HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2012

(ORIGINALLY ISSUED IN TURKISH)

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2012

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2012 AND 31 DECEMBER 2011

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

	Note References	30 September 2012	Audited 31 December 2011
ASSETS			
Current Assets		**82.424.311**	**67.657.179**
Cash and Cash Equivalents		5.997.957	6.643.010
Financial Assets			
- Held for Trading	5.a	29.474	171.207
- Available for Sale	5.b	3.857.563	1.606.192
- Held to Maturity	5.c	1.840.153	1.216
- Time Deposits	5.d	109.097	169.989
Derivative Financial Instruments	19	548.188	833.952
Reserve Deposits with the Central Bank of the Republic of Turkey		12.148.872	12.835.843
Trade Receivables		1.580.932	1.524.438
Receivables from Finance Sector Operations	20	52.719.360	40.590.585
Inventories		1.873.253	1.640.132
Other Receivables	7	768.066	795.601
Other Current Assets	14	812.672	844.548
		82.285.587	**67.656.713**
Non-current Assets Held for Sale	16	138.724	466
Non-current Assets		**86.145.679**	**83.457.025**
Trade Receivables		28.846	42.119
Receivables from Finance Sector Operations	20	36.234.362	33.567.203
Financial Assets			
- Available for Sale	5.b	38.043.975	35.955.194
- Held to Maturity	5.c	1.751.189	4.653.919
- Time Deposits	5.d	1.638	1.507
Investments Accounted Through Under Equity Method	8	279.131	295.817
Investment Property		157.130	158.614
Property, Plant and Equipment	9	6.528.513	5.872.088
Intangible Assets	10	1.256.991	1.271.752
Goodwill	11	736.249	725.290
Deferred Tax Assets	18	681.062	586.634
Other Receivables	7	266.563	213.552
Other Non-Current Assets	14	180.030	113.336
Total Assets		**168.569.990**	**151.114.204**

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 15 November 2012 and signed on its behalf by Zafer Kurtul, Member of Board of Directors and CEO and Barış Oran, Head of Finance.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2012 AND 31 DECEMBER 2011

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

	Note References	**30 September 2012**	**Audited 31 December 2011**
LIABILITIES			
Short Term Liabilities		**124.362.387**	**113.432.029**
Financial Liabilities	6	13.094.124	12.684.385
Current Portion of Long-term Financial Liabilities	6	1.678.449	3.854.576
Trade Payables		1.661.425	1.799.029
Payables from Finance Sector Operations	21	102.603.423	90.625.096
Derivative Financial Instruments	19	687.861	683.187
Income Taxes Payable	18	431.302	137.152
Other Short Term Liabilities and Provisions	14	1.000.157	980.540
Other Payables	7	3.162.814	2.668.064
		124.319.555	**113.432.029**
Liabilities Relating to Non-current Assets Held for Sale	16	42.832	-
Long Term Liabilities		**15.690.732**	**12.209.033**
Financial Liabilities	6	9.027.666	9.291.921
Trade Payables		3.199	2.235
Payables from Finance Sector Operations	21	5.225.906	1.775.623
Derivative Financial Instruments	19	614.816	321.827
Provision for Employee Termination Benefits		148.033	138.869
Deferred Tax Liabilities	18	505.654	451.789
Other Long Term Liabilities and Provisions	14	58.181	132.669
Other Payables	7	107.277	94.100
EQUITY		**28.516.871**	**25.473.142**
Equity Attributable To the Parent	**15**	**15.347.926**	**13.899.520**
Share Capital	15	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Treasury Shares (-)	15	(52.227)	(52.227)
Share Premium	15	21.670	21.670
Revaluation Funds	15	404.549	(59.845)
Hedge Funds	15	(180.222)	(217.757)
Restricted Reserves	15	654.185	580.224
Translation Reserve	15	141.597	194.073
Net Income for the Period		1.198.447	1.877.987
Retained Earnings		7.692.762	6.088.230
Non-controlling Interests		**13.168.945**	**11.573.622**
TOTAL EQUITY AND LIABILITIES		**168.569.990**	**151.114.204**

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE NINE AND THREE MONTH PERIODS ENDED 30 SEPTEMBER 2012 AND 2011

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

	Note References	1 January - 30 September 2012	1 July - 30 September 2012	Restated 1 January - 30 September 2011	Restated 1 July - 30 September 2011
CONTINUING OPERATIONS					
Sales (net)	4	8.559.931	2.921.230	7.731.097	2.732.766
Interest, Premium, Commission and Other Income	4	10.517.550	3.701.686	8.577.345	2.942.600
Total		**19.077.481**	**6.622.916**	**16.308.442**	**5.675.366**
Cost of Sales (-)		(7.131.205)	(2.442.370)	(6.239.040)	(2.201.803)
Interest, Premium, Commission and Other Expense (-)		(5.937.315)	(1.884.176)	(4.354.837)	(1.641.313)
Total		**(13.068.520)**	**(4.326.546)**	**(10.593.877)**	**(3.843.116)**
Gross Profit from Non-financial Operations		1.428.726	478.860	1.492.057	530.963
Gross Profit from Financial Operations		4.580.235	1.817.510	4.222.508	1.301.287
GROSS PROFIT		**6.008.961**	**2.296.370**	**5.714.565**	**1.832.250**
Marketing, Selling and Distribution Expenses (-)		(454.836)	(151.274)	(402.202)	(140.320)
General and Administrative Expenses (-)		(2.838.618)	(985.032)	(2.458.389)	(806.551)
Research and Development Expenses (-)		(11.837)	(3.859)	(8.756)	(3.352)
Other Operating Income		393.511	93.198	817.247	195.818
Other Operating Expenses (-)		(104.410)	(18.846)	(157.572)	(37.066)
OPERATING PROFIT		**2.992.771**	**1.230.557**	**3.504.893**	**1.040.779**
Shares of Income of Investments Accounted Through Equity Method	8	147.496	57.916	121.434	48.097
Financial Income	17	240.411	37.752	435.690	193.611
Financial Expenses (-)	17	(358.669)	(95.665)	(660.432)	(287.026)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**3.022.009**	**1.230.560**	**3.401.585**	**995.461**
Tax income / (expense) from continuing operations					
Current Income Tax Expense	18	(749.784)	(297.770)	(611.941)	(147.832)
Deferred Income Tax Benefit/ (Charge)	18	149.453	53.833	36.416	(22.230)
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		**2.421.678**	**986.623**	**2.826.060**	**825.399**
DISCONTINUED OPERATIONS					
Net Income after Tax from Discontinued Operations	16	6.994	1.908	9.833	1.151
NET INCOME FOR THE PERIOD		**2.428.672**	**988.531**	**2.835.893**	**826.550**
ALLOCATION OF NET INCOME		**2.428.672**	**988.531**	**2.835.893**	**826.550**
- Non-controlling Interests		1.230.225	509.312	1.297.763	392.612
- Equity Holders of the Parent		1.198.447	479.219	1.538.130	433.938
Earnings per share - thousands of ordinary shares (TL)		5,87	2,35	7,54	2,13
Earnings per share from continuing operations - thousands of ordinary shares (TL)		5,84	2,34	7,49	2,12

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE AND THREE MONTH PERIODS ENDED 30 SEPTEMBER 2012 AND 2011

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

	Note References	1 January - 30 September 2012	1 July - 30 September 2012	Restated 1 January - 30 September 2011	Restated 1 July - 30 September 2011
NET INCOME FOR THE PERIOD		**2.428.672**	**988.531**	**2.835.893**	**826.550**
Other Comprehensive Income / (Loss):					
Net unrealized fair value gains/ (losses) from available for sale financial assets, after tax	18	1.746.413	668.894	(1.243.746)	(286.451)
Losses on available for sale financial assets transferred to the income statement, after tax	18	(596.222)	(153.567)	(320.974)	(16.400)
Currency translation differences	18	(191.249)	5.996	331.792	112.904
Cash flow hedges, after tax	18	(14.442)	(12.404)	29.168	(100.723)
Hedges of net investment in a foreign operation, after tax	18	112.725	(4.665)	(119.421)	(43.174)
Other	18	(15.666)	(15.587)	983	153
OTHER COMPREHENSIVE INCOME / (EXPENSE) (AFTER TAX)		**1.041.559**	**488.667**	**(1.322.198)**	**(333.691)**
TOTAL COMPREHENSIVE INCOME		**3.470.231**	**1.477.198**	**1.513.695**	**492.859**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		**3.470.231**	**1.477.198**	**1.513.695**	**492.859**
- Non-controlling Interests		1.865.115	800.787	473.618	207.305
- Equity Holders of the Parent		1.605.116	676.411	1.040.077	285.554

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2012 AND 2011

(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 shares (-)	Share premium	Revaluation funds	Hedge funds	Restricted reserves	Translation reserve	Net income for the period	Retained earnings	Equity attributable to the parent	Non-controlling interest	Total
Balances at 1 January 2011	**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**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	26.150	26.150
Transfers	-	-	-	-	-	-	187.822	-	(1.662.836)	1.475.014	-	-	-
Company disposals (note 4)	-	-	-	-	-	-	-	-	-	-	-	(141.159)	(141.159)
Acquisition of Holding shares by subsidiaries	-	-	(30.693)	-	-	-	-	-	-	(85.980)	(116.673)	(101.196)	(217.869)
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	27.732	27.732	(25.843)	1.889
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(312.563)	(312.563)	(381.511)	(694.074)
Total comprehensive income	-	-	-	-	(639.063)	(55.361)	-	196.371	1.538.130	-	1.040.077	473.618	1.513.695
Balances at 30 September 2011	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**74.140**	**(236.060)**	**580.117**	**204.099**	**1.538.130**	**6.110.725**	**13.707.759**	**11.427.025**	**25.134.784**
Balances at 1 January 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**(59.845)**	**(217.757)**	**580.224**	**194.073**	**1.877.987**	**6.088.230**	**13.899.520**	**11.573.622**	**25.473.142**
Transfers	-	-	-	-	-	-	22.478	-	(1.877.987)	1.855.509	-	-	-
Acquisition effects (note 3)	-	-	-	-	-	-	-	-	-	-	-	44.726	44.726
Subsidiary liquidation (*)	-	-	-	-	-	-	-	42.784	-	(42.784)	-	-	-
Disposals of subsidiary (**)	-	-	-	-	-	-	-	-	-	(3.618)	(3.618)	(14.692)	(18.310)
Effect of subsidiary public quotation (note 15)	-	-	-	-	-	-	51.483	-	-	7.079	58.562	-	58.562
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	(3.231)	(3.231)	12.669	9.438
Dividends paid (***)	-	-	-	-	-	-	-	-	-	(208.423)	(208.423)	(312.495)	(520.918)
Total comprehensive income	-	-	-	-	464.394	37.535	-	(95.260)	1.198.447	-	1.605.116	1.865.115	3.470.231
Balances at 30 September 2012	**2.040.404**	**3.426.761**	**(52.227)**	**21.670**	**404.549**	**(180.222)**	**654.185**	**141.597**	**1.198.447**	**7.692.762**	**15.347.926**	**13.168.945**	**28.516.871**

(*) Sabanci Industrial Yarn and Tire Cord Fabric B.V. which operates in Holland and owned by Kordsa (subsidiaries of Sabancı Group), is liquidated.
(**) Represents the sale of total Ak B Tipi Yatırım Ortaklığı A.Ş. shares held by Akbank, a subsidiary of the Group, at a rate of 70,04% to Egeli Co. Yatırım Holding.
(***)Dividends paid per each share worth TL 1 nominally is TL 0,10 (30 September 2011: TL 0,15).

