buildings	33.136	-	(11.558)	(2.637)	18.941
Total	**229.262**	**15.278**	**(55.534)**	**(27.744)**	**161.262**
Accumulated depreciation:					
Buildings	11.093	3.287	(2.041)	(2.602)	9.737
Net book value	**218.169**				**151.525**

	1 January 2009	Additions	Disposals	Mathematical correction	Transfer from non-current assets held for sale	31 December 2009
Cost:						
Land	11.048	1.750	-	151.915	31.413	196.126
Buildings	167.578	318	(258)	(153.174)	18.672	33.136
Total	**178.626**	**2.068**	**(258)**	**(1.259)**	**50.085**	**229.262**
Accumulated depreciation:						
Buildings	30.301	1.721	(68)	(24.465)	3.604	11.093
Net book value	**148.325**					**218.169**

NOTE 13-PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2010 is as follows:

	1 January 2010	Currency Translation Difference	Additions	Disposals	Business combinations	Transfers	The reversal of profit elimination relating to prior period (*)	Impairment	31 December 2010
Cost:									
Land and land improvements	440.394	348	36.346	(6.359)	9.105	32.946	(11.306)	-	501.474
Buildings	2.048.047	5.282	32.197	(9.698)	16.375	191.687	101.897	-	2.385.787
Machinery and equipment	3.249.574	38.047	28.078	(25.969)	20.359	568.877	-	(9.436)	3.869.530
Motor vehicles	152.027	236	23.398	(26.422)	237	7.513	-	-	156.989
Furniture and fixtures	1.610.306	5.366	178.800	(52.402)	4.647	37.003	-	(1.410)	1.782.310
Total	**7.500.348**	**49.279**	**298.819**	**(120.850)**	**50.723**	**838.026**	**90.591**	**(10.846)**	**8.696.090**
Construction in progress	844.977	5.784	717.925	-	-	(814.646)	-	(12.206)	741.834
Total	**8.345.325**	**55.063**	**1.016.744**	**(120.850)**	**50.723**	**23.380**	**90.591**	**(23.052)**	**9.437.924**
Accumulated depreciation:									
Land and land improvements	90.772	885	6.177	(3)	-	-	-	-	97.831
Buildings	755.336	4.879	61.677	(4.184)	751	2.602	21.727	-	842.788
Machinery and equipment	2.069.021	21.964	133.857	(18.527)	1.831	-	-	-	2.208.146
Motor vehicles	100.035	643	13.747	(8.251)	65	-	-	-	106.239
Furniture and fixtures	1.218.431	1.555	137.130	(41.179)	1.895	-	-	-	1.317.832
Total	**4.233.595**	**29.926**	**352.588**	**(72.144)**	**4.542**	**2.602**	**21.727**	**-**	**4.572.836**
Net Book Value	**4.111.730**								**4.865.088**

(*) The entity reviewed the tangible assets in 2010, accordingly the profit margin elimination on fixed assets are partially reversed.

The total mortgage amount on buildings because of bank loans and legal requirements is TL 59.917 (31 December 2009: TL 56.186).

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The movement in property, plant and equipment for the year ended 31 December 2009 is as follows:

	1 January 2009	Currency translation differences	Additions	Disposals	Transfers from non current assets held for sale	Transfers to non current assets held for sale	Disposal of subsidiary	Business combination	Impairment	Mathematical adjustment	31 December 2009
Cost:											
Land and land improvements	431.663	4.189	13.053	(1.392)	9.837	(16.956)	-	-	-	-	440.394
Buildings	2.139.456	7.242	28.782	(6.038)	11.236	(56.459)	-	-	(73.274)	(2.898)	2.048.047
Machinery and equipment	3.404.449	58.020	95.367	(18.880)	26	(261.564)	(24.067)	-	(3.777)	-	3.249.574
Motor vehicles	139.678	340	33.140	(14.800)	-	(2.448)	(4.329)	446	-	-	152.027
Furniture and fixture	1.553.076	4.323	112.283	(43.891)	11.942	(6.950)	(15.912)	17	(4.582)	-	1.610.306
Total	**7.668.322**	**74.114**	**282.625**	**(85.001)**	**33.041**	**(344.377)**	**(44.308)**	**463**	**(81.633)**	**(2.898)**	**7.500.348**
Construction in progress	325.377	(3.775)	533.385	-	513	(18.892)	(9.441)	15.049	-	2.761	844.977
Total	**7.993.699**	**70.339**	**816.010**	**(85.001)**	**33.554**	**(363.269)**	**(53.749)**	**15.512**	**(81.633)**	**(137)**	**8.345.325**
Accumulated depreciation:											
Land and land improvements	86.462	1.590	7.197	(156)	-	(4.321)	-	-	-	-	90.772
Buildings	711.712	3.571	62.747	(2.140)	734	(21.106)	-	-	-	(182)	755.336
Machinery and equipment	2.029.485	33.800	149.118	(15.592)	-	(107.316)	(20.474)	-	-	-	2.069.021
Motor vehicles	99.764	266	11.311	(7.446)	-	(2.357)	(1.939)	436	-	-	100.035
Furniture and fixture	1.122.293	2.901	138.052	(39.426)	7.256	(5.316)	(7.333)	4	-	-	1.218.431
Total	**4.049.716**	**42.128**	**368.425**	**(64.760)**	**7.990**	**(140.416)**	**(29.746)**	**440**	**-**	**(182)**	**4.233.595**
Net book value	**3.943.983**										**4.111.730**

NOTE 14-INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2010 and 2009 are as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers	Business combination	Impairment	31 December 2010
Cost	1.268.182	5.936	77.743	(4.535)	4.364	2.065	(49)	1.353.706
Accumulated amortisation (-)	(211.550)	(1.072)	(66.198)	1.969	-	(151)	-	(277.002)
Net book value	**1.056.632**							**1.076.704**

	1 January 2009	Currency translation differences	Additions	Disposals	Transfers to non current assets held for sale	Disposal of subsidiary	Business combination (*)	Impairment	31 December 2009
Cost	553.529	1.045	89.348	(15.582)	(21.780)	(10.041)	673.648	(1.985)	1.268.182
Accumulated amortisation (-)	(184.078)	(379)	(60.665)	15.347	11.988	6.239	(2)	-	(211.550)
Net book value	**369.451**								**1.056.632**

(*) Related to the business combination realised by Enerjisa Elektrik Dağıtım A.Ş., and customer relations and contracts, and operating rights concession agreements as stated in Note 3. Furthermore, related with the acquisition of Doka and Ceylin realised by Group's subsidiary Enerjisa Üretim A.Ş. in 2009, respectively TL 37.493 and TL 16.162 associated with electricity production licence and accounted for as intangible assets for the difference between the acquisition cost and the net book value of the acquired net assets.

NOTE 15-GOODWILL

The movements in goodwill for the years ended 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
1 January	706.354	333.615
Additions (Note 3)	18.866	372.739
Currency translation difference	7	-
31 December	**725.227**	**706.354**

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. An operating segment-level summary of the goodwill allocation is presented below:

	31 December 2010	31 December 2009
Cement	188.139	188.132
Retail	144.363	125.497
Energy	366.404	366.404
Tire, tire reinforcement	26.321	26.321
Total	**725.227**	**706.354**

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The recoverable amount of a Cash generating unit (CGU) is determined based on value-in-use calculations. These calculations use after tax cash flow projections based on financial budgets approved by management covering a ten and three year period for cement and retail operating segments, respectively. Cash flows beyond these periods are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the operating segment in which the CGU operates.

Assumptions used for value in use calculations are as follows:

	Energy	Cement	Retail
Growth rate (*)	4,00%	5,00%	5,40%
Discount rate (**)	8,50%	12,25%	13,60%
Years of used cash flows	until 2036	until 2018	until 2015

(*) Weighted average growth rates used to extrapolate cash flows beyond the budget period
(**) After tax discount rate applied to the cash flow projections

Management determined gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are after tax and reflect specific risks relating to the relevant operating segments.