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2012 AND 2011

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

	Notes References	1 January-30 September 2012	1 January-30 September 2011
Net income before tax from continuing operations		3.022.009	3.401.585
Net income before tax from discontinued operations	16	8.924	13.229
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortisation expenses	4	410.999	372.919
Provision for loan losses	20	771.176	482.598
Changes in the fair value of derivative instruments		565.374	25.717
Interest and foreign currency income		585.409	(533.143)
Interest expense		81.799	170.179
Provision for employment termination benefits		41.192	39.499
Impairment charge on property, plant and equipment, intangible assets and investment property	4	20.388	1.132
Currency translation differences		(146.349)	193.565
Insurance technical reserves provisions		28.621	16.520
Income from associates	8	(147.496)	(121.434)
Reversal of impairment of non-current assets held for sale	4	-	(71.902)
Gain from the sale of subsidiary		-	(209.085)
Gain on bargain purchase	3	-	(20.625)
Gain on sale of property, plant and equipment intangible assets and investment properties		(7.832)	(184.858)
Other		(9.757)	(7.725)
Net cash provided by operating activities before changes in operating assets and liabilities		**5.224.457**	**3.568.171**
Changes in trade receivables		(35.998)	(357.068)
Changes in inventories		(225.404)	(479.166)
Changes in other receivables and other current assets		(56.064)	(888.238)
Changes in trade payables		(142.336)	102.475
Changes in other liabilities and other payables		449.647	991.396
Net cash provided by/ (used in) operating activities of non-current assets held for sale		(36.907)	-
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		155.918	403.559
Changes in receivables from financial operations		(15.461.172)	(15.093.971)
Changes in payables from financial operations		15.300.188	11.215.952
Reserve with the Central Bank of the Republic of Turkey		316.305	(9.608.303)
Income taxes paid		(648.236)	(476.215)
Employment termination benefits paid		(29.558)	(31.522)
Net cash provided by/ (used in) operating activities		**4.810.840**	**(10.652.930)**
Cash flows from investing activities:			
Capital expenditures	4	(1.125.385)	(914.565)
Sale/ (Purchase) of financial assets available-for-sale and held-to-maturity		(2.314.965)	3.239.426
Cash used in business combinations, net		(53.437)	(184.741)
Proceeds from sale of subsidiaries, net		73.080	375.909
Proceeds from sale of non-current assets held for sale, property, plant and equipment, intangible assets and investment property		46.763	354.299
Dividends received		159.969	167.860
Cash flows used in investing activities of assets held for sale		(15.768)	-
Changes in scope of consolidation		(18.310)	(215.673)
Net cash (used in) / provided by investing activities		**(3.248.053)**	**2.822.515**
Cash flows from financing activities:			
Change in financial liabilities		(1.889.440)	7.799.953
Dividends paid		(208.423)	(312.563)
Dividends paid to non-controlling interests		(312.495)	(381.511)
Capital increase of non-controlling interests		-	26.150
Cash used by the subsidiary for the acquisition of Holding shares		-	(217.869)
Cash flows used in financing activities of assets held for sale		(8.784)	-
Net cash (used in)/ provided by financing activities		**(2.419.142)**	**6.914.160**
Effect of change in foreign currency rates on cash and cash equivalents		(159.704)	399.761
Net increase/ (decrease) in cash and cash equivalents		(1.016.059)	(516.494)
Cash and cash equivalents at the beginning of the period (*)		5.305.266	4.138.871
Cash and cash equivalents at the end of period		**4.289.207**	**3.622.377**

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

(*) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 937, and cash and cash equivalents at the end of the period comprise interest accruals of TL 1.277 (30 September 2011: TL 343 and TL 792 respectively). Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning of the current period, restricted deposit is TL 1.336.807 and at the end of the period it is TL 1.707.473 ,respectively (30 September 2011: TL 822.971 and TL 1.300.602 respectively).

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

NOTE 1 - ORGANISATION OF THE GROUP 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 15). The number of employees in 2012 is 57.589 (31 December 2011: 57.374). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, 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 30 September 2012, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 15):

	%
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

(*) In the table above, public quotation percentage includes Sabancı Holding shares acquired by Exsa and Tursa of 1,29% and 0,21%, respectively. Additionally, with the acquisition of shares from stock exchange, the shares of Sabancı Family, Sakıp Sabancı Holding A.Ş. and H.Ö. Sabancı Vakfı reach to 43,65%, 14,07% and 0,66%, respectively. The difference between these ratios and the ratios disclosed in the table above are included in public quotation.

Subsidiaries

As of 30 September 2012, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments at are as follows:

Subsidiaries	**Nature of business**	**Business segment**
Akbank T.A.Ş. ("Akbank")	Banking	Finance
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	Tire, tire reinforcement	Industry
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	Automotive	Industry
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 Sistemleri A.Ş. ("Bimsa")	Trade of data and processing systems	Other
Sasa Polyester Sanayi A.Ş. ("Sasa")	Chemicals and textile	Industry
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	Textile	Industry

(*) Exsa UK Ltd. is in liquidation process.

NOTE 1 - ORGANISATION OF THE GROUP AND NATURE OF OPERATIONS (Continued)

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

All Subsidiaries are registered in Turkey except for Exsa UK. Exsa UK is registered in the United Kingdom.

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 30 September 2012 and their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Venturer
Aksigorta A.Ş ("Aksigorta")	Insurance	Insurance	Ageas
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	Pension	Insurance	Aviva
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Tire	Industry	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 A.Ş. ("Enerjisa Enerji")	Energy	Energy	Verbund
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş. ("Olmuksa")	Corrugated containers	Industry	International Paper

(1) On 19 September 2012, a Share Transfer Agreement has been signed with International Paper Container Holdings (Spain) for the sale of all Olmuksa shares held by the Group. The transfer of the shares will be finalized upon the receipt of approvals from the authorities. In the condensed consolidated financial statements Olmuksa has been reclassified as asset held for sale.

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.

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

2.1.1 Financial Reporting Standards (Continued)

Article no.1 of Law numbered 2499 has been adjudged by the enforcement of Statutory Decree no.660 issued in Official Gazette on 2 November 2011 and Public Supervision, Accounting and Auditing Standards Board ("the Board") has been established. 1st Temporary article of the mentioned Statutory Decree no.660 states that current regulations applied for related issues will be enforced until standards and regulations are issued by the Board. Therefore, it has not resulted in any modification in the "Principles of Preparation of Financial Statements" explained in this report.

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.

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 34 " Interim Financial Reporting". The consolidated financial statements and the related notes, as of 30 September 2012, are presented in accordance with the formats recommended and including the information required by the CMB.

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

2.1.2 New and Revised International Financial Reporting Standards

(a) New and Revised IFRSs affecting presentation and disclosure only

None.

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

None.

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements effective from 2012

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 12, ***Deferred Taxes – Recovery of Underlying Assets***

The amendment is effective for annual periods beginning on or after 1 January 2012. 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, through sale. Since the Group's investment properties are carried at cost less accumulated depreciation (except for land) under cost method less any impairment charges, the amendment did not have any effect on the consolidated financial statements.

Amendments to IFRS 7, ***Disclosures – Transfers of Financial Assets***

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 did not have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

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

2.1.2 New and Revised International Financial Reporting Standards (Continued)

(d) New and Revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	*Disclosures – Offsetting of Financial Assets and Financial Liabilities*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statement*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to IAS 32	*Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*
Annual Improvements 2009/2011	*Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34*

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

2.1.2 New and Revised International Financial Reporting Standards (Continued)

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The Group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognized in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

In June 2012, the IASB issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). The transition guidance amends IFRS 10, 11 and 12 to provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

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

2.1.2 New and Revised International Financial Reporting Standards (Continued)

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary contributions by venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Group management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 11 will result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. Under IFRS 11, a jointly controlled entity will be accounted for by using the equity method.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

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

2.1.2 New and Revised International Financial Reporting Standards (Continued)

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The management anticipates that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The management anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

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

2.1.2 New and Revised International Financial Reporting Standards (Continued)

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

Annual Improvements 2009/2011 Cycle

Further to the above amendments and revised standards, the IASB have issued Annual Improvements to IFRSs in May 2012 that cover 5 main standards/interpretations as follows:

- IFRS 1 - Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
- IAS 1 - Clarification of the requirements for comparative information
- IAS 16 - Classification of servicing equipment
- IAS 32 - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
- IAS 34 - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

All amendments are effective on or after 1 January 2013. Early adoptions 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.

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

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

2.1.3 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.

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 as at 30 September 2012:

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 %
AEO	70,29	-	70,29	70,29
Akbank	40,85	5,58	46,41	40,80
Bimsa	100,00	-	100,00	89,97
Çimsa	53,00	1,42	54,42	53,00
Exsa	61,68	38,32	100,00	46,23
Exsa UK	100,00	-	100,00	99,30
Kordsa Global	91,11	-	91,11	91,11
Teknosa (1)	61,21	29,71	90,92	60,72
Temsa	48,71	51,28	99,99	48,71
Tursa	99,52	-	99,52	99,46
Yünsa	57,88	11,50	69,38	57,88
Sasa	51,00	-	51,00	51,00

(1) Share of effective ownership of Teknosa, which was 70,29% as of 31 December 2011, decreased to 60,72% after initial public offering dated 17 May 2012.

(*) Represents Sabancı family shares involved in the management.

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

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

2.1.3 Basis of consolidation (Continued)

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 as at 31 December 2011:

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 %
AEO	70,29	-	70,29	70,29
Akbank	40,85	5,56	46,41	40,80
Bimsa	100,00	-	100,00	89,97
Çimsa	53,00	1,42	54,42	53,00
Exsa (2)	61,68	38,32	100,00	46,23
Exsa UK	100,00	-	100,00	99,30
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	99,46
Yünsa	57,88	11,50	69,38	57,88
Sasa (3)	51,00	-	51,00	51,00

(2) Holding's effective equity interest has increased from 30,25% to 46,23% as the other shareholders did not use the preferential rights during the capital increase of Exsa.

(3) In 2011, Holding participated directly to the shares of its subsidiary Sasa, which had been in the portfolio of Advansa. Advansa shares have been sold to BBMMR Holding GmbH and the company is excluded from the consolidation.

(*) Represents Sabancı family shares involved in the management.

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

Financial statements of subsidiaries, whose financial position at 30 September 2012 and result of operations 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 5.b).

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.

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

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

2.1.3 Basis of consolidation (Continued)

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 30 September 2012:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Aksigorta (1)	36,00	36,00
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Enerjisa Enerji	50,00	50,00
Olmuksa (2)	43,73	43,73

(1) In 2011, Holding sold 50% of its 61,98% shares in Aksigorta to Ageas Insurance International N.V.. Subsequent to the sale, Ageas and Holding have established a joint venture based on 30,99% equal partnership and Holding has begun to consolidate Aksigorta as a joint venture. As of 30 September 2012, the ownership rate increased to 36% for both the Holding and Ageas through purchases of shares from the ISE.

(2) On 19 September 2012, a Share Transfer Agreement has been signed with International Paper Container Holdings (Spain) for the sale of all Olmuksa shares held by the Group. The transfer of the shares will be finalized upon the receipt of approvals from the authorities. In the condensed consolidated financial statements Olmuksa has been reclassified as asset held for sale.

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 2011:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	39,72
Aksigorta (1)	33,11	33,11
Avivasa	49,83	49,83
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Enerjisa Enerji (2)	50,00	50,00
Olmuksa	43,73	43,73

(1) The sale of Aksigorta shares which equals to the 50% of 61,98% total shares previously owned by Holding to Ageas Insurance International N.V. have been completed in 2011, subsequent to the aforementioned sale Ageas and Holding have created a joint venture based on 30,99% equal partnership and Holding has begun to be consolidated Aksigorta as a joint venture. After the sale of shares, the ownership rate has increased to 33,11% from 30,99% for both the Holding and Ageas through the purchase of shares from the ISE during the following months.

(2) As a result of the restructuring of the energy companies of the Group, Enerjisa Enerji A.Ş. has been established on 20 December 2011 through the spin-off Enerjisa Enerji Üretim A.Ş., Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. and Enerjisa Elektrik Dağıtım A.Ş. shares. Enerjisa Enerji A.Ş., is owned equally by Hacı Ömer Sabancı Holding A.Ş. (50%) and Verbund (50%).

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

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

2.1.3 Basis of consolidation (Continued)

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 8 and Note 2.e). Financial statements of associates, whose financial position at 30 September 2012 and result of operations for the nine-month period ended 30 September 2012 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such associates are classified as available for sale equity securities in these consolidated financial statements (Note 5.b).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 September 2012 and 31 December 2011:

Associates	**Proportion of effective interest by the Holding** %
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. ("Philsa")	25,00
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	24,75
Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. ("Dönkasan") (*)	21,86

(*) Classified as assets held for sale in consolidated financial statements.

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 20% 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 5.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 minority 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 minority interest and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

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

2.1.4 Offsetting

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

2.1.5 Comparatives 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 30 September 2012 comparatively with the consolidated balance sheet as of 31 December 2011 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the period 1 January- 30 September 2012 comparatively with the period 1 January - 30 September 2011. As a result of Share Transfer Agreement signed on 19 September 2012 for the sale of Olmuksa shares held, the Group in the consolidated income statement of 2011 and 2012 reclassified all balances relating to Olmuksa as net income from discontinued operations. Additionally, the Group reviewed its prior year balance sheet and reclassified TL 25.019 from non-current other receivables to other non-current assets; and TL 26.605 from receivables from finance sector operations to current liabilities. In addition, as a result of the changes in accounting policies of Enerjisa, a joint venture of the Group, classified TL 62.863 and TL 31.993 from other non-current assets to property, plant and equipment account as at 1 January 2012 and 1 January 2011, respectively.

2.2 Changes in Accounting Policies and Estimates and Errors

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. Enerjisa, a joint venture of the Group, reclassified deferred finance charges, which mainly include the fees paid in relation with the bank borrowings to property, plant and equipment as of 30 September 2012, based on management reassessment of the nature of these fees.

Changes made in the accounting policies are applied retrospectively and prior year financial statements are restated. There are no changes in the accounting policies of the Group during the period.

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. The Group has no significant changes to the accounting estimates in the current year.

When a significant accounting error occurs, it is corrected retrospectively and the prior year financial statements are restated. The Group did not identify any errors in the current period.

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

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the period ended 30 September 2012 have been prepared in accordance with IAS 34, the standard on the preparation and presentation of interim period financial statements. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended 30 September 2012 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2011. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2011.

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 30 September 2012 are as follows:

On 15 February 2012, Çimsa, a subsidiary of the Group, has signed a share purchase agreement for the acquisition of 153.000.000 shares with a nominal value of TL 1.530 which represent 51% of total share capital of Afyon Çimento Sanayii Türk A.Ş. which was previously owned by PARCIB SAS, a wholly owned subsidiary of CIMENT FRANÇAIS. As per the share purchase agreement TL 57.530 has been determined as the consideration to be paid for the transfer of 153.000.000 shares. The necessary approvals of the Competition Board have been obtained on 12 April 2012 and the share transfer has been completed on 31 May 2012. The consideration for the transfer of shares has been paid in cash.

The fair value of net assets acquired and the consideration paid are as follows:

	Fair Value
Total current assets	25.813
Total non-current assets	78.631
Total liabilities	(13.166)
Book value of net assets	**91.278**
51% net assets	46.552
Cash and cash equivalents paid	57.530
Goodwill	10.978

Non-controlling interest amounting to TL 44.726, which corresponds to the 49% of the book value of net assets of the acquired subsidiary, has been accounted for under equity.

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

NOTE 3 - BUSINESS COMBINATION (Continued)

The business combinations between the period 1 January and 31 December 2011 are as follows:

Enerjisa, a joint venture of the Group, acquired 99,99% shares of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. on 30 March 2011, 99,99% shares of Italgen Elektrik Üretim A.Ş. on 31 March 2011, 99,99% shares of Alpaslan II Enerji Üretim Sanayi Ticaret A.Ş. on 18 April 2011 and 99,99% shares of Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş. on 30 May 2011. Since the acquired businesses are not fully operational as of the acquisition dates, these acquisitions do not meet the business definition as stated in IFRS 3 "Business Combinations". The excess amount of the considerations paid over the net assets acquired is associated with the electricity generation licenses and accounted for under intangible assets.

Aforementioned acquisitions of Enerjisa resulted in TL 164.220 electricity generation license additions to intangible assets (Note 10). The cost of electricity generation licenses are TL 25.626 for IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.S., TL 52.797 for Italgen Elektrik Üretim A.S., TL 25.392 for Alpaslan II Enerji Üretim Sanayi ve Ticaret A.S. and TL 60.405 for Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş..

The net assets acquired with the purchase of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. shares are as follows:

	Fair value
Total current assets	7.979
Total non-current assets	52.678
Total liabilities	(253)
Book value of net assets	**60.404**
Paid cash and cash equivalents	60.404
The effect of acquisition made by joint venture on the consolidated financial statements	**-**

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

NOTE 3 - BUSINESS COMBINATION (Continued)

The net assets acquired with the purchase of Italgen Elektrik Üretim A.Ş. shares are as follows:

	Fair value
Total current assets	5.525
Total non-current assets	113.797
Total liabilities	(118)
Book value of net assets	**119.204**
Paid cash and cash equivalents	119.204
The effect of acquisition made by joint venture on the consolidated financial statements	**-**

The net assets acquired with the purchase of Alpaslan II Enerji Üretim Sanayi ve Ticaret A.Ş. shares are as follows:

	Fair value
Total current assets	10
Total non-current assets	50.792
Total liabilities	(1)
Book value of net assets	**50.801**
Paid cash and cash equivalents	50.801
The effect of acquisition made by joint venture on the consolidated financial statements	**-**

The net assets acquired with the purchase of Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş. shares are as follows:

	Fair value
Total current assets	46.515
Total non-current assets	140.716
Total liabilities	(277)
Book value of net assets	**186.954**
Paid cash and cash equivalents	186.954
Acquisition attributable to the consolidated financial statements completed by the joint venture	**-**

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Teknosa, a subsidiary of the Group, purchased 100% shares of İstanbul Mağazacılık Ltd.Şti. (Best Buy) for TL 27.148 on 11 July 2011. This transaction has been accounted for using the acquisition method. The fair value of net assets acquired and considerations paid as of 30 September 2011 are as follows:

	Fair value
Total current assets	35.484
Total non-current assets	14.735
Total liabilities	(2.446)
Book value of net assets	**47.773**
Paid cash and cash equivalents	27.148
Gain on bargain purchase	(20.625)

Gain on bargain purchase amounting to TL 20.625 has been recognized in other income in the consolidated financial statements. The consultancy expenses resulting from the acquisition transaction amounting to TL 2.916 has been recognized in general and administrative expenses.

NOTE 4 - SEGMENT REPORTING

a) External revenues:

	1 January - 30 September 2012	**1 July - 30 September 2012**	**1 January - 30 September 2011**	**1 July - 30 September 2011**
Finance	10.517.550	3.701.686	8.577.345	2.942.600
Banking	10.087.694	3.573.519	8.254.804	2.846.935
Insurance	429.856	128.167	322.541	95.665
Energy	1.559.052	531.259	1.235.727	435.663
Industry	3.398.843	1.086.189	3.366.222	1.173.436
Retail	2.596.641	939.832	2.166.924	759.461
Cement	948.680	354.444	903.518	334.421
Other	56.715	9.506	58.706	29.785
Total	**19.077.481**	**6.622.916**	**16.308.442**	**5.675.366**

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

DİPNOT 4 – SEGMENT REPORTING (Continued)

b) Segment assets:	**30 September 2012**	**31 December 2011**
Finance	156.368.016	139.842.145
Banking	155.439.838	138.975.287
Insurance	928.178	866.858
Energy	4.931.145	4.259.671
Industry	3.941.665	4.065.238
Retail	1.320.552	1.101.276
Cement	1.715.114	1.540.927
Other	369.963	379.516
Segment assets (*)	**168.646.455**	**151.188.773**
Non-current assets held for sale (Note 16)	138.724	466
Investment in associates	279.131	295.817
Unallocated assets	1.055.951	872.570
Less: intersegment eliminations	(1.550.271)	(1.243.422)
Total assets as per consolidated financial statements	**168.569.990**	**151.114.204**

(*) Segment assets mainly comprise operating assets.

c) Segment liabilities:	**30 September 2012**	**31 December 2011**
Finance	135.099.308	121.453.178
Banking	134.423.878	120.824.978
Insurance	675.430	628.200
Energy	628.333	647.566
Industry	823.633	949.167
Retail	805.567	780.906
Cement	174.491	212.554
Other	15.090	43.960
Segment liabilities (*)	**137.546.422**	**124.087.331**
Liabilities held for sale (Note 16)	42.832	-
Unallocated liabilities	3.957.886	3.235.363
Less: intersegment eliminations	(1.494.021)	(1.681.632)
Total liabilities as per consolidated financial statements	**140.053.119**	**125.641.062**

(*) Segment liabilities mainly comprise operating liabilities.

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

NOTE 4 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 January - 30 September 2012

	Finance										
	Banking	Insurance	Intrasegment eliminations	Total finance	Energy	Industry	Retail	Cement	Other	Intersegment eliminations	Total
External revenues	10.087.694	429.856	-	10.517.550	1.559.052	3.398.843	2.596.641	948.680	56.715	-	19.077.481
Intersegment revenues	60.002	1.114	-	61.116	124.023	171	4.358	82	9.630	(199.380)	-
Total revenues	**10.147.696**	**430.970**	**-**	**10.578.666**	**1.683.075**	**3.399.014**	**2.600.999**	**948.762**	**66.345**	**(199.380)**	**19.077.481**
Cost of sales (*)	(5.647.755)	(382.526)	44.578	(5.985.703)	(1.439.713)	(2.943.612)	(2.065.169)	(728.534)	(49.235)	143.446	(13.068.520)
General and administrative expenses	(2.248.775)	(67.975)	3.023	(2.313.727)	(133.964)	(103.791)	(239.470)	(40.511)	(12.267)	42.825	(2.800.905)
Sales, marketing and distribution expenses	-	-	-	-	(1.551)	(185.809)	(259.980)	(7.053)	(1.326)	883	(454.836)
Research and development expenses	-	-	-	-	-	(12.137)	-	-	-	300	(11.837)
Operating result	**2.251.166**	**(19.531)**	**47.601**	**2.279.236**	**107.847**	**153.665**	**36.380**	**172.664**	**3.517**	**(11.926)**	**2.741.383**
Other unallocated operating expenses										(37.713)	(37.713)
Other income/ (expense) - net	218.920	44.541	(41.303)	222.158	1.556	44.414	14.764	(1.280)	9.243	(1.754)	289.101
Segment gain/(loss)	**2.470.086**	**25.010**	**6.298**	**2.501.394**	**109.403**	**198.079**	**51.144**	**171.384**	**12.760**	**(51.393)**	**2.992.771**

(*) 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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NOTE 4 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 July - 30 September 2012