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Commitments-Banking segment	31 December 2010	31 December 2009
Letters of guarantee given	6.447.730	4.834.982
Letters of credits	2.557.786	1.601.485
Foreign currency acceptance credits	69.764	58.851
Other guarantees given	950.408	496.021
Total	**10.025.688**	**6.991.339**

Commitments-Non-banking segments	31 December 2010	31 December 2009
Letters of guarantee given	461.806	978.056
Other guarantees given	60.310	135.963
Total	**522.116**	**1.114.019**

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Repurchase commitments	11.470.108	13.854.181
Resale commitments	13.803	17.503

Commitments to forward currency purchase/sale and swap transactions:

Derivatives held for trading

	31 December 2010	31 December 2009
Foreign currency purchases	1.298.329	499.115
Foreign currency sales	1.288.342	501.166
Total	**2.586.671**	**1.000.281**

	31 December 2010	31 December 2009
Currency swap purchases	8.911.169	4.339.416
Currency swap sales	8.697.663	4.264.896
Interest rate swap purchases	5.506.299	4.640.511
Interest rate swap sales	5.506.299	4.640.511
Total	**28.621.430**	**17.885.334**

	31 December 2010	31 December 2009
Spot purchases	577.939	302.386
Spot sales	579.603	302.386
Total	**1.157.542**	**604.772**

	31 December 2010	31 December 2009
Currency options purchases	4.625.020	3.461.878
Currency options sales	4.625.020	3.461.878
Total	**9.250.040**	**6.923.756**

	31 December 2010	31 December 2009
Future purchases	71.193	89.558
Future sales	71.193	89.558
Total	**142.386**	**179.116**

Hedging derivative transactions:

	31 December 2010	31 December 2009
Interest swap purchases	3.569.550	3.625.150
Interest swap sales	3.569.550	3.625.150
Total	**7.139.100**	**7.250.300**

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The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2010 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	428.816	6.018.914	6.447.730
Letters of credits	1.514.588	1.043.198	2.557.786
Acceptance credits	59.408	10.356	69.764
Other guarantees	180.804	769.604	950.408
Total	**2.183.616**	**7.842.072**	**10.025.688**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2009 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	227.491	4.607.491	4.834.982
Letters of credits	951.564	649.921	1.601.485
Acceptance credits	47.838	11.013	58.851
Other guarantees	182.280	313.741	496.021
Total	**1.409.173**	**5.582.166**	**6.991.339**

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Construction	1.389.535	689.348
Financial institutions	1.322.972	1.174.452
Chemicals	1.213.418	864.298
Steel and mining	971.050	624.155
Small- scale retailers	838.759	707.600
Wholesale	783.254	572.677
Electricity, gas and water	593.210	352.565
Other manufacturing	369.845	208.482
Food and beverage	292.303	205.030
Automotive	275.052	168.163
Textile	245.674	114.650
Electronics	211.897	148.890
Telecommunications	176.748	40.426
Agriculture and foresty	152.835	81.301
Transportation	134.093	108.010
Tourism	70.701	48.562
Other	984.342	882.730
Total	**10.025.688**	**6.991.339**

NOTE 17 – COMMITMENTS

Letter of guarantees and guarantee notes given

Collaterals, pledges and mortgages (CPM) given by the Group at 31 December 2010 and 2009 are as follows:

		31 December 2010					31 December 2009				
		Total TL Equivalent	TL	USD	Euro	Other	Total TL Equivalent	TL	USD	Euro	Other
A.	Total amount of the CPM given for its own legal entity	1.286.343	675.080	159.990	53.211	398.062	1.911.858	1.557.938	155.380	84.285	114.255
B.	CPM given on behalf of fully consolidated companies	82.311	-	82.311	-	-	64.461	51.709	12.752	-	-
C.	CPM given on behalf of the third parties' debt for the continuation of their economic activities	10.027.089	4.279.262	4.034.627	1.506.292	206.908	6.997.287	2.307.045	3.146.386	1.313.632	230.224
D.	Total amount of other CPM										
i.	Given on behalf of majority shareholder	-	-	-	-	-	-	-	-	-	-
ii.	Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-	-	-	-	-	-
iii.	Given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-	-	-
Total		**11.395.743**	**4.954.342**	**4.276.928**	**1.559.503**	**604.970**	**8.973.606**	**3.916.692**	**3.314.518**	**1.397.917**	**344.479**

The equity ratio of CPMs given by the Group, is 0% (31 December 2009: 0%).

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NOTE 18- PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under Turkish Labour Law, the Group 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 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 31 December 2010, the amount payable consists of one month’s salary limited to a maximum of TL 2,5 (31 December 2009: TL 2,4) 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. 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.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2010, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated as 4,66% (31 December 2009: 5,92%) by annual 5,10% inflation rate and 10 % discount rate severance ceiling is revised once in six month. It is considered that the severence ceiling is 2,6 TL for the group after 1 January 2011.

Movements in the provision for employment termination benefits for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	111.332	137.191
Business acquisitions	1.050	24.737
Disposal of subsidiary	-	(1.074)
Transfer to non-current assets held for sale	-	(51.448)
Payments during the period	(52.062)	(48.159)
Charge for the period	49.798	47.434
Actuarial income	10.691	2.651
31 December	120.809	111.332

NOTE 19-OTHER ASSETS AND LIABILITIES

Other Current Assets:

	31 December 2010	31 December 2009
Cheques in clearance	196.395	151.937
Prepaid expenses	176.293	236.519
Deductible Value Added Tax (VAT)	89.863	108.965
Deferred commission expense	67.358	58.219
Income accrual	18.081	9.538
Other	115.134	59.771
Total	**663.124**	**624.949**

Other Non Current Assets:

	31 December 2010	31 December 2009
Deferred finance expense	32.038	26.086
Deferred commission expense	20.532	15.821
Other	14.964	25.949
Total	**67.534**	**67.856**

Other Short Term Liabilities and Provisions

Liabilities	31 December 2010	31 December 2009
Cheques in clearance	368.837	283.894
Unearned commision income	68.894	94.134
Unused vacation	46.575	46.756
Expense accruals	44.661	84.031
Advances received	29.253	17.546
Saving deposits insurance	18.173	17.161
Deferred income	9.911	35.060
Other short- term liabilities	7.521	69.443
Total	**593.825**	**648.025**
Provisions		
Credit card bonus provisions	143.173	110.197
Provision for unindemnified non- cash loans	89.269	104.782
Legal claim provisions	52.451	21.257
Economical disadvantageous contracts	38.970	40.718
Other short- term liability provisions	128.553	93.226
	452.416	**370.180**
Total	**1.046.241**	**1.018.205**

Other Long Term Liabilities and Provisions

	31 December 2010	31 December 2009
Unearned commision income	116.299	123.262
Other liabilities	8.572	8.713
Other long- term liability provisions	6.998	11.551
Total	**131.869**	**143.526**

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NOTE 20-EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2009: 190.000.000.000) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2010 and 2009 is as follows:

Shareholders:	Share (%)	31 December 2010	Share (%)	31 December 2009
Sabancı family members	43,61	890.027	45,51	864.672
Public quotation	39,40	803.860	37,40	710.515
Sakıp Sabancı Holding A.Ş.	13,79	281.388	14,81	281.388
Sabancı University	1,51	30.769	1,62	30.769
Çimsa	1,06	21.534	-	-
H.Ö. Sabancı Foundation	<1	12.826	<1	12.656
Share capital	100	2.040.404	100	1.900.000
Treasury share (-)		(21.534)		-
Share premium		21.670		21.670

The transaction related with the injection of Akbank and Aviva shares which held in Aksigorta's portfolio, and Akbank shares which are held in Exsa's portfolio, as capital in kind to Holding via spin-off process has been approved in the Exraordinary General Assembly on 4 January 2010 and the shares with a nominal value of TL 140.403.931 have been registered by CMB and Trade Registery on 12 January 2010.

As a result of the spin-off transaction, Çimsa, a subsidiary of the Holding has participated to the share capital of Holding by 1,06%. This transaction is accounted for under equity as tresury share.

Restricted Reserves

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. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The details of restricted reserves mentioned above are as follows:

	31 December 2010	31 December 2009
Legal reserves	264.469	243.822
Investments sales income	127.826	127.826
Total	**392.295**	**371.648**

Dividend Distribution

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2010. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves.

Furthermore, Group companies that are obliged to prepare consolidated financial stataments based on the related decision of General Assembly, are permitted to calculate net distributable profits based upon the net income for the period presented on consolidated financial statements that have been prepared within the framework of Communiqué XI, No: 29.

In accordance with the above explanations for the Communiqué No:XI-29, the composition of the Holding's shareholders' equity, which is considered as the basis for profit distribution is as follows:

	31 December 2010	31 December 2009
Share capital	2.040.404	1.900.000
Treasury share (-)	(21.534)	-
Share premium	21.670	21.670
Adjustment to capital	3.426.761	3.426.761
Net income for the year	1.662.836	1.258.481
Retained earnings	5.006.522	3.863.478
Total shareholders' equity subject to dividend distribution	**12.136.659**	**10.470.390**
Restricted reserves	392.295	371.648
Translation reserve	7.728	(11.254)
Revaluation funds	713.203	311.064
Hedge funds	(180.699)	(194.426)
Shareholders' equity	**13.069.186**	**10.947.422**

NOTE 21 – NON CURRENT ASSETS HELD FOR SALE

Holding classified Advansa, a subsidiary of Group with 99,93% control rate, as non-current asset held for sale.

The Group realised TL 89.965 impairment charge based on the difference between the fair value and carrying amount of Advansa that is transferred to non-current asset held for sale as of 31 December 2009 (Note 24). As of 31 December 2010 the impairment charged is carryforward.

The Group had sold all its shares in Toyotosa (65%) to ALJ Lubnatsi Pazarlama ve Satış A.Ş. on 14 August 2009.

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At 31 December 2010 and 2009, the balances of assets and liabilities classified as non-current assets held for sale which will be excluded from consolidated financial statements when the sale transaction is realised are as follows:

	31 December 2010	31 December 2009
Assets	**503.895**	**426.071**
Cash and cash equivalents	63.676	12.599
Trade receivables	132.630	104.820
Inventories	142.902	131.582
Property, plant and equipment and intangible assets	207.988	232.644
Other assets	42.002	27.230
Deferred income tax asset	4.662	7.161
Provision for impairment	(89.965)	(89.965)
Liabilities	**329.120**	**267.948**
Financial liabilities	123.235	119.475
Trade payables	109.944	54.340
Other liabilities	37.315	33.871
Provision for employment termination benefit	52.227	51.448
Deferred income tax liability	6.399	8.814
Net Assets	**174.775**	**158.123**
Minority Interests	**(126.078)**	**(111.623)**
Equity attributable to the parent	**48.697**	**46.500**

The summary income statement of discontinued operations as of 31 December 2010 and 2009 is as follows:

	31 December 2010	31 December 2009
Sales revenue (net)	790.746	1.050.688
Cost of sales	(687.420)	(939.989)
Gross profit	**103.326**	**110.699**
Operating expenses	(74.832)	(97.758)
Other operating income (net)	10.937	3.544
Operating profit	**39.431**	**16.485**
Financial expenses (net)	(17.819)	(28.094)
Income/ (loss) before taxation	**21.612**	**(11.609)**
Taxation	(1.939)	(4.686)
Discontinued operations net loss for the year	**19.673**	**(16.295)**

NOTE 22 – REVENUE AND COST OF SALES

	1 January- 31 December 2010	1 January- 31 December 2009
Domestic sales	7.097.079	5.870.649
Foreign sales	1.192.352	1.180.689
Less: Discounts	(292.753)	(226.384)
Revenue	**7.996.678**	**6.824.954**

	1 January- 31 December 2010	1 January- 31 December 2009
Cost of raw materials and merchandises	4.974.645	4.005.994
Change in finished goods, work in process inventory and trade goods	303.857	395.082
Depreciation and amortisation	176.250	160.289
Personnel expenses	256.868	219.304
Other	819.881	768.684
Cost of good sold	**6.531.501**	**5.549.353**

Revenue and costs form finance sector operations are disclosed in Note 4.

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NOTE 23-EXPENSES BY NATURE

Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2010 and 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	15.208	9.510
Depreciation and amortisation	1.157	955
Insurance expenses	226	50
Repair and maintenance expenses	160	369
Energy expenses	118	382
Other	5.039	1.496
Total	**21.908**	**12.762**

Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2010 and 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	146.442	102.969
Rent expenses	74.952	60.674
Advertisement expenses	67.479	47.856
Transportation, logistic and distribution expenses	57.726	41.778
Depreciation and amortisation	25.020	24.994
Consultancy expenses	14.728	8.565
Energy expenses	9.804	8.307
Outsourced services	5.896	3.549
Communication expenses	4.198	3.402
Insurance expenses	5.026	2.036
Other	73.541	108.199
Total	**484.812**	**412.329**

General and administrative expenses:

Allocation of general and administrative expenses on nature basis for the years ended 31 December 2010 and 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	1.277.268	1.199.135
Credit card and banking service expenses	406.690	353.714
Depreciation and amortisation	219.646	216.177
Repair and maintenance expenses	175.141	137.668
Consultancy expenses	136.162	175.450
Taxes and duties	116.052	65.643
Communication expenses	103.656	106.662
Insurance expenses	76.058	69.238
Rent expenses	65.475	59.137
Energy expenses	42.588	37.482
Outsourced services	29.859	40.040
Transportation, logistic and distribution expenses	4.400	10.499
Other	602.429	478.381
Total	**3.255.424**	**2.949.226**

NOTE 24-OTHER OPERATING INCOME/EXPENSES AND GAINS/LOSSES

The details of other operating income/expenses and gain/losses at 31 December 2010 and 2009 are as follows:

31 December 2010

TL 250.623 of other operating income is related to industrial banking division, and TL 75.667 of other operating income is related to insurance industrial segment.

Olmuksa, a joint venture of the Group, acquired 99,99 % shares of DS Smith Çopikas and its joint venture DS Smith Trakya at 1 October 2010. The effect of the gain on bargain purchase on consolidated financial statements is TL 10.694.

Group's tax compromise expenses are TL 17.768 for the year ended 31 December 2010.

Group has reviewed its tangible assets in 2010, and reversed TL 68.864 of profit margin elimination on fixed assets and recognized it under the other operating income.

31 December 2009

Other operating income related to banking industrial segment for the year ended 31 December 2009 is TL 175.522.

The Group's joint venture EED's gain on reversal of onerous contract provision is TL 29.500 as of 31 December 2009.

The Group sold its shares in Toyotasa to ALJ Lubnatsi Pazarlama ve Satış A.Ş. on 14 August 2009 and as a result of this transaction, gain amounting to TL 65.936 has been accounted for.

The Group has liquidated Sabancı Telekom and Sapeksa, its subsidiaries and has incurred a loss amounting to TL 23.241 as a result.

Carrefoursa, a joint venture of the Group, has a rent agreement for a hypermarket and shopping center that is operational as of 31 December 2009, and accounted for provision of TL 40.178 for the future liabilities associated with the economically disadvantaged terms of this agreement.

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The Group realised TL 89.965 expense based on the difference between the fair value and carrying amount of Advansa that is transferred to non current assets held for sale as of 31 December 2009.

Other income related to reversed provisions and recoveries of prior year's expenses for the year ended 31 December 2009 is TL 15.561.

The Grup's other expense related with loss on impairment of assets is TL 70.414 as of 31 December 2009.

NOTE 25-FINANCIAL INCOME/ EXPENSES

	1 January- 31 December 2010	1 January- 31 December 2009
Financial income		
Foreign exchange income	336.958	280.586
Interest income	93.988	146.371
Other	7.511	3.736
Total	**438.457**	**430.693**
Financial expense		
Foreign exchange losses	330.331	245.881
Interest expense	80.622	102.160
Other financial expenses	83.771	74.471
Total	**494.724**	**422.512**

Financial expenses relate to segments other than banking.

NOTE 26-TAX ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Corporate and income taxes payable	1.015.239	870.362
Less: prepaid taxes	(686.719)	(667.614)
Total taxes payable	**328.520**	**202.748**

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.

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate of the fiscal year 2010 is 20% (2009: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day 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.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five 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.

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

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Exemption for participation in subsidiaries

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Preferential right certificate sales and issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realised.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate can not benefit from this exemption.

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Exemption for investment allowance

According to the regulation, published in the 27659 numbered Official Gazette on August 1, 2010 based on Law No. 6009 through article 5, the phrase "only 2006, 2007 and 2008 regardin years" on temporary article 69 of Income Tax Law No.193 that was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on January 8, is rearranged. With regard to rearrangement, undeductible investment allowance due to unsufficient income and deferred investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the concerned period. In addition to this, 20% corporate tax rate will be applied on the income after the deduction of the allowance.