	Finance										
	Banking	Insurance	Intrasegment eliminations	Total finance	Energy	Industry	Retail	Cement	Other	Intersegment eliminations	Total
External revenues	3.573.519	128.167	-	3.701.686	531.259	1.086.189	939.832	354.444	9.506	-	6.622.916
Intersegment revenues	24.709	(72)	-	24.637	32.566	124	1.078	75	2.176	(60.656)	-
Total revenues	**3.598.228**	**128.095**	**-**	**3.726.323**	**563.825**	**1.086.313**	**940.910**	**354.519**	**11.682**	**(60.656)**	**6.622.916**
Cost of sales (*)	(1.822.395)	(110.010)	16.080	(1.916.325)	(475.041)	(960.541)	(753.307)	(266.306)	(7.866)	52.840	(4.326.546)
General and administrative expenses	(791.295)	(22.411)	1.086	(812.620)	(47.655)	(31.403)	(80.202)	(12.625)	(4.335)	15.477	(973.363)
Sales, marketing and distribution expenses	-	-	-	-	(559)	(58.512)	(89.247)	(2.662)	(439)	145	(151.274)
Research and development expenses	-	-	-	-	-	(3.972)	-	-	-	113	(3.859)
Operating result	**984.538**	**(4.326)**	**17.166**	**997.378**	**40.570**	**31.885**	**18.154**	**72.926**	**(958)**	**7.919**	**1.167.874**
Other unallocated operating expenses										(11.669)	(11.669)
Other income/ (expense) - net	50.342	15.424	(14.873)	50.893	180	20.164	3.220	869	2.754	(3.728)	74.352
Segment gain/(loss)	**1.034.880**	**11.098**	**2.293**	**1.048.271**	**40.750**	**52.049**	**21.374**	**73.795**	**1.796**	**(7.478)**	**1.230.557**

(*) 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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NOTE 4 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 January - 30 September 2011

	Finance										
	Banking	**Insurance**	**Intrasegment eliminations**	**Total finance**	**Energy**	**Industry**	**Retail**	**Cement**	**Other**	**Intersegment eliminations**	**Total**
External revenues	8.254.804	322.541	-	8.577.345	1.235.727	3.366.222	2.166.924	903.518	58.706	-	16.308.442
Intersegment revenues	27.377	1.082	-	28.459	102.013	3.316	2.269	98	9.236	(145.391)	-
Total revenues	**8.282.181**	**323.623**	**-**	**8.605.804**	**1.337.740**	**3.369.538**	**2.169.193**	**903.616**	**67.942**	**(145.391)**	**16.308.442**
Cost of sales (*)	(4.234.158)	(318.704)	25.791	(4.527.071)	(1.079.967)	(2.805.803)	(1.696.901)	(688.329)	(50.189)	254.383	(10.593.877)
General and administrative expenses	(1.902.331)	(57.917)	2.485	(1.957.763)	(130.603)	(88.825)	(228.937)	(31.074)	(13.267)	32.371	(2.418.098)
Sales, marketing and distribution expenses	-	-	-	-	(1.201)	(176.181)	(214.049)	(10.077)	(1.526)	832	(402.202)
Research and development expenses	-	-	-	-	-	(8.991)	-	-	-	235	(8.756)
Operating result	**2.145.692**	**(52.998)**	**28.276**	**2.120.970**	**125.969**	**289.738**	**29.306**	**174.136**	**2.960**	**142.430**	**2.885.509**
Other unallocated operating expenses										(40.291)	(40.291)
Other income/ (expense) - net	331.603	65.251	(21.812)	375.042	3.460	(30.783)	25.100	(5.144)	297.404	(5.404)	659.675
Segment gain/(loss)	**2.477.295**	**12.253**	**6.464**	**2.496.012**	**129.429**	**258.955**	**54.406**	**168.992**	**300.364**	**96.735**	**3.504.893**

(*) 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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NOTE 4 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 July - 30 September 2011

	Finance										
	Banking	Insurance	Intrasegment eliminations	Total finance	Energy	Industry	Retail	Cement	Other	Intersegment eliminations	Total
External revenues	2.846.935	95.665	-	2.942.600	435.663	1.173.436	759.461	334.421	29.785	-	5.675.366
Intersegment revenues	9.924	(5)	-	9.919	35.445	1.562	1.087	10	3.616	(51.639)	-
Total revenues	**2.856.859**	**95.660**	**-**	**2.952.519**	**471.108**	**1.174.998**	**760.548**	**334.431**	**33.401**	**(51.639)**	**5.675.366**
Cost of sales (*)	(1.648.519)	(102.531)	10.743	(1.740.307)	(384.910)	(982.943)	(594.526)	(240.912)	(25.647)	126.129	(3.843.116)
General and administrative expenses	(628.555)	(17.872)	883	(645.544)	(42.022)	(23.341)	(83.343)	(10.385)	(3.421)	12.907	(795.149)
Sales, marketing and distribution expenses	-	-	-	-	(520)	(61.185)	(74.334)	(4.085)	(532)	336	(140.320)
Research and development expenses	-	-	-	-	-	(3.437)	-	-	-	85	(3.352)
Operating result	**579.785**	**(24.743)**	**11.626**	**566.668**	**43.656**	**104.092**	**8.345**	**79.049**	**3.801**	**87.818**	**893.429**
Other unallocated operating expenses	-	-	-	-	-	-	-	-	-	(11.402)	(11.402)
Other income/ (expense) - net	131.109	31.845	(7.553)	155.401	37	(10.503)	22.905	769	(2.054)	(7.803)	158.752
Segment gain/(loss)	**710.894**	**7.102**	**4.073**	**722.069**	**43.693**	**93.589**	**31.250**	**79.818**	**1.747**	**68.613**	**1.040.779**

(*) 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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NOTE 4 - SEGMENT REPORTING (Continued)

e) Operating results:

i) Banking:

	1 January-30 September 2012	1 July-30 September 2012	1 January-30 September 2011	1 July-30 September 2011
Interest income	8.692.367	2.986.159	6.804.018	2.405.432
Interest expense	(4.874.833)	(1.580.875)	(3.845.443)	(1.437.060)
Net interest income	**3.817.534**	**1.405.284**	**2.958.575**	**968.372**
Fee and commission income	1.455.329	612.069	1.478.163	451.427
Fee and commission expense	(248.070)	(81.387)	(200.129)	(72.964)
Net fee and commission income	**1.207.259**	**530.682**	**1.278.034**	**378.463**
Provision for loan losses	(565.901)	(214.490)	(200.736)	(100.127)
Foreign exchange trading gains and losses – net	41.049	54.357	12.150	(38.368)
General and administrative expenses	(2.248.775)	(791.295)	(1.902.331)	(628.555)
Other operating income	218.920	50.342	331.603	131.109
Segment Operating Profit	**2.470.086**	**1.034.880**	**2.477.295**	**710.894**

ii) Insurance:

	1 January-30 September 2012	1 July-30 September 2012	1 January-30 September 2011	1 July-30 September 2011
Gross premiums written	430.970	128.095	323.623	95.660
Premiums ceded to reinsurers	(100.091)	(25.645)	(67.100)	(20.770)
Change in the provision for premiums net of reinsurance	(24.108)	4.449	(30.141)	3.941
Earned premiums-net	**306.771**	**106.899**	**226.382**	**78.831**
Claims paid	(234.840)	(83.986)	(190.288)	(68.670)
Claims paid - reinsures' share	24.088	10.909	21.977	7.525
Change in the provision for claims	(4.154)	(1.861)	(2.227)	1.432
Claims incurred-net	**(214.906)**	**(74.938)**	**(170.538)**	**(59.713)**
Change in life mathematical reserve net	13.284	5.826	(12.945)	(11.976)
Commission expenses - net	(56.705)	(19.702)	(37.980)	(14.013)
General and administrative expenses	(67.975)	(22.411)	(57.917)	(17.872)
Other operational income/ (expense)	44.541	15.424	65.251	31.845
Segment Operating Profit	**25.010**	**11.098**	**12.253**	**7.102**

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

NOTE 4 - SEGMENT REPORTING (Continued)

e) Operating results (Continued):

iii) Non-financial segments:

	1 January - 30 Sep. 2012	1 July - 30 Sep. 2012	1 January - 30 Sep. 2011	1 July - 30 Sep. 2011
Net sales	8.698.195	2.957.249	7.848.029	2.774.486
Cost of Sales	(7.226.263)	(2.463.061)	(6.321.189)	(2.228.938)
Gross Profit	**1.471.932**	**494.188**	**1.526.840**	**545.548**
Operating Expenses	(1.035.572)	(343.280)	(945.022)	(318.007)
Other operating income/(expense)	68.697	27.187	290.037	11.154
Segment operating profit	**505.057**	**178.095**	**871.855**	**238.695**

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.

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Banking	2.585.710	1.074.326	2.426.402	634.997
Insurance	27.397	11.977	14.288	7.842
Industry	309.853	93.540	390.803	136.651
Cement	225.880	92.917	221.791	96.236
Energy	183.826	66.262	193.165	66.737
Retail	96.872	38.602	77.448	27.270
Other	(13.830)	(5.987)	(20.100)	3.155
Intersegment eliminations	(7.382)	6.484	143.490	84.089
Total	**3.408.326**	**1.378.121**	**3.447.287**	**1.056.977**

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NOTE 4 - SEGMENT REPORTING (Continued)

e) Operating results (Continued):

Reconciliation of the adjusted EBITDA to income before tax from continuing operations is as follows:

	1 January - 30 Sep. 2012	**1 July - 30 Sep. 2012**	**1 January - 30 Sep. 2011**	**1 July - 30 Sep. 2011**
Adjusted EBITDA for reported operating segments	3.408.326	1.378.121	3.447.287	1.056.977
Gain on sale of subsidiaries (*)	-	-	247.350	-
Gain on sale of fixed assets	-	-	184.858	111.856
Reversal of subsidiary impairment loss (**)	-	-	71.902	-
Tax settlements (Note 18)	-	-	(25.112)	-
Loss on sale of subsidiaries (**)	-	-	(38.265)	-
Gain on bargain purchase	-	-	17.709	17.709
Restructuring expenses	(7.595)	(7.595)	-	-
Other	-	-	(30.939)	(19.650)
Depreciation and amortisation	(407.960)	(139.969)	(369.897)	(126.113)
Operating profit	**2.992.771**	**1.230.557**	**3.504.893**	**1.040.779**
Financial expenses - net	(118.258)	(57.913)	(224.742)	(93.415)
Shares of income of investments accounted for equity method	147.496	57.916	121.434	48.097
Income before tax from continuing operations	**3.022.009**	**1.230.560**	**3.401.585**	**995.461**

* Share transfer agreement related with the sale of 50% of Aksigorta A.Ş. shares held by Holding, was signed on 18 February 2011 with Ageas Insurance International N.V. 9.482.940.100 stocks of Aksigorta was sold to Ageas Insurance International N.V. for a total consideration of USD 220.029. Gain on sale of subsidiary amounting TL 247.350 arising from the transactions has been recognized in other income on consolidated financial statements. The sale transaction resulted in a decrease of TL 115.059 in net assets, TL 141.159 in non-controlling interests.

** At 10 June 2011, Holding sold its 99,93% Advansa shares which were reclassified as assets held for sale in 2010 for a consideration of EUR 6 Million to BBMMR Holding GmbH, a company located in Germany. The loss of TL 38.625 incurred as a result of the sale transaction has been accounted for in other operating losses. The difference of TL 89.965 between Advansa fair value and ist carrying value was recorded as a loss in the financial statements for the year ending 31 December 2009. The impairment which belong to the sold segment was reversed in 2011 included in the calculation of loss on sale of Advansa. The remaining impairment which belong to Sasa has also been reversed and TL 71.902 is recorded as other operating income as Holding directly participated to the shares of Sasa previously held by Advansa on 26 May 2011.

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NOTE 4 - SEGMENT REPORTING (Continued)

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	**30 September 2012**	**31 December 2011**
Current assets	2.420.832	2.114.624
Non-current assets	5.793.810	5.188.228
Total assets	**8.214.642**	**7.302.852**
Current liabilities	2.323.371	2.127.902
Non-current liabilities	2.289.056	2.138.728
Total liabilities	**4.612.427**	**4.266.630**
Non-controlling interests	4.658	4.550
Shareholders' equity	3.597.557	3.031.672
Total liabilities, non-controlling interests and, shareholders' equity	**8.214.642**	**7.302.852**

Income statement	**1 January - 30 September 2012**	**1 July - 30 September 2012**	**1 January - 30 September 2011**	**1 July - 30 September 2011**
Operating profit	208.731	84.539	195.145	78.705
Financial income/ (expense)- net	6.239	(25.560)	(203.638)	(83.757)
Income before tax and non-controlling interests	214.970	58.979	(8.493)	(5.052)
Taxation on income	(46.486)	(12.504)	(25.704)	(14.376)
Net income for the period from continuing operations	168.484	46.475	(34.197)	(19.428)
Net income for the period from discontinued operations	6.994	1.908	5.798	1.151
Profit/loss for the period	**175.478**	**48.383**	**(28.399)**	**(18.277)**
Non-controlling interest	229	134	268	130
Equity holders of the parent	175.249	48.249	(28.667)	(18.407)

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January - 30 September 2012

	Finance							Discontinued	
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	115.624	2.387	106.756	54.496	74.423	43.152	11.122	3.039	410.999
(Impairment) / reversal of property, plant and equipment, intangible assets	-	-	-	-	(23.311)	2.923	-	-	(20.388)
Capital expenditures	117.721	3.898	211.730	71.446	650.365	53.727	12.722	3.776	1.125.385

1 July – 30 September 2012

	Finance							Discontinued	
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	39.446	879	36.473	19.122	25.512	14.652	3.885	1.011	140.980
(Impairment) / reversal of property, plant and equipment, intangible assets	-	-	-	-	-	(489)	-	-	(489)
Capital expenditures	54.266	1.221	71.982	21.752	316.413	18.211	3.648	1.568	489.061

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January – 30 September 2011

	Finance							Discontinued	
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	106.290	2.035	97.417	48.834	63.736	40.751	10.834	3.022	372.919
Impairment of property, plant and equipment, intangible assets	-	-	-	-	-	(1.132)	-	-	(1.132)
Capital expenditures	69.892	1.516	144.003	82.208	561.326	45.613	7.105	2.902	914.565

1 July – 30 September 2011

	Finance							Discontinued	
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	35.084	740	33.837	16.430	23.044	13.729	3.249	1.013	127.126
(Impairment) / reversal of property, plant and equipment, intangible assets	-	-	-	-	-	(764)	-	-	(764)
Capital expenditures	44.300	528	63.435	30.780	203.947	15.082	3.145	1.372	362.589

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

NOTE 5 - FINANCIAL ASSETS

a) Held for trading securities:

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

	30 September 2012	31 December 2011
Government bonds	15.214	127.946
Eurobonds	2.842	26.623
Share certificates	9.347	14.671
Other	2.071	1.967
Total	**29.474**	**171.207**

b) Securities available-for-sale:	**30 September 2012**	**31 December 2011**
Debt securities		
- Government bonds	31.232.673	31.917.734
- Eurobonds	9.054.990	4.166.257
- Investment funds	219.032	186.017
- Other bonds denominated in foreign currency	1.357.496	1.258.302
Sub - total	**41.864.191**	**37.528.310**
Equity securities		
- Listed	5.994	4.030
- Unlisted	31.353	29.046
Sub - total	**37.347**	**33.076**
Total securities available for sale	**41.901.538**	**37.561.386**

Akbank's portfolio of available for sale and held to maturity financial assets consist of CPI-Index government bonds which remain constant throughout the 6-month maturity of the real coupon rate, 5-10 year term. The real coupon rate securities and the issue date of the reference inflation index calculated by taking into account an estimated inflation rate of the index are valued and recognized using the effective interest basis. The real coupon rate securities and the issue date of the reference inflation index calculated by taking into account an estimated inflation rate of the index are valued and recognized using the effective interest basis. Estimated inflation rates are updated during the year if it is necessary. As of 30 September 2012, valuation of these securities were made with 7,84% annual inflation forecast. Had the valuation of these CPI indexed securities been made with reference to inflation index as of 30 September 2012, valuation differences under shareholders equity would have increased by TL 211.000 and net income of the bank would have decreased by TL 215.000.

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

NOTE 5 - FINANCIAL ASSETS (Continued)

c) Financial assets held to maturity:

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

	30 September 2012	31 December 2011
Government bonds	3.591.342	3.639.296
Eurobonds	-	1.015.839
Total	**3.591.342**	**4.655.135**

Period remaining to contractual maturity dates for financial assets held for trading, held to maturity and available-for-sale as at 30 September 2012 and 31 December 2011 is as follows:

	30 September 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	5.683.460	19.936	5.703.396	1.615.602	16.721	1.632.323
1 to 5 years	24.627.450	113.883	24.741.333	33.498.431	140.105	33.638.536
Over 5 years	14.778.204	28.416	14.806.620	6.849.421	28.316	6.877.737
No maturity	240.009	30.996	271.005	210.896	28.236	239.132
Total	**45.329.123**	**193.231**	**45.522.354**	**42.174.350**	**213.378**	**42.387.728**

Period remaining to contractual repricing dates for financial assets held for trading, held to maturity and available-for-sale as at 30 September 2012 and 31 December 2011 is as follows:

	30 September 2012			31 December 2011		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	14.039.566	5.280	14.044.846	10.469.682	-	10.469.682
3 to 12 months	13.185.164	19.936	13.205.100	13.345.194	16.721	13.361.915
1 to 5 years	9.789.041	113.883	9.902.924	13.960.014	140.105	14.100.119
Over 5 years	8.075.343	28.416	8.103.759	4.188.564	28.316	4.216.880
No maturity	240.009	25.716	265.725	210.896	28.236	239.132
Total	**45.329.123**	**193.231**	**45.522.354**	**42.174.350**	**213.378**	**42.387.728**

d) Time deposits:

	30 September 2012	31 December 2011
3 to 12 Months	109.097	169.989
1 to 5 Years	1.638	1.507
Total	**110.735**	**171.496**

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

NOTE 6 - FINANCIAL LIABILITIES

Short-term funds borrowed, bank borrowings and debt securities in issue:	**30 September 2012**	**31 December 2011**
Short-term	13.094.124	12.684.385
Short-term portion of long term	1.678.449	3.854.576
Total short-term	**14.772.573**	**16.538.961**
Long-term funds borrowed, bank borrowings and debt securities in issue:		
Long term	9.027.666	9.291.921
Total	**23.800.239**	**25.830.882**

The maturity schedule of financial liabilities at 30 September 2012 and 31 December 2011 is summarised below

	30 September 2012	**31 December 2011**
Up to 3 months	4.839.241	7.182.857
3 to 12 months	9.933.332	9.356.104
1 to 5 years	7.079.102	7.239.558
Over 5 years	1.948.564	2.052.363
Total	**23.800.239**	**25.830.882**

The maturity schedule of long term financial liabilities at 30 September 2012 and 31 December 2011 is summarised below:

	30 September 2012	**31 December 2011**
2013	2.749.207	2.309.744
2014	2.640.183	1.305.078
2015	798.886	2.616.002
2016	890.826	1.008.734
2017 and after	1.948.564	2.052.363
Total	**9.027.666**	**9.291.921**

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

NOTE 6 – FINANCIAL LIABILITIES (Continued)

The repricing schedule of financial liabilities at 30 September 2012 and 31 December 2011 is summarised below:

	30 September 2012	**31 December 2011**
Up to 3 months	14.281.381	14.898.414
3 to 12 months	4.551.059	7.154.398
1 to 5 years	2.898.715	2.827.174
Over 5 years	2.069.084	950.896
Total	**23.800.239**	**25.830.882**

Major funding transactions as at 30 September 2012 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via syndicated credit facilities

At 30 September 2012, there are two outstanding syndicated loans. First syndicated loan comprising of two tranches amounting to USD 146.000 and EUR 795.000 was provided from 42 separate international banks through the loan agreement signed on 20 March 2012. The annual costs of the loans are Euribor+1,45% and Libor+1,45%, respectively. Second syndicated loan comprising of two tranches amounting to EUR 857.000 and USD 450.000 was provided from 46 international banks through the loan agreement signed on 16 August 2012. The annual costs of the loans are Euribor+1,35% and Libor+1,35%, respectively.

b) Enerjisa - Funds borrowed via IFC

On 13 June 2008 the Group's joint venture Enerjisa, signed a EUR 1.000.000 loan agreement provided from international financial institutions with International Finance Corporation ("IFC") and WestLB, Akbank and the European Investment Bank's co-ordination. These funds are considered to be used in the Company's energy investments. The part of the loan amounting to EUR 513.000 is coordinated by IFC, EUR 495.000 has a maturity of 12 years and the remaining EUR 18.000 has a maturity of 15 years. EUR 158.000 of the aforementioned part will be provided by IFC and the remaining EUR 355.000 will be provided as a syndicated loan under the supervision of IFC and WestLB. KFW IPEX-Bank GmbH, Bank Austria Creditanstalt AG, Erste Bank der Oesterreichischen Sparkassen AG, ING Bank N.V., Raiffeisen Zentralbank Oesterreich AG, WestLB AG, and Société Générale Bank have participated in this financing package as authorised leading regulators. Akbank will provide a parallel loan agreement of EUR 352.000 which has a maturity of 12 years, with the participation of National Bank of Greece and remaining EUR 135.000 of loan will be provided by EIB. As of 30 September 2012, Enerjisa has used total amount of the loan agreement (31 December 2011: EUR 946.600).

Enerjisa signed another agreement on 23 December 2010 to borrow funds amounting to EUR 270.000 with the participations of Yapı ve Kredi Bankası A.Ş. for EUR 100.000, Akbank T.A.Ş. İstanbul Kurumsal Şubesi for EUR 100.000 and Finansbank A.Ş. Bahrain for EUR 70.000 for the purpose of financing Arkun Barrage and hydroelectric power plant energy project of the Enerjisa. As of 30 September 2012, Group has utilized EUR 230.000 (31 December 2011: EUR 155.000) with respect to this EUR 270.000 loan agreement.

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

Enerjisa also signed an agreement on 24 March 2011 with IFC and certain international financial institutions under the coordination of IFC, WestLB and Unicredit to borrow funds amounting to EUR 700.000 for the purpose of financing energy projects. EUR 65.000 of the loan is provided by IFC and EUR 515.000 of it is provided by the participation of several financial institutions, namely KFW IPEX-Bank GmbH, UniCredit Bank Austria AG, Erste Bank, ING Bank N.V., Raiffeisen Bank International, FMO, BAWAG, WestLB AG and Societe Generale Bank, under the coordination of IFC, WestLB and Unicredit. Proparco has provided EUR 40.000 of the loan and TSKB has provided EUR 80.000 of the loan. As of 30 September 2012, Enerjisa has utilized EUR 74.000 (31 December 2011: EUR 74.000) with respect to this EUR 700.000 loan agreement.

Enerjisa also signed a loan agreement on 26 April 2012 with European Bank for Reconstruction and Development ("EBRD") amounting to EUR 135.000 to finance Bares Wind Power Plant. EUR 100.000 of the loan provided by EBRD and EUR 35.000 of it is provided by BAWAG. As of 30 September 2012, total loan amount of EUR 135.000 has been used.

On 25 July 2012, Enerjisa, signed a loan agreement of EUR 750.000 with a maturity of 11.5 years with various banks for the financing of Tufanbeyli Thermal Plant. EUR 608.000 with maturity 11.5 years of the loan has been insured by Korea Trade Insurance Corporation (K-Sure). Creditors of the loan are Societe Generale, UniCredit Bank Austria Ag, HSBC Bank plc, Raiffeisen Bank International AG, The Bank of Tokyo-Mitsubishi UFJ Ltd., BNP Paribas ve Fortis Bank SA/NV, Akbank T.A.Ş., Deutsche Bank AG, Natixis and Erste Group Bank AG. As of 30 September 2012, there has been no loan withdrawal by the Company.