The current year tax charge for comprehensive income stated on the statement of consolidated comprehensive income for the years ended 31 December 2010 and 2009 are as follows:

	31 December 2010			31 December 2009		
	Before tax	Tax	After Tax	Before tax	Tax	After Tax
Net unrealized fair value from available for sale financial assets	1.556.747	312.396	1.244.351	1.365.234	273.047	1.092.187
Losses on available for sale financial assets transferred to the income statement	(392.134)	(78.427)	(313.707)	(233.376)	(46.675)	(186.701)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets	26.925	5.978	20.947	61.163	12.233	48.930
Cash flow hedges	52.690	10.538	42.152	(291.771)	(58.354)	(233.417)
Gain/ (loss) on net investment hedges	29.280	5.856	23.424	(3.116)	(623)	(2.493)
Currency translation differences	(7.044)	-	(7.044)	37.311	-	37.311
Other comprehensive income	**1.266.464**	**256.341**	**1.010.123**	**935.445**	**179.628**	**755.817**

The reconciliation of the current year tax charge for the years ended 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Profit before tax	4.306.410	3.650.017
Expected tax charge according to parent company's tax rate %20 (2009: %20)	(861.282)	(730.003)
Tax rate differences of subsidiaries	(13.320)	(10.302)
Expected tax charge of the Group	**(874.602)**	**(740.305)**
Revenue that is exempt from taxation	50.764	241.173
Expenses that are not deductible in determined in taxable profit	(58.712)	(146.604)
Timing differences not subject to tax	12.285	4.372
Investment allowance incentives	1.211	5.770
Tax penalty	(6.076)	-
Other	50.665	43.548
Current year tax charge of the Group	**(824.465)**	**(592.046)**
Corporate tax related to spinoff	**(14.884)**	**-**
Total tax expenses	**(839.349)**	**(592.046)**

The Group applied to the settlement of tax disputes commission for the tax and tax penalties charged as a result of tax investigation on Exsa and Aksigorta relating to the aforementioned spin off transaction.After the settlement, total amount to be paid has been agreed as TL 32.653. TL 17.768 of that amount has been recognised in "other expense" account and remaining TL 14.885 has been recognized in "current income tax expense" account.

Deferred income taxes

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

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Deferred income taxes are 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 20%. The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2010 and 2009 using the enacted tax rates, is as follows:

	31 December 2010		31 December 2009	
	Cumulative temporary differences	Deferred income tax assets / (liabilities)	Cumulative temporary differences	Deferred income tax assets / (liabilities)
Deferred income tax assets:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	(362.927)	72.591	(307.946)	61.597
- Inventories	(48.784)	10.115	(32.857)	6.789
Provision for loan losses	(527.120)	105.424	(532.577)	106.515
Provision for employment termination benefits	(122.270)	25.053	(109.460)	22.364
Expense accruals	(107.017)	21.403	(110.839)	22.168
Provision for law suits	(60.582)	12.116	(35.401)	7.080
Carry forward tax losses	(230.974)	50.070	(154.266)	33.317
Electricity distribution income ceiling provision	(14.350)	2.870	(41.863)	8.373
Onerous contracts	(2.750)	550	(19.500)	3.900
Repricing of fair value derivative instruments	(309.429)	61.886	(541.850)	108.370
Economically disadvantageous contracts	(38.970)	7.794	(40.718)	8.144
Investment incentives	(41.017)	12.825	-	-
Other temporary differences (*)	(361.588)	75.503	(532.824)	107.925
Deferred income tax assets		**458.200**		**496.542**
Deferred income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment and intangible assets	934.407	(198.614)	844.763	(180.650)
- Inventories	1.237	(247)	1.455	(291)
Reversal of country risk provision	67.647	(19.628)	123.500	(37.050)
Deferred financing charges	27.181	(5.436)	25.860	(5.172)
Repricing of fair value derivative instruments	69.187	(13.837)	-	-
IFRIC 12 "Service Concession Arrangements" correction	135.820	(27.164)	167.508	(33.502)
Customer relations and operating rights concession arrangements	601.925	(120.385)	625.358	(125.072)
Other temporary differences	99.009	(19.768)	36.490	(7.358)
Deferred income tax liabilities		**(405.079)**		**(389.095)**
Deferred tax asset/(liability), net		**53.121**		**107.447**

(*) Other temporary differences mostly include valuation difference on investment securities and other provisions.

Implications of net presentation form for the consolidated balance sheet of the Group are reflected, in consequence of joint ventures and subsidiaries as an independent tax payers, presented their deferred income tax assets and liabilities as a net, however temporary differences, deferred income tax assets and liabilities shown in the table above are prepared on the basis of the gross value of items.

Deferred Income Tax Assets	31 December 2010	31 December 2009
To be recovered after one year	313.593	307.140
To be recovered within one year	144.607	189.402
Total	**458.200**	**496.542**
Deferred Income Tax Liabilities		
To be recovered after one year	367.242	341.958
To be recovered within one year	37.837	47.137
Total	**405.079**	**389.095**

At 31 December 2010 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 172.769 which can be offset against future taxable profits for a period of five years (31 December 2009: TL 341.377). The amount of the carry forward tax losses and the last fiscal periods that they can be utilized as of 31 December 2010 and 2009 is presented below:

	31 December 2010	31 December 2009
2010	-	63.198
2011	-	62.099
2012	41.565	61.468
2013	62.923	84.785
2014	39.412	69.827
2015	28.869	-
Total	**172.769**	**341.377**

The movements in deferred income tax assets/liabilities for the years ended at 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	107.447	71.498
Charged to equity	(14.498)	17.532
Charged to statement of income	(60.090)	117.582
Currency translation differences	(647)	(2.589)
Transfer to non-current assets held for sale	-	1.584
Business combinations	1.861	(90.886)
Disposal of subsidiary	-	5
Deducted tax penalty	-	(4.044)
Other	19.048	(3.235)
31 December	**53.121**	**107.447**

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NOTE 27-DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2010

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	364.571	(358.698)
Forward currency purchases and sales	33.778	(17.247)
Currency and interest rate futures purchases and sales	42.595	(34.923)
Currency options purchases and sales	34.283	(34.042)
Total derivative instruments held for trading	**475.227**	**(444.910)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(362.327)
Total derivative instruments	**475.227**	**(807.237)**

31 December 2009

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	144.780	(298.348)
Forward currency purchases and sales	6.237	(8.524)
Currency and interest rate futures purchases and sales	44.328	(25.973)
Currency options purchases and sales	49.833	(49.630)
Total derivative instruments held for trading	**245.178**	**(382.475)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(418.105)
Total derivative instruments	**245.178**	**(800.580)**

Akbank and Enerjisa hedge cash flow risk arising from the financial through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under "Hedge Funds" within equity.

NOTE 28-RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	31 December 2010	31 December 2009
Consumer loans and credit cards receivables	19.799.369	15.053.193
Construction	4.847.738	4.384.517
Financial institutions	3.978.383	3.082.575
Small-scale enterprises	3.402.482	2.828.741
Health care and social services	3.015.014	1.536.345
Chemicals	2.431.462	2.010.424
Other manufacturing industries	2.057.515	1.595.281
Telecommunication	1.847.710	1.423.678
Food and beverage, wholesale and retail	1.832.725	1.314.585
Mining	1.643.592	1.184.800
Project finance loans	1.046.585	887.272
Textile	805.779	544.555
Tourism	754.250	614.085
Automotive	611.639	589.245
Electronics	200.587	436.409
Agriculture and forestry	195.222	189.678
Other	8.685.807	6.487.810
	57.155.859	44.163.193
Non-performing loans	1.279.634	1.784.679
Total loans and advances to customers	58.435.493	45.947.872
Allowance for loan losses	(1.797.660)	(2.301.308)
Net loans and advances to customers	56.637.833	43.646.564

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 3,83% p.a. (31 December 2009: 3,89% p.a.), 4,40% p.a. (31 December 2009: 4,31% p.a.) and 11,85% p.a. (31 December 2009: 14,61% p.a.), respectively.