The effect of the used loan on consolidated financial statements is limited to 50% joint venture share.

Issued securities

Securities issued consist of USD and TL assets.

The repayment schedule of issued securities denominated in USD is as follows:

	30 September 2012		31 December 2011	
	USD	TL	USD	TL
2012	133.244	237.800	542.560	1.024.841
2013	630.666	1.125.549	619.349	1.169.889
2014	472.867	843.925	449.413	848.895
2015	1.193.983	2.130.901	1.100.006	2.077.802
2016	236.149	421.454	187.442	354.060
2017	167.465	298.875	118.837	224.471
2018	423.035	754.993	381.949	721.463
Total	**3.257.409**	**5.813.497**	**3.399.556**	**6.421.421**

The balance amounting to USD 3.257.409 consists of securitization deals and USD denominated securities issued by the Bank. Additionally, as of 30 September 2012, there are bonds issued by the Bank amounting to TL 877.124 with 6 month maturity, TL 279.628 with 1 year maturity, TL 615.456 with 2 years maturity and TL 455.992 with 3 years maturity (31 December 2011: TL 1.093.010 with 6 month maturity, TL 714.948 with 2 year maturity).

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables:	**30 September 2012**	**31 December 2011**
Receivables from credit card payments	153.897	170.601
Financial assets (*)	51.683	48.534
Other	562.486	576.466
Total	**768.066**	**795.601**

Other long-term receivables:	**30 September 2012**	**31 December 2011**
Financial assets (*)	216.296	162.554
Deposits and guarantees given	22.912	20.851
Other	27.355	30.147
Total	**266.563**	**213.552**

(*) 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:	**30 September 2012**	**31 December 2011**
Payables related to credit card transactions	2.092.592	1.687.016
Taxes and funds payable	247.037	232.705
Export deposits and transfer orders	98.906	38.821
Payment orders to correspondent banks	33.883	20.074
Due to personnel	26.180	24.328
Other	664.216	665.120
Total	**3.162.814**	**2.668.064**

Other long term payables:		
Deposits and guarantees received	70.577	59.064
Other	36.700	35.036
Total	**107.277**	**94.100**

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NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	30 September 2012	Share (%)	31 December 2011	Share (%)
Philsa	230.911	25,00	236.190	25,00
Philip Morrissa	48.220	24,75	55.414	24,75
Dönkasan	-	-	4.213	21,86
Total	**279.131**		**295.817**	

Income from associates is as follows:

	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Philsa	119.734	47.217	100.699	38.070
Philip Morrissa	27.762	10.699	20.735	10.027
Total	**147.496**	**57.916**	**121.434**	**48.097**

The summary financial information of associates is as follows:

	30 September 2012		31 December 2011	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	2.729.328	1.805.684	1.915.601	970.841
Philip Morrissa	1.321.208	1.126.381	734.772	510.881
Dönkasan	-	-	23.427	4.154
Total	**4.050.536**	**2.932.065**	**2.673.800**	**1.485.876**

Sales revenue	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Philsa (*)	9.436.011	3.752.520	7.074.928	2.699.783
Philip Morrissa	9.188.845	3.359.403	7.265.977	2.775.188

(*) Philsa conducts its sales activities through Philip Morissa.

Net income	1 January - 30 September 2012	1 July - 30 September 2012	1 January - 30 September 2011	1 July - 30 September 2011
Philsa	478.935	188.866	402.795	152.279
Philip Morrissa	112.168	43.226	83.778	40.515
Total	**591.103**	**232.092**	**486.573**	**192.794**

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

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the nine month period ended 30 September 2012 is as follows:

	1 January 2012	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Business combination (*)	Transfers to assets held for sale	Transfers (**)	(Impairment)/ reversal	30 September 2012
Cost:										
Land and land improvements	659.948	(1.085)	10.305	(1.721)	-	36.465	(6.896)	5.535	-	702.551
Buildings	2.377.461	(11.033)	3.234	(886)	1.122	7.909	(23.459)	5.928	-	2.360.276
Machinery and equipment	4.571.634	(61.919)	57.482	(19.524)	-	31.067	(106.249)	176.381	11	4.648.883
Motor vehicles	192.888	(336)	25.571	(36.555)	-	41	(87)	8.481	-	190.003
Furniture and fixtures	1.839.504	(4.312)	102.810	(69.579)	720	270	(4.066)	13.734	4.787	1.883.868
Total	**9.641.435**	**(78.685)**	**199.402**	**(128.265)**	**1.842**	**75.752**	**(140.757)**	**210.059**	**4.798**	**9.785.581**
Construction in progress	1.330.004	(7.336)	872.291	(233)	-	4	(2.794)	(212.221)	(23.310)	1.956.405
Total	**10.971.439**	**(86.021)**	**1.071.693**	**(128.498)**	**1.842**	**75.756**	**(143.551)**	**(2.162)**	**(18.512)**	**11.741.986**
Construction in progress										
Land and land improvements	102.909	(355)	8.065	(16)	-	-	(1.551)	-	-	109.052
Buildings	910.674	(3.672)	52.304	(347)	327	-	(10.855)	(380)	-	948.051
Machinery and equipment	2.615.537	(33.914)	158.410	(17.746)	-	-	(80.445)	-	5	2.641.847
Motor vehicles	106.321	573	10.190	(17.423)	-	-	(90)	-	-	99.571
Furniture and fixtures	1.363.910	(3.771)	109.710	(54.032)	550	-	(3.581)	286	1.880	1.414.952
Total	**5.099.351**	**(41.139)**	**338.679**	**(89.564)**	**877**	**-**	**(96.522)**	**(94)**	**1.885**	**5.213.473**
Net book value	**5.872.088**									**6.528.513**

(*) As specified in Note 3, balances arise from the acquisition of Afyon Çimento.
(**) Transfers of TL 2.068 are made to intangible assets.

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the nine month period ended 30 September 2011 is as follows:

	1 January 2011	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Business combination (*)	Transfers from assets held for sale	Transfers to assets held for sale	Transfers(**)	Impairment	30 September 2011
Cost:											
Land and land improvements	501.474	8.220	7.099	(250)	(713)	31	21.461	-	68.153	-	605.475
Buildings	2.385.787	29.789	17.023	(154.125)	(27.815)	-	62.959	-	27.789	-	2.341.407
Machinery and equipment	3.877.787	114.856	36.117	(16.299)	(3.320)	92	369.593	(22.018)	131.025	-	4.487.833
Motor vehicles	156.989	816	26.498	(27.761)	(637)	32	2.178	-	3.107	-	161.222
Furniture and fixtures	1.782.310	4.785	65.432	(47.280)	(18.488)	7.274	5.984	-	14.350	(1.131)	1.813.236
Total	**8.704.347**	**158.466**	**152.169**	**(245.715)**	**(50.973)**	**7.429**	**462.175**	**(22.018)**	**244.424**	**(1.131)**	**9.409.173**
Construction in progress	765.570	8.325	731.960	(11.055)	(71)	14.573	6.246	-	(296.428)	-	1.219.120
Total	**9.469.917**	**166.791**	**884.129**	**(256.770)**	**(51.044)**	**22.002**	**468.421**	**(22.018)**	**(52.004)**	**(1.131)**	**10.628.293**
Accumulated depreciation:											
Land and land improvements	97.831	4.480	6.351	(192)	(222)	-	4.824	-	(224)	-	112.848
Buildings	842.788	7.130	51.782	(32.452)	(7.705)	-	31.649	-	127	-	893.319
Machinery and equipment	2.208.146	62.331	139.430	(11.619)	(2.817)	33	251.283	(10.647)	-	-	2.636.140
Motor vehicles	106.239	(1.648)	10.172	(12.179)	(525)	11	2.135	-	-	-	104.205
Furniture and fixtures	1.317.832	3.776	104.782	(41.466)	(13.901)	1.778	4.768	-	-	-	1.377.569
Total	**4.572.836**	**76.069**	**312.517**	**(97.908)**	**(25.170)**	**1.822**	**294.659**	**(10.647)**	**(97)**	**-**	**5.124.081**
Net book value	**4.897.081**										**5.504.212**

(*) As specified in Note 3 balance is related with Enerjisa acquisitions.

(**) Transfers of TL 40.539 and TL 11.368 are made to intangible assets and investment properties, respectively.

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

NOTE 10 - INTANGIBLE ASSETS

The movements in intangible assets for the nine month periods ended 30 September 2012 and 2011 are as follows:

	1 January 2012	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Business combination (*)	Transfers to assets held for sale	Transfers (**)	Impairment reversal	30 September 2012
Cost	1.632.815	4.327	53.692	(6.580)	451	2.276	(1.935)	2.162	52	1.687.260
Accumulated amortisation (-)	(361.063)	(4.874)	(71.365)	5.885	(195)	-	1.479	(94)	(42)	(430.269)
Net book value	**1.271.752**									**1.256.991**

	1 January 2011	Currency translation differences	Additions	Disposals	Change within the scope of consolidation	Transfers	Business combinations (*)	Transfers from assets held for sale	30 September 2011
Cost	1.353.706	9.949	29.991	(1.779)	(8.116)	40.539	164.872	10.367	1.599.529
Accumulated amortisation (-)	(277.002)	(5.289)	(59.182)	319	2.700	-	39	(6.079)	(344.572)
Net book value	**1.076.704**								**1.254.957**

(*) Enerjisa, a joint venture of the Group, acquired the shares of IBA Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş., Italgen Elektrik Üretim A.Ş, Alpaslan II Enerji Üretim Sanayi ve Ticaret A.Ş. and Pervari Elektrik Üretim Sanayi ve Ticaret A.Ş.in 2011. As a result of these acquisitions, the excess of the considerations paid over the net assets amounting to TL 164.542 is associated with electricity generation licenses and recognized in intangible assets.

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

NOTE 11 - GOODWILL

The movements in goodwill for the nine month periods ended 30 September 2012 and 2011 are as follows:

	30 September 2012	30 September 2011
1 January	725.290	725.227
Additions (Note 3)	10.978	-
Currency translation differences	(19)	(80)
30 September	**736.249**	**725.147**

NOTE 12 - CONTINGENT ASSETS AND LIABILITIES

Commitments – Banking segment	30 September 2012	31 December 2011
Letters of guarantee given	10.867.211	8.857.504
Letters of credits	4.020.332	3.795.163
Foreign currency acceptance credits	74.224	120.751
Other guarantees given	2.175.008	1.221.178
Total	**17.136.775**	**13.994.596**

Commitments – Non-banking segment	30 September 2012	31 December 2011
Letters of guarantee given	809.620	760.542
Other guarantees given	206.590	230.848
Total	**1.016.210**	**991.390**

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 30 September 2012 and 31 December 2011 are as follows:

	30 September 2012	31 December 2011
Repurchase commitments	19.282.742	12.594.815
Resale commitments	960.737	8.210

Commitments to forward currency purchase/sale and swap transactions:

Derivatives held for trading

	30 September 2012	31 December 2011
Foreign currency purchases	2.590.918	2.228.892
Foreign currency sales	2.614.049	2.244.317
Total	**5.204.967**	**4.473.209**

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

NOTE 12 - CONTINGENT ASSETS AND LIABILITIES (Continued)

	30 September 2012	31 December 2011
Currency swap purchases	10.331.330	18.483.875
Currency swap sales	10.384.762	18.372.964
Interest rate swap purchases	13.545.741	8.480.649
Interest rate swap sales	13.545.741	8.480.649
Total	**47.807.574**	**53.818.137**

	30 September 2012	31 December 2011
Spot purchases	3.484.640	1.838.510
Spot sales	3.486.299	1.844.883
Total	**6.970.939**	**3.683.393**

	30 September 2012	31 December 2011
Currency options purchases	11.864.224	8.351.839
Currency options sales	11.866.910	8.351.839
Total	**23.731.134**	**16.703.678**