The movement of loan loss provision of banking segment as of 31 December 2010 by class is as follows:

	Corporate	Commercial	Total
1 January	1.311.711	989.597	2.301.308
Gross provisions	155.700	329.636	485.336
Collections	(281.563)	(299.305)	(580.868)
Write-off	(216.450)	(191.608)	(408.058)
Currency translation differences	(58)	-	(58)
31 December	969.340	828.320	1.797.660

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The movement of loan loss provision of banking segment as of 31 December 2009 by class is as follows:

	Corporate	Commercial	Total
1 January	**1.028.664**	**572.374**	**1.601.038**
Gross provisions	676.218	757.492	1.433.710
Collections	(375.743)	(316.852)	(692.595)
Write-off	(17.429)	(23.417)	(40.846)
Currency translation differences	1	-	1
31 December	**1.311.711**	**989.597**	**2.301.308**

The maturity schedule of loans and advances to customers at 31 December 2010 and 2009 are summarised below:

	31 December 2010	31 December 2009
Up to 3 months	17.910.340	15.547.359
3 to 12 months	10.624.887	10.751.937
Current	**28.535.227**	**26.299.296**
1 to 5 years	21.838.128	14.222.950
Over 5 years	6.264.478	3.124.318
Non-current	**28.102.606**	**17.347.268**
Total	**56.637.833**	**43.646.564**

The repricing schedule of loans and advances to customers at 31 December 2010 and 2009 are summarised below:

	31 December 2010	31 December 2009
Up to 3 months	27.868.620	24.215.340
3 to 12 months	15.428.629	11.850.957
1 to 5 years	12.159.295	6.685.706
Over 5 years	1.181.289	894.561
Total	**56.637.833**	**43.646.564**

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 December 2010 and 2009 are summarised below:

Financial Lease Receivables		
	31 December 2010	31 December 2009
Gross investment in finance leases	1.171.561	1.204.593
Less unearned finance income	(153.949)	(197.960)
Total investment in finance leases	1.017.612	1.006.633
Less: provision for impairment	(34.641)	(42.833)
Net investment in finance leases	**982.971**	**963.800**

Lease receivables represent the principal lease balances for lease agreements. The maturity schedule as of 31 December 2010 and 2009 of lease receivables is summarised below:

	31 December 2010	31 December 2009
Up to 1 year	301.004	319.170
1 to 5 year	496.241	523.133
Over 5 years	185.726	121.497
Total	**982.971**	**963.800**

b) Insurance

	31 December 2010	31 December 2009
Receivables from insurance operations (net)	405.273	295.889

NOTE 29-PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	31 December 2010			31 December 2009		
	Demand	Time	Total	Demand	Time	Total
Savings deposits	3.827.712	36.955.560	40.783.272	3.185.461	35.404.228	38.589.689
Commercial deposits	4.187.215	16.527.067	20.714.282	3.970.256	12.754.480	16.724.736
Bank deposits	192.117	7.493.637	7.685.754	194.458	3.848.719	4.043.177
Funds provided from repo transactions	-	11.421.202	11.421.202	-	12.979.031	12.979.031
Other	493.359	992.260	1.485.619	375.322	957.181	1.332.503
Total	**8.700.403**	**73.389.726**	**82.090.129**	**7.725.497**	**65.943.639**	**73.669.136**

Effective interest rates of USD, EUR and TL denominated customer deposits are 1,76% p.a. (31 December 2009: 1,81% p.a.), 2,29 % p.a. (31 December 2009: 2,16% p.a.) and 7,03% p.a. (31 December 2009: 7,83% p.a.), respectively.

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As at 31 December 2010 and 2009, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2010	31 December 2009
Demand	8.700.403	7.725.497
Up to 3 months	69.691.748	62.090.566
Between 3 and 12 months	2.411.479	3.095.906
Between 1 and 5 years	1.104.302	618.488
Over 5 years	182.197	138.679
Total	**82.090.129**	**73.669.136**

b) Insurance

	31 December 2010	31 December 2009
Payables from insurance operations (net)	62.101	70.657
Insurance technical reserves	840.489	804.294
Total	**902.590**	**874.951**

NOTE 30-MUTUAL FUNDS

At 31 December 2010, the Group manages 33 (31 December 2009: 18) mutual funds ("Funds") and 18 (31 December 2009: 19) pension funds which were established under Capital Markets Board Regulations. At 31 December 2010, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of TL 6.667.917 (31 December 2009: TL 5.727.412). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates, provides other services and charges management fees ranging from 0,0000548%-0,001200%. At 31 December 2010, management fees and commissions earned by the Group amounted to TL 158.972 (31 December 2009: TL 173.121).

NOTE 31-EARNINGS PER SHARE

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

	31 December 2010	31 December 2009
Earnings per share in full TL -ordinary share ('000)	8,15	6,17
Weighted average number of shares with TL 0,01 face value each -ordinary shares	204.040.393.100	204.040.393.100

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 issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for 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.

There were no differences between the basic and diluted earnings per share for any class of shares for any of these periods.

NOTE 32-RELATED PARTY DISCLOSURES

Due from related parties included in trade receivables are as follows:

Due from related parties:

	31 December 2010	31 December 2009
Brisa	3.778	3.694
Carrefoursa	1.343	1.645
Enerjisa	627	6.140
Diasa	499	290
Akçansa	399	581
Olmuksa	86	287
EED	32	460
Avivasa	18	476
Other	1.164	4.188
Total	**7.946**	**17.761**

Due to related parties included in trade payables are as follows:

Due to related parties:

	31 December 2010	31 December 2009
ETS	3.046	401
Enerjisa	1.789	1.531
Brisa	793	667
Olmuksa	74	70
Other	630	1.038
Total	**6.332**	**3.707**

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Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors belonging to A group and over. Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the years ended 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Short term benefits	16.377	16.774
Benefits resulted from discharge	2.346	353
Other long term benefits	219	234
Total	**18.942**	**17.361**

NOTE 33-FINANCIAL RISK MANAGEMENT

33.1 Financial Instruments and Financial risk management

33.1.1 Financial risk management

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

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

33.1.1.1 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 and limited by analysing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank 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.

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 31 December 2010 and 2009 terms of TL are as follows:

	31 December 2010	31 December 2009
Assets	41.062.643	38.195.918
Liabilities	(45.150.673)	(38.901.929)
Net foreign currency balance sheet position	**(4.088.030)**	**(706.011)**
Net foreign currency position of off-balance sheet derivative financial instruments	4.265.131	438.477
Net foreign currency balance sheet and off-balance sheet position	**177.101**	**(267.534)**

31 December 2010

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	3.111.696	1.392.480	1.592.477	18.883	107.856
Financial assets	6.505.512	3.797.183	2.707.468	-	861
Receivables from financial operations	27.249.869	19.078.713	8.056.645	41.402	73.109
Reserve deposits at Central Bank	3.499.797	1.475.533	2.024.264	-	-
Trade receivables	481.354	153.839	264.375	7.619	55.521
Other current assets	214.415	42.825	95.493	1.215	74.882
Total Assets	**41.062.643**	**25.940.573**	**14.740.722**	**69.119**	**312.229**
Liabilities:					
Funds borrowed and debt securities in issue	13.907.185	8.802.457	5.032.103	9.537	63.088
Customer deposits	30.493.615	17.061.068	12.089.122	831.701	511.724
Trade payables	352.786	126.281	125.393	699	100.413
Other payables and provisions	397.087	203.429	148.483	2.048	43.127
Total Liabilities	**45.150.673**	**26.193.235**	**17.395.101**	**843.985**	**718.352**
Net foreign currency position of off-balance sheet derivative financial instruments	**4.265.131**	**452.963**	**2.625.873**	**787.355**	**398.940**
Net foreign currency position	**177.101**	**200.301**	**(28.506)**	**12.489**	**(7.183)**
Net foreign currency monetary position	**177.101**	**200.301**	**(28.506)**	**12.489**	**(7.183)**

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31 December 2009

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	5.032.658	3.330.513	1.554.336	95.623	52.186
Financial assets	9.090.799	6.022.361	3.068.438	-	-
Receivables from financial operations	22.074.268	14.558.560	7.342.218	14.646	158.844
Reserve deposits at Central Bank	1.348.499	423.820	924.679	-	-
Trade receivables	547.185	139.387	355.586	11.302	40.910
Other current assets	102.509	19.765	43.683	3.023	36.038
Total Assets	**38.195.918**	**24.494.406**	**13.288.940**	**124.594**	**287.978**
Liabilities:					
Funds borrowed and debt securities in issue	10.275.704	6.528.550	3.571.467	9.573	166.114
Customer deposits	27.580.742	14.641.328	11.919.870	786.360	233.184
Trade payables	287.129	69.539	109.842	203	107.545
Other payables and provisions	758.354	617.697	105.501	1.756	33.400
Total Liabilities	**38.901.929**	**21.857.114**	**15.706.680**	**797.892**	**540.243**
Net foreign currency position of off-balance sheet derivative financial instruments	**438.477**	**(2.883.008)**	**2.428.538**	**707.295**	**185.652**
Net foreign currency position	**(267.534)**	**(245.716)**	**10.798**	**33.997**	**(66.613)**
Net foreign currency monetary position	**(267.534)**	**(245.716)**	**10.798**	**33.997**	**(66.613)**

	31 December 2010	31 December 2009
Total export	1.357.641	1.320.287
Total import	1.672.969	1.136.683

Ratio of the total hedging of foreign currency exposure

	31 December 2010	31 December 2009
USD	%99	%112
EUR	%85	%85
GBP	%8	%16

Change of foreign currency has no material effect on financial statements because foreign exchange risk of the Bank is not material.