	30 September 2012	31 December 2011
Future purchases	-	-
Future sales	85.108	54.165
Total	**85.108**	**54.165**

	30 September 2012	31 December 2011
Other purchases	842.185	541.123
Other sales	856.609	498.157
Total	**1.698.794**	**1.039.280**

Derivative transactions for hedging:

	30 September 2012	31 December 2011
Interest swap purchases	1.610.028	3.500.793
Interest swap sales	1.610.028	3.500.793
Total	**3.220.056**	**7.001.586**

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

NOTE 12 - CONTINGENT ASSETS AND LIABILITIES (Continued)

The maturity analysis of the off-balance sheet assets in the Banking segment at 30 September 2012 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	902.969	9.964.242	10.867.211
Letters of credits	2.479.102	1.541.230	4.020.332
Acceptance credits	45.738	28.486	74.224
Other guarantees	808.727	1.366.281	2.175.008
Total	**4.236.536**	**12.900.239**	**17.136.775**

The maturity analysis of the off-balance sheet assets in the Banking segment at 31 December 2011 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	521.733	8.335.771	8.857.504
Letters of credits	2.736.445	1.058.718	3.795.163
Acceptance credits	81.337	39.414	120.751
Other guarantees	637.598	583.580	1.221.178
Total	**3.977.113**	**10.017.483**	**13.994.596**

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

NOTE 13 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Group at 30 September 2012 is as follows:

	30 September 2012				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A.Total amount of the Collaterals given for its own legal entity	821.481	440.781	130.392	16.699	109.439
B.Collaterals given on behalf of fully consolidated companies	452.235	144.339	92.508	15.384	107.282
C.Collaterals given on behalf of the third parties'debt for continuation of their economic activities	17.136.849	6.838.671	3.935.991	1.350.851	155.177
D. Total amount of other Collaterals					
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	3.638	3.638	-	-	-
Total Collaterals	**18.414.203**	**7.427.429**	**4.158.891**	**1.382.934**	**371.898**
A.Total amount of the mortgages given for its own legal entity	2.782.615	-	17.686	1.191.705	-
B.Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C.Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other Mortgages					
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 Mortgage	**2.782.615**	**-**	**17.686**	**1.191.705**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
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 Pledges	**-**	**-**	**-**	**-**	**-**

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

NOTE 13 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2011 is as follows:

	30 September 2011				
	Total TL Equivalent	**TL**	**USD**	**EUR**	**Other**
A.Total amount of the Collaterals given for its own legal entity	1.280.456	417.677	144.802	45.782	477.380
B.Collaterals given on behalf of fully consolidated companies	589.318	133.038	96.529	32.262	195.105
C.Collaterals given on behalf of the third parties'debt for continuation of their economic activities	13.994.596	5.394.175	3.495.189	771.320	113.404
D.Total amount of other Collaterals					
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 Collaterals	**15.864.370**	**5.944.890**	**3.736.520**	**849.364**	**785.889**
A.Total amount of the mortgages given for its own legal entity	2.148.620	57.954	-	855.498	-
B.Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C.Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other Mortgages					
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	81	77	2	-	-
Total Mortgages	**2.148.701**	**58.031**	**2**	**855.498**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
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	1.105	1.105	-	-	-
Total Pledges	**1.105**	**1.105**	**-**	**-**	**-**

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

NOTE 14 - OTHER ASSETS AND LIABILITIES

Other Current Assets:	**30 September 2012**	**31 December 2011**
Prepaid expenses	256.960	136.513
Deductible value added tax (VAT)	263.170	195.553
Cheques in clearance	91.721	205.449
Income accrual	69.494	18.273
Deferred commission expense	34.656	29.974
Other	96.671	258.786
Total	**812.672**	**844.548**

Other Non-Current Assets:	**30 September 2012**	**31 December 2011**
Deductible value added tax (VAT)	48.725	25.019
Receivables from TEİAŞ (*)	36.747	25.197
Deferred commission expense	25.333	25.242
Insurance receivable (**)	16.962	-
Other	52.263	37.878
Total	**180.030**	**113.336**

(*) Enerjisa, a joint venture of the Group, constructs energy transmission lines on behalf of TEİAŞ and reflects the cost to TEİAŞ. As of 30 September 2012, receivables from TEİAŞ regarding the construction of transmission lines are mainly related with the Kavşakbendi, Köprü, Menge, Kandil ve Tufanbeyli projects. Enerjisa will collect the related amount in equal monthly installments in maximum ten years.

(**) Consists of insurance receivables arising from the accident at Köprü Project of Enerjisa, a joint venture of the Group.

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

NOTE 14 - OTHER ASSETS AND LIABILITIES (Continued)

Other Short Term Liabilities and Provisions

Liabilities	30 September 2012	31 December 2011
Expense accruals	256.543	148.722
Unearned commission income	207.286	48.045
Cheques in clearance	151.720	355.431
Unused vacation	54.476	47.944
Advances received	33.848	31.476
Deferred income	17.379	13.907
Saving deposits insurance	22.099	21.261
Other short-term liabilities	7.389	1.301
	750.740	**668.087**
Provisions		
Credit card bonus provisions	176.480	150.524
Provision for lawsuit	26.613	20.281
Onerous contracts	17.727	20.125
Provisions for unindemnified non-cash loans	19.790	78.460
Other short-term liability provisions	8.807	43.063
	249.417	**312.453**
Total	**1.000.157**	**980.540**

Other Long Term Liabilities and Provisions

	30 September 2012	31 December 2011
Unearned commission income	53.316	119.485
Other long-term liability provisions	4.865	13.184
Total	**58.181**	**132.669**

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

NOTE 15 - EQUITY

H.Ö. Sabancı Holding A.Ş.'s authorised and issued capital consists of 204.040.393.100 (31 December 2011: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 30 September 2012 and 31 December 2011 is as follows:

Shareholders:	**Share (%)**	**30 September 2012**	**Share (%)**	**31 December 2011**
Sabancı family members	43,61	890.027	43,61	890.027
Publicly traded (*)	39,40	803.860	39,40	803.860
Sakıp Sabancı Holding A.Ş.	13,79	281.388	13,79	281.388
Sabancı University	1,51	30.769	1,51	30.769
Çimsa	1,06	21.534	1,06	21.534
H.Ö. Sabancı Foundation	0,63	12.826	0,63	12.826
Share capital	**100**	**2.040.404**	**100**	**2.040.404**
Treasury Share (-)		**(52.227)**		**(52.227)**
Share premium		**21.670**		**21.670**

(*) In the table above, public quotation percentage includes Sabancı Holding shares acquired by Exsa and Tursa of 1,29% and 0,21%, respectively. Additionally, with the acquisition of shares from stock exchange, the shares of Sabancı Family, Sakıp Sabancı Holding A.Ş. and H.Ö. Sabancı Vakfı reach to 43,65%, 14,07% and 0,66%, respectively. The difference between these ratios and the ratios disclosed in the table above are included in public quotation.

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. 75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity are reclassified under "Gains from sale of investments". In 2012, 75% of the gain realized from the sale of Teknosa shares through public offering has been accounted for under this account.

The details of restricted reserves mentioned above are as follows:

	30 September 2012	**31 December 2011**
Legal reserves	320.816	298.339
Gain on sale of investments	333.369	281.885
Total	**654.185**	**580.224**

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NOTE 15 - EQUITY (Continued)

On 17 May 2012, Holding completed the public offering of Teknosa shares with a nominal value of TL 12.650. In the following days of the offering, shares with a nominal value of TL 1.650 have been acquired in order to maintain the stability of the share price. As a result of these transactions, the effective ownership of the Holding has decreased to 60,65%. However, there has been no change in the control power. The effect of change in the ownership net of offering costs amounting TL 58.562 has been recorded as an increase under shareholders' equity.

Dividend Distribution

Based on CMB Decree, 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. 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 statements 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.

	Fair value revaluation fund	Cash flow hedge	Net investment hedge	Currency translation differences
Balance as of 1 January 2011	**713.203**	**(145.047)**	**(35.652)**	**7.728**
Increases/decreases during the period	(508.519)	(77.546)	(60.899)	196.371
Losses/(gains) transferred to income statement	(130.945)	69.243		
Tax effect	-	1.661	12.180	-
Other	401	-	-	-
Balance as of 30 September 2011	**74.140**	**(151.689)**	**(84.371)**	**204.099**
Balance as of 1 January 2012	**(59.845)**	**(139.607)**	**(78.150)**	**194.073**
Increases/ (decreases) during the period	892.509	(41.785)	57.514	(95.260)
Losses/(gains) transferred to income statement	(304.044)	31.205	-	-
Subsidiary liquidation	-	-	-	42.784
Tax effect	(116.082)	2.104	(11.503)	-
Other	(7.989)	-	-	-
Balance as of 30 September 2012	**404.549**	**(148.083)**	**(32.139)**	**141.597**

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NOTE 16 - NON CURRENT ASSETS HELD FOR SALE

Kordsa decided to consolidate its cloth production plants located in South America at Brazil. As a result of this transaction, idle fixed assets which are expected to be sold within twelve months have been transferred to assets held for sale and are shown separately on the balance sheet. Since the income proceeds from the sale is expected to exceed the carrying value of the relevant assets, there was no provision for impairment registered on these operations that are held for sale. As of 30 September 2012, The net carrying value of the fixed assets which are classified as assets held for sale is TL 406 (31 December 2011: TL 466).

On September 2012 Share Transfer Agreement related to the sale of all Olmuksa shares held by Holding for a consideration of TL 101.230 has been signed with International Paper Container Holdings (Spain), S.L.. The transfer of shares will be finalized upon the completion of approvals from relevant authorities. In the consolidated income statements of 2011 and 2012, Olmuksa income and expenses have been classified as net income of discontinued operations. As at 30 September 2012, net asset value of Olmuksa in the consolidated balance sheet is TL 95.486.

Income statement of Olmuksa for the periods ended 30 September 2012 and 2011 is as follows:

Income Statement

	1 January - 30 September 2012	**1 July - 30 September 2012**	**1 January - 30 September 2011**	**1 July - 30 September 2011**
Income	141.355	47.127	134.824	43.539
Expense	(132.431)	(44.674)	(127.563)	(42.291)
Profit before tax	**8.924**	**2.453**	**7.261**	**1.248**
Taxation	(1.930)	(545)	(1.463)	(97)
Profit for the period	**6.994**	**1.908**	**5.798**	**1.151**

At 10 June 2011 Holding sold its 99,93% Advansa shares which were reclassified as assets held for sale in 2010 for a consideration of EUR 6 million to BBMMR Holding GmbH, a company located in Germany.

Income statement of Advansa for the period ended 30 September 2011 is as follows:

Income Statement

	1 January - 30 September 2011	**1 July - 30 September 2011**
Income	93.488	-
Expenses	(87.520)	-
Profit before tax	**5.968**	**-**
Taxation	(1.933)	-
Profit for the period	**4.035**	**-**

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NOTE 17 - FINANCIAL INCOME/EXPENSES

	1 January - 30 September	1 July - 30 September	1 January - 30 September	1 July - 30 September
Financial income				
Foreign exchange income	167.370	12.419	376.655	172.146
Interest income	73.041	25.333	59.035	21.465
Total	**240.411**	**37.752**	**435.690**	**193.611**
Financial expenses				
Foreign exchange losses	138.141	18.481	491.543	228.225
Interest expense	135.601	35.937	126.252	50.773
Other financial expenses	84.927	41.247	42.637	8.028
Total	**358.669**	**95.665**	**660.432**	**287.026**

Financial income and financial expenses relate to segments other than banking.

NOTE 18 - TAX ASSETS AND LIABILITIES

	30 September 2012	31 December 2011
Corporate and income taxes payable	942.386	329.468
Less: prepaid expenses	(511.084)	(192.316)
Total taxes payable	**431.302**	**137.152**

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 corporate tax rate of the fiscal year 2012 is 20% (2011: 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 any other liabilities to the state.