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2010 and 2009 is summarized as follows: (please refer to 32.1.1.5 for the foreign exchange risk of the Banking industrial segment)

31 December 2010	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	13.412	(13.412)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**13.412**	**(13.412)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(29.305)	29.305	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(29.305)**	**29.305**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	1.134	(1.134)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**1.134**	**(1.134)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(1.382)	1.382	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(1.382)**	**1.382**	**-**	**-**
	(16.141)	**16.141**		

31 December 2009	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TLby 10%				
USD net assets/liabilities	(16.023)	16.023	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(16.023)**	**16.023**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(19.951)	19.951	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(19.951)**	**19.951**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	2.728	(2.728)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**2.728**	**(2.728)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(12.943)	12.943	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(12.943)**	**12.943**	**-**	**-**
	(46.189)	**46.189**	**-**	**-**

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33.1.1.2 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.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2010 and 2009, the Group's borrowings at variable rate are denominated in TL, USD, EUR and GBP.

The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2010 and 2009 is summarized below as follows: (Please refer to Note 33.1.1.5 for banking industrial segment)

	31 December 2010	31 December 2009
Fixed interest rate financial instruments		
Financial assets	705.763	754.885
Financial assets at fair value through profit or loss	258.672	78.165
Financial assets available-for-sale	220.155	363.802
Time deposits	226.936	312.918
Financial liabilities	1.091.538	485.020
Floating interest rate financial instruments		
Financial assets	17.741	50.781
Financial liabilities	341.009	413.622
Other Liabilities	-	476.058

Group composed various scenarios for borrowings issued at variable rates taking into account hedging position, alternative funding and renew state of positions. According to these scenarios: (Please refer to Note 33.1.1.5 for banking industrial segment.)

At 31 December 2010, if the annual interest rate on TL denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 1.541 (31 December 2009: TL 781) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2010, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 1.493 (31 December 2009: TL 2.807) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2010, if the annual interest rate on EUR denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL 554 (31 December 2009: TL 713) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

33.1.1.3 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 to maintaining flexibility in funding by keeping committed credit lines available.

i) Banking industrial segment

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

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 Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

As of 31 December 2010 and 2009 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

			31 December 2010				
Liabilities	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	82.090.129	82.917.227	64.016.388	14.875.740	2.607.625	1.200.914	216.560
Funds borrowed and debt securities in issue	14.019.425	14.999.875	930.474	2.517.364	4.731.332	5.900.903	919.802
Interbank money market deposits, funds borrowed and debt securities in issue	400.005	400.005	400.005	-	-	-	-
	96.509.559	**98.317.107**	**65.346.867**	**17.393.104**	**7.338.957**	**7.101.817**	**1.136.362**

			31 December 2009				
Liabilities	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	73.669.136	74.043.028	57.876.363	12.020.794	3.174.095	807.611	164.165
Funds borrowed and debt securities in issue	9.209.340	9.644.796	739.203	860.625	3.921.254	2.770.323	1.353.391
Interbank money market deposits, funds borrowed and debt securities in issue	483.572	483.572	483.572	-	-	-	-
	83.362.048	**84.171.396**	**59.099.138**	**12.881.419**	**7.095.349**	**3.577.934**	**1.517.556**

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ii) Other industrial segment

The table below depicts the cash outflows the Group companies other than that of the banking segment will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

As of 31 December 2010 and 2009 the contractual cash flows of the non-derivative financial liabilities of the Group companies other than that of the banking segment are as follows:

2010 (1)(2)	Book value	Contractual cash flows	Up to 3 months	3- 12 months	1- 5 years	Over 5 years
Financial liabilities	1.423.284	1.476.504	174.769	258.552	703.536	339.647
Financial lease obligations	9.263	9.843	121	2.404	3.190	4.128
Trade payables	1.198.037	1.198.735	1.039.141	159.594	-	-
Payables from insurance operations	62.101	62.101	29.713	32.388	-	-
Other payables	327.730	328.068	238.777	11.549	22.028	55.714
	3.020.415	3.075.251	1.482.521	464.487	728.754	399.489

2009 (1)(2)	Book value	Contractual cash flows	Up to 3 months	3- 12 months	1- 5 years	Over 5 years
Financial liabilities	888.348	903.527	142.231	251.709	301.538	208.049
Financial lease obligations	10.294	10.774	3.750	2.622	4.402	-
Trade payables	998.738	1.006.029	900.068	98.856	4.735	2.370
Payables from insurance operations	70.657	70.657	23.409	47.248	-	-
Other payables	740.567	751.727	351.293	49.746	306.980	43.708
	2.708.604	2.742.714	1.420.751	450.181	617.655	254.127

(1) Maturity analysis is performed for only financial assets. Legal obligations are not considered in the analysis.

(2) The aforementioned cash flows are contractual and non-discounted amounts. Since, discounted amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the book value.

33.1.1.4 Credit Risk

i) Banking industrial segment

Credit risk of the banking industrial segment is the risk that the counterparties of Akbank may be unable to meet the terms of their agreements. Akbank monitors this risk by reference to credit risk ratings and by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements.

When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

Non-cash loans transformed into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

Akbank considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

Akbank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies. When considered within the financial activities of other financial institutions, Akbank as an active participant in the national and international banking market is not exposed to a significant credit risk.

Akbank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).

The default probabilities of counterparties are calculated by using scoring tools tailored to various categories of counterparty and are derived credit rating for corporate and commercial, SME, consumer and credit card loan portfolios.

Scoring systems calculate the risk of default for different types of customers and form different rating systems. The rating tool concentration by risk classes are as follows:

	31 December 2010	31 December 2009
Above average	36,81%	30,62%
Average	45,01%	45,76%
Below average	11,98%	18,98%
Unrated	6,20%	4,64%

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The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2010 is summarized below as follows:

31 December 2010	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	36.772.839	19.072.698	967.617	56.813.154
Close monitoring loans	468.691	841.631	14.352	1.324.674
Loans under follow up	630.002	649.632	34.855	1.314.489
Total	**37.871.532**	**20.563.961**	**1.016.824**	**59.452.317**
Provisions	(969.340)	(828.320)	(34.641)	(1.832.301)
	36.902.192	**19.735.641**	**982.183**	**57.620.016**

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2009 is summarized below as follows:

31 December 2009	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	27.995.289	13.481.189	952.670	42.429.148
Close monitoring loans	1.090.655	1.596.060	13.251	2.699.966
Loans under follow up	979.834	804.845	39.613	1.824.292
Total	**30.065.778**	**15.882.094**	**1.005.534**	**46.953.406**
Provisions	(1.311.711)	(989.597)	(42.832)	(2.344.140)
	28.754.067	**14.892.497**	**962.702**	**44.609.266**

The aging analysis of the loans under close monitoring for the year ended 31 December 2010 are as follows:

31 December 2010	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	304.559	416.599	782	721.940
Past due 1-2 months	91.545	327.097	1.786	420.428
Past due 2-3 months	72.587	97.935	3.575	174.097
Leasing payment receivables (uninvoiced)	-	-	8.209	8.209
	468.691	**841.631**	**14.352**	**1.324.674**

The aging analysis of the loans under close monitoring for the year ended 31 December 2009 are as follows:

31 December 2009	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Past due up to 1 month	799.194	1.118.140	3.811	1.921.145
Past due 1-2 months	162.758	361.324	3.207	527.289
Past due 2-3 months	128.703	116.596	2.837	248.136
Leasing payment receivables (uninvoiced)	-	-	3.396	3.396
	1.090.655	**1.596.060**	**13.251**	**2.699.966**

Maximum exposure to credit risk of banking industrial segment:

	31 December 2010	31 December 2009
Loans and advances to banks	2.424.347	3.753.255
Loans and advances	56.637.833	43.646.564
Consumer loans and advances	*19.735.641*	*14.892.497*
Corporate loans and advances	*36.902.192*	*28.754.067*
Financial lease receivables	982.183	962.702
Trading financial assets	567.942	159.786
Derivative financial instruments	471.041	245.120
Available for sale and held to maturity financial assets	48.619.738	39.272.423
Other assets	486.631	375.598
Total	**110.189.715**	**88.415.448**

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The Moody's rating analysis of trading securities, available for sale financial assets and held to maturity financial assets of the banking industrial segment for the years ended for 31 December 2010 and 2009 are as follows:

31 December 2010	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	151.538	-	151.538
A1, A2, A3	-	410.138	-	410.138
Baa1, Baa2, Baa3	-	197.292	-	197.292
Ba3 (*)	567.942	41.978.379	5.814.015	48.360.336
C	-	-	-	-
Total	**567.942**	**42.737.347**	**5.814.015**	**49.119.304**

31 December 2009	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	216.833	-	216.833
A1, A2, A3	-	296.376	-	296.376
Baa1, Baa2, Baa3	-	94.898	-	94.898
Ba3 (*)	158.049	28.171.891	10.413.428	38.743.368
C	-	-	-	-
Total	**158.049**	**28.779.998**	**10.413.428**	**39.351.475**

(*) Government bond and treasury bills of Turkish Treasury.

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2010 and 2009 are summarized as follows:

31 December 2010	Turkey	USA	EU Contries	Non EU Contries	Total
Loans and advances to banks	481.956	598.929	1.301.491	41.971	2.424.347
Loans and advances	55.194.350	-	1.104.180	339.303	56.637.833
Consumer loans and advances	*19.735.641*	*-*	*-*	*-*	*19.735.641*
Corporate loans and advances	*35.458.709*	*-*	*1.104.180*	*339.303*	*36.902.192*
Financial lease receivables	982.183	-	-	-	982.183
Trading financial assets	567.942	-	-	-	567.942
Derivative financial instruments	168.542	1.800	285.263	15.436	471.041
Available for sale and held to maturity financial assets	47.801.317	-	818.421	-	48.619.738
Other assets	458.571	-	28.060	-	486.631
Total	**105.654.861**	**600.729**	**3.537.415**	**396.710**	**110.189.715**

31 December 2009	Turkey	USA	EU Contries	Non EU Contries	Total
Loans and advances to banks	445.132	662.553	2.633.989	11.581	3.753.255
Loans and advances	42.624.271	3.471	684.366	334.456	43.646.564
Consumer loans and advances	*14.892.497*	*-*	*-*	*-*	*14.892.497*
Corporate loans and advances	*27.731.774*	*3.471*	*684.366*	*334.456*	*28.754.067*
Financial lease receivables	962.702	-	-	-	962.702
Trading financial assets	159.786	-	-	-	159.786
Derivative financial instruments	122.709	105	122.304	2	245.120
Available for sale and held to maturity financial assets	38.562.328	151	709.944	-	39.272.423
Other assets	333.322	-	42.276	-	375.598
Total	**83.210.250**	**666.280**	**4.192.879**	**346.039**	**88.415.448**

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The industrial distribution of the financial assets of banking sector for the years ended 31 December 2010 and 2009 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	2.424.347	-	-	-	-	-	2.424.347
Loan and advances	3.283.948	1.259.067	6.521.943	10.428.917	15.408.317	19.735.641	56.637.833
Consumer loans	-	-	-	-	-	*19.735.641*	*19.735.641*
Corporate loans	*3.283.948*	*1.259.067*	*6.521.943*	*10.428.917*	*15.408.317*	-	*36.902.192*
Financial lease receivables	982.183	-	-	-	-	-	982.183
Trading financial assets	-	567.942	-	-	-	-	567.942
Derivative financial instruments	471.041	-	-	-	-	-	471.041
Available for sale and assets held for sale financial assets	352.206	47.746.895	-	-	520.637	-	48.619.738
Other assets	486.631	-	-	-	-	-	486.631
2010	**8.000.356**	**49.573.904**	**6.521.943**	**10.428.917**	**15.928.954**	**19.735.641**	**110.189.715**
2009	**8.842.253**	**40.336.986**	**4.549.421**	**7.712.659**	**11.993.891**	**14.980.238**	**88.415.448**

i) Other industrial segment

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The credit risks of the financial instruments of Group companies other than that of the banking segment for the years ended 31 December 2010 and 2009 is summarized below as follows:

31 December 2010	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.127.654**	**405.273**	**253.384**	**392.604**	**4.186**
Collateralized or secured with guarantees part of maximum credit risk	443.878	-	1.302	-	-
A. Neither past due nor impaired	980.897	366.847	253.384	392.604	4.186
B. Restructured otherwise accepted as past due and impaired	7.220	-	-	-	-
C. Past due but not impaired net book value	139.082	32.712	-	-	-
Guaranteed amount by commitment	36.183	18.904	-	-	-
D. Impaired assets net book value	455	5.714	-	-	-
- Past due (Gross amount)	96.648	44.060	3.279	-	-
- Impairment	(96.193)	(38.346)	(3.279)	-	-
- Collateralized or guaranteed part of net value	1.993	7.386	-	-	-

(*) Tax and other legal receivables are not included

i) Other industrial segment

31 December 2009	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	**1.101.166**	**295.889**	**232.211**	**438.130**	**58**
Collateralized or secured with guarantees part of maximum credit risk	405.943	-	276	-	-
A. Neither past due nor impaired	950.072	254.466	232.022	438.130	58
B. Restructured otherwise accepted as past due and impaired	12.046	-	-	-	-
C. Past due but not impaired net book value	138.348	35.560	189	-	-
Guaranteed amount by commitment	28.614	-	-	-	-
D. Impaired assets net book value	700	5.863	-	-	-
- Past due (Gross amount)	79.026	41.294	2.599	-	-
- Impairment	(78.326)	(35.431)	(2.599)	-	-
- Collateralized or guaranteed part of net value	1.109	-	-	-	-

(*) Tax and other legal receivables are not included.

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33.1.1.5 Value at Risk

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of Akbank, include interest rate stress testing. The results of the stress tests are reviewed by the Assets and Liabilities Committee. As at 31 December 2010 and 2009, assuming that all other variables are constant, and TL and foreign currency interest rates vary in an interval of +1% and -1%, the profit before tax and other reserves excluding tax effect of the Group would change as the following:

	Impact on income		Impact on other reserves	
Change in interest rates	2010	2009	2010	2009
(+) %1	(112.228)	(66.313)	(605.690)	(263.333)
(-) %1	108.512	66.598	701.592	275.457

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as "Inherent method" and "Standard method".

According to the "inherent method", the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization bounders and control efficiency is increased.

Reinforced with scenario analyses and stress testing, VaR analyses also take into consideration the impact of events and market fluctuations that are unexpected and highly improbable but engender great consequences. The outputs of the model are regularly checked by back-tests.

According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

The table below represents average market risk table of Akbank at 31 December 2010 and 2009 calculated in accordance with the "Standard Method for Market Risk Calculations" as set out in Section 3 of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio", published in the Official Gazette No.26333 dated 1 November 2006, "Calculation of Market Risk with the Standard Method" (*):

	31 December 2010			31 December 2009		
	Average	High	Low	Average	High	Low
Interest rate risk	370.197	420.064	355.151	176.346	267.905	118.162
Capital risk	12.679	13.364	2.425	1.139	1.828	629
Currency risk	10.539	6.589	8.906	22.383	15.784	29.101
Commodity risk	981	1.086	877	-	-	-
Total (**)	**394.396**	**441.103**	**367.359**	**199.868**	**285.517**	**147.892**

(*) The table above has been prepared using Akbank's consolidated financial statements prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, related to the 5411 numbered Banking Law which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency.
(**) Total balance represents the total capital requirement for market risk.

33.1.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as the total liability less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

The net liability/invested capital ratios at 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Total liability	104.230.204	90.226.612
Cash and cash equivalents	(4.962.185)	(12.869.232)
Net liability	99.268.019	77.397.380
Equity	24.646.152	20.688.577
Invested capital	123.914.171	98.085.957
Net liability/invested capital ratio	%80	%79

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NOTE 34-FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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.

For all other segments other than those of the banking segment 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 the market prices at balance sheet dates.

The trade receivables along with the related allowances for uncollectibility are carried at amortised cost using the effective yield method, and hence are considered to approximate their fair values.

Financial liabilities

The fair value of 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 year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are stated at their fair values and accordingly their carrying amounts approximate 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.

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value is as stated below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

i) Banking industrial segment

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2010 and 2009 are as follows;

	31 December 2010			
	Level 1	Level 2	Level 3	Total
Held for trading securities	592.674	-	-	592.674
- Government bonds	465.691	-	-	465.691
- Eurobonds	97.705	-	-	97.705
- Government bonds denominated	-	-	-	-
in foreign currency	4.130	-	-	4.130
- Treasury bills	416	-	-	416
- Share certificates	24.732	-	-	24.732
Derivative financial instruments	42.595	428.446	-	471.041
Available for sale securities	42.786.659	44.639	-	42.831.298
- Government bonds	37.759.252	-	-	37.759.252
- Eurobonds	3.659.674	139	-	3.659.813
- Treasury bills	46.986	-	-	46.986
- Government bonds denominated in foreign currency	512.329	-	-	512.329
- Mutual funds	68.376	-	-	68.376
- Equity securities	25.574	-	-	25.574
- Other	714.468	44.500	-	758.968
Total Assets	**43.421.928**	**473.085**	**-**	**43.895.013**
Trading derivative financial instruments	34.923	405.651	-	440.574
Hedging derivative financial instruments	-	309.429	-	309.429
Total liabilities	**34.923**	**715.080**	**-**	**750.003**

Share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

There are no transfers between the first and the second levels in the current year.

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	31 December 2009			
	Level 1	Level 2	Level 3	Total
Held for trading securities	145.669	6.359	-	152.028
- Government Bonds	76.094	-	-	76.094
-Eurobonds	66.877	-	-	66.877
- Governments bonds denominated in foreign currency	-	6.359	-	6.359
-Treasury bills	961	-	-	961
-Share certificates	387	-	-	387
-Other	1.350	-	-	1.350
Derivative financial instruments	44.328	200.792	-	245.120
Available-for-sale securities	28.836.830	19.505	-	28.856.335
-Government Bonds	25.917.103	-	-	25.917.103
-Eurobonds	2.186.076	-	-	2.186.076
-Treasury bills	110.125	-	-	110.125
- Governments bonds denominated in foreign currency	-	19.505	-	19.505
-Mutual funds	50.149	-	-	50.149
-Equity securities	21.681	-	-	21.681
-Other	551.696	-	-	551.696
Total Assets	**29.026.827**	**226.656**	**-**	**29.253.483**
Trading derivative financial instruments	25.973	355.309	-	381.282
Hedging derivative financial instruments	-	390.461	-	390.461
Total Liabilities	**25.973**	**745.770**	**-**	**771.743**

Share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

There were no transfers between the first and the second levels in the current and prior year.

ii) Other industrial segment

	31 December 2010			
	Level 1	Level 2	Level 3	Total
Held for trading securities	258.672	-	-	258.672
Available for sale securities	215.153	-	-	215.153
Derivatives held for trading	-	4.186	-	4.186
Total Assets	**473.825**	**4.186**	**-**	**478.011**
Derivatives held for trading	-	4.335	-	4.335
Hedged derivative instruments	-	52.899	-	52.899
Total Liabilities	**-**	**57.234**	**-**	**57.234**

	31 December 2009			
	Level 1	Level 2	Level 3	Total
Held for trading securities	88.034	-	-	88.034
Available for sale securities	287.174	3.647	-	290.821
Derivatives held for trading	-	58	-	58
Total Assets	**375.208**	**3.705**	**-**	**378.913**
Derivatives held for trading	-	1.192	-	1.192
Hedged derivative instruments	-	27.644	-	27.644
Total Liabilities	**-**	**28.836**	**-**	**28.836**

Share certificates classified as available for sale are carried at cost less impairment since they are not traded in active markets and their fair values can not be measured reliably.

There were no transfers between the first and the second levels in the current and prior year.

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

Classification of financial instruments and fair value

31 December 2010	Note	Financial assets at amortized cost	Loans and receivables including (cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value
Financial Assets							
Cash and cash equivalents	5	-	4.962.185	-	-	4.962.185	4.962.185
Trade receivables	8	-	1.127.654	-	-	1.127.654	1.127.654
Other financial assets (*)	6, 9	6.757.458	-	43.102.217	-	49.859.675	50.275.352
Receivables from finance sector operations	28	-	58.026.077	-	-	58.026.077	59.891.794
Financial Liabilities		-	-	-	-	-	-
Financial payables	7	-	-	-	15.852.287	15.852.287	15.852.287
Trade payables	8	-	-	-	1.198.037	1.198.037	1.198.037
Other financial liabilities (**)	9	-	-	-	3.136.621	3.136.621	3.136.621
Payables to finance sector operations (***)	29	-	-	-	82.152.230	82.152.230	82.146.464

(*)Other financial assets consist of other receivables, available for sale and held for trading securities.
(**) Other financial liabilities consist of other payables.
(***) Technical Insurance Reserves are not included.

31 December 2009	Note	Financial assets at amortized cost	Loans and receivables including (cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value
Financial Assets							
Cash and cash equivalents	5	-	12.869.232	-	-	12.869.232	12.869.232
Trade receivables	8	-	1.101.166	-	-	1.101.166	1.101.166
Other financial assets (*)	6, 9	11.298.070	-	29.202.912	-	40.500.982	41.139.759
Receivables from finance sector operations	28	-	44.906.253	-	-	44.906.253	46.035.463
Financial Liabilities							
Financial payables	7	-	-	-	10.581.260	10.581.260	10.581.260
Trade payables	8	-	-	-	998.738	998.738	998.738
Other financial liabilities (**)	9	-	-	-	3.128.948	3.128.948	3.128.948
Payables to finance sector operations (***)	29	-	-	-	73.739.794	73.739.794	73.649.883

(*)Other financial assets consist of other receivables, available for sale and held for trading securities.
(**) Other financial liabilities consist of other payables.
(***) Technical Insurance Reserves are not included.

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NOTE 35-EVENTS AFTER THE BALANCE SHEET DATE

The share transfer agreement, with Ageas Insurance International N.V. related to the sale of the 50% of the 18.965.880.200 shares of Aksigorta A.Ş held by the Group portfolio having a nominal value of TL 189.658, was signed on 18 February 2011. 9.482.940.100 Aksigorta A.Ş. shares, which consists of 50% of the shares held by the Group, will be sold to Ageas Insurance International N.V for a consideration of USD 220.029, excluding the future adjustments. Pursuant to the joint venture agreement dated 18 February 2011, Aksigorta A.Ş., which was previously managed by Group, will be jointly managed by the Group and Ageas Insurance International N.V.

On 1 March 2011, Enerjisa Enerji Üretim A.Ş., a joint venture of the Group, started its energy/ electric power plants operations in Kahramanmaraş and Çanakkale.

On 3 March 2011 Enerjisa Enerji Üretim A.Ş., a joint venture of the Group, purchased 99.99% shares of the IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş..

On 14 January 2011, Akbank, a subsdiary of the Group, has applied to Capital Market Board of Turkey to issue Eurobond in international markets amounting up to USD 1.500.000. The application has been approved by the Capital Market Board of Turkey and published in the weekly bulletin numbered 2011/7. In this context, the book building process related to issuance has been finalized, the 7 year maturity bonds, which have nominal amount of USD 500.000 and redemption date of 9 March 2018, has been valued according to 6,562% interest rate and coupon rate has been materialized as 6,5%. The standby agreement related to issuance has been signed at 7 March 2011.

As of 31 January 2011, Akbank, a subsdiary of the Group, has issued a 178 day maturity bond amounting to TL 500.000 at an interest rate of 7,56%.

Akbank, a subsidiary of the Group, has issued one year maturity syndicated loan with an amount of USD 1.300.000, composed of two different tranches: USD 405.708 and EUR 652.216, from international markets. Loan contract has been signed on 23 March 2011. The total interest cost of the loan, which will be used for financing the foreign trade, is LIBOR +1,1% and EURIBOR + 1,1%, respectively.

Hacı Ömer Sabancı Holding A.Ş.
Sabancı Center, 4. Levent 34330 Istanbul-Turkey
Tel : (+90 212) 385 80 80
Fax : (+90 212) 385 88 88
E-mail : info@sabanci.com
www.sabanci.com

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