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

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 cannot 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 center 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 center 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 cannot benefit from this exemption.

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for investment allowance

According to the regulation, published in the 27659 numbered Official Gazette on 1 August 2010 based on Law No. 6009 through article 5, the phrase "regarding only the years 2006, 2007 and 2008" on temporary article 69 of Income Tax Law No.193 has been revised which was abolished by The Constitutional Court decision numbered 2009/144 published in the Official Gazette on 8 January 2010. With respect to this revision, undeductible investment allowance due to insufficient 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 relevant year. In addition to this, 20% corporate tax rate will be applied on the income after the deduction of the allowance.

The Constitutional Court has rescinded the phrase of the temporary article 69 of Income Tax Law stating that "Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the relevant year" which had been added through the article 5 of Law No.6009. The decision of the Constitutional Court numbered 2012/9 published in the 28208 numbered Official Gazette on 18 February 2012 and states that the %25 of the profit for the relevant year limitation has been removed from the temporary article 69 of Income Tax Law. This decision has not been executed till its announcement in the Official Gazette in order to prevent any possible legal disputes, losses or any other abortive claims. As a result of this revision, %100 of investments allowances are allowed to be deducted in the tax declarations, including both temporary and annual declarations, up to total amount of the relevant period profit subject to deduction.

The tax charges for comprehensive income statement items for the periods ended 30 September 2012 and 2011 are as follows:

	30 September 2012			**30 September 2011**		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net unrealized fair value from available for sale financial assets	2.183.016	436.603	1.746.413	(1.554.683)	(310.937)	(1.243.746)
Losses on available for sale financial assets transferred to the income statement	(745.277)	(149.055)	(596.222)	(401.218)	(80.244)	(320.974)
Cash flow hedges	(18.053)	(3.611)	(14.442)	36.460	7.292	29.168
Gain/(Loss) on net investment hedge	140.906	28.181	112.725	(149.276)	(29.855)	(119.421)
Currency translation differences	(191.249)	-	(191.249)	331.792	-	331.792
Other	(19.582)	(3.916)	(15.666)	1.229	246	983
Other comprehensive income	**1.349.761**	**308.202**	**1.041.559**	**(1.735.696)**	**(413.498)**	**(1.322.198)**

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Deferred 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, carry forward tax losses and investment incentive exceptions.

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%.

Sasa and Çimsa benefited from Tax Law 6111 Restructuring of Miscellaneous Receivables in order to avoid the tax risks by withdrawing the lawsuit for assessed tax and tax penalty in the investigation report issued by TC Ministry of Finance. In this context, agreed tax and tax penalty has been calculated as TL 25.112.

At 30 September 2012, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 73.896 which can be offset against future taxable profits for a period of five years (31 December 2011: TL 80.911).

As of 30 September 2012 and 31 December 2011 the amount of the carry forward tax losses and the last fiscal periods in which they can be utilized are as follows:

	30 September 2012	31 December 2011
2012	-	14.796
2013	12.860	12.860
2014	45.105	52.876
2015	-	60
2016	15.931	319
Total	**73.896**	**80.911**

The movements in deferred income tax assets/ (liabilities) for the nine month periods ended at 30 September 2012 and 2011 are as follows:

	30 September 2012	31 December 2011
Deferred Tax Assets	681.062	586.634
Deferred Tax Liabilities	505.654	451.789
Total	**175.408**	**134.845**

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

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

	30 September 2012	**30 September 2011**
Balances at 1 January	134.845	53.121
Charged directly to equity	(108.215)	15.710
Acquisition effects	(5.079)	9.521
Transfers from assets held for sale	-	(1.296)
Transfers to assets held for sale	1.078	(1.253)
Change within in the scope of consolidation	59	(2.696)
Currency translation differences	3.519	(5.765)
Charged to statement of income	149.453	36.416
Other	(252)	(4.850)
Balances at 30 September	**175.408**	**98.908**

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

NOTE 19 - DERIVATIVE FINANCIAL INSTRUMENTS

30 September 2012

	Fair Value	
Derivatives held for trading:	**Asset**	**Liability**
Foreign exchange derivatives		
Currency and interest rate swaps purchases and sales	396.517	(463.371)
Forward currency purchases and sales	39.557	(58.864)
Currency and interest rate futures purchases and sales	34.958	(31.629)
Currency options purchases and sales	63.894	(73.976)
Other purchases and sales	7.479	(16.556)
Total derivatives held for trading	**542.405**	**(644.396)**
Derivatives held for hedging:		
Currency and interest rate futures purchases and sales	-	(658.281)
Forward currency purchases and sales	5.191	-
Currency options purchases and sales	592	-
Total derivatives held for hedging	**5.783**	**(658.281)**
Total derivatives	**548.188**	**(1.302.677)**

31 December 2011

	Fair Value	
Derivatives held for trading:	**Asset**	**Liability**
Foreign exchange derivatives		
Currency and interest rate swaps purchases and sales	647.922	(502.462)
Forward currency purchases and sales	55.833	(58.914)
Currency and interest rate futures purchases and sales	54.569	(35.946)
Currency options purchases and sales	65.235	(69.770)
Other purchases and sales	9.042	(7.004)
Total derivatives held for trading	**832.601**	**(674.096)**
Derivatives held for hedging:		
Interest rate swap purchases and sales	-	(330.918)
Forward currency purchases and sales	1.351	-
Total derivatives held for hedging	**1.351**	**(330.918)**
Total derivatives	**833.952**	**(1.005.014)**

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

NOTE 20 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	**30 September 2012**	**31 December 2011**
Customer loans and credit cards receivables	31.924.685	25.287.278
Small scale enterprises	6.750.473	5.229.867
Construction	5.016.694	5.854.753
Health care and social services	4.488.434	3.982.466
Other manufacturing industries	3.816.439	2.991.087
Chemicals	3.677.450	2.995.353
Mining	3.674.293	2.732.393
Financial institutions	3.377.482	3.595.713
Food and beverage, wholesale and retail	2.741.007	2.419.997
Telecommunication	2.230.633	1.964.739
Textile	1.619.375	1.192.345
Automotive	1.235.694	889.707
Project finance loans	1.002.635	1.268.737
Tourism	892.120	757.384
Electronics	576.557	249.521
Agriculture and forestry	395.629	306.684
Other	14.426.346	11.588.621
	87.845.946	**73.306.645**
Non-performing loans	1.415.676	1.262.659
Total loans and advances to customers	**89.261.622**	**74.569.304**
Allowance for loan losses	(2.427.516)	(1.976.426)
Net loans and advances to customers	**86.834.106**	**72.592.878**

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

NOTE 20 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement of loan loss provision of banking segment as of 30 September 2012 by class is as follows:

	Corporate	Commercial	Total
1 January 2012	**1.078.978**	**897.448**	**1.976.426**
Gross provisions	432.957	338.219	771.176
Collections	(73.077)	(133.319)	(206.396)
Written - off	(25.451)	(88.232)	(113.683)
Currency translation differences	(7)	-	(7)
30 September 2012	**1.413.400**	**1.014.116**	**2.427.516**

The movement of loan loss provision of banking segment as of 30 September 2011 by class is as follows:

	Corporate	Commercial	Total
1 January 2011	**969.340**	**828.320**	**1.797.660**
Gross provisions	220.143	262.455	482.598
Collections	(117.322)	(157.364)	(274.686)
Written - off	(30.459)	(52.467)	(82.926)
Currency translation differences	22	-	22
30 September 2011	**1.041.724**	**880.944**	**1.922.668**

The maturity schedule of loans and advances to customers at 30 September 2012 and 31 December 2011 are summarised below:

	30 September 2012	31 December 2011
Up to 3 months	32.964.943	24.096.237
3 to 12 months	19.146.140	15.989.617
Current	**52.111.083**	**40.085.854**
1 to 5 years	26.143.532	24.156.809
Over 5 years	8.579.491	8.350.215
Non-current	**34.723.023**	**32.507.024**
Total	**86.834.106**	**72.592.878**

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NOTE 20 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 30 September 2012 and 31 December 2011 are summarised below:

	30 September 2012	31 December 2011
Up to 3 months	45.408.405	35.947.093
3 to 12 months	22.639.558	20.413.180
1 to 5 years	15.700.195	13.748.109
Over 5 years	3.085.948	2.484.496
Total	**86.834.106**	**72.592.878**

Leasing receivables:

Long and short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 30 September 2012 is TL 1.906.419 (31 December 2011: TL 1.409.643).

b) Insurance

	30 September 2012	31 December 2011
Receivables from insurance operations (net)	213.197	155.267

NOTE 21 - PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	30 September 2012			31 December 2011		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	4.369.554	42.720.587	47.090.141	3.903.466	40.858.803	44.762.269
Commercial deposits	6.292.166	19.093.191	25.385.357	5.204.736	17.906.634	23.111.370
Bank deposits	388.095	12.003.530	12.391.625	392.604	9.893.214	10.285.818
Funds deposits under repo transactions	-	19.488.836	19.488.836	-	12.420.360	12.420.360
Other	1.128.914	1.707.584	2.836.498	221.261	1.019.525	1.240.786
Total	**12.178.729**	**95.013.728**	**107.192.457**	**9.722.067**	**82.098.536**	**91.820.603**

b) Insurance

	30 September 2012	31 December 2011
Payables from insurance operations (net)	72.724	59.130
Insurance technical reserves	564.148	520.986
Total	**636.872**	**580.116**

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NOTE 22 - RELATED PARTY DISCLOSURES

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 nine month periods ended 30 September 2012 and 2011 are as follows:

	30 September 2012	30 September 2011
Short term employee benefits	11.389	9.973
Benefits resulted from discharge	244	233
Other long term benefits	133	123
Total	**11.766**	**10.329**

NOTE 23 - FINANCIAL RISK MANAGEMENT

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.

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 30 September 2012 and 31 December 2011 terms of TL are as follows:

	30 September 2012	31 December 2011
Assets	62.906.703	56.749.714
Liabilities	(71.485.257)	(68.569.141)
Net foreign currency balance sheet position	**(8.578.554)**	**(11.819.427)**
Net foreign currency of off-balance sheet derivative financial instruments	8.536.893	11.224.319
Net foreign currency balance sheet and off-balance sheet position	**(41.661)**	**(595.108)**

30 September 2012

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	4.393.404	2.137.048	2.071.957	27.954	156.445
Financial assets	10.614.228	7.350.936	3.263.292	-	-
Receivables from financial operations	35.718.537	25.047.478	10.598.175	30.728	42.156
Reserve deposits at Central Bank	11.252.715	4.677.284	5.173.894	-	1.401.537
Trade receivables	722.424	304.295	345.762	5.538	66.829
Other current assets	205.395	78.914	53.186	221	73.074
Total assets	**62.906.703**	**39.595.955**	**21.506.266**	**64.441**	**1.740.041**
Liabilities:					
Funds borrowed and debt securities in issue	20.206.690	12.982.695	7.163.297	8.738	51.960
Customer deposits	50.175.757	32.554.778	15.329.667	893.596	1.397.716
Trade payables	561.183	194.324	181.585	274	185.000
Other payables and provisions	541.627	264.320	212.555	3.859	60.893
Total Liabilities	**71.485.257**	**45.996.117**	**22.887.104**	**906.467**	**1.695.569**
Net foreign currency position of off-balance sheet derivative financial instruments	**8.536.893**	**7.008.054**	**744.324**	**846.238**	**(61.723)**
Net foreign currency position	**(41.661)**	**607.892**	**(636.514)**	**4.212**	**(17.251)**
Net foreign currency monetary position	**(41.661)**	**607.892**	**(636.514)**	**4.212**	**(17.251)**

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	4.991.131	2.846.134	2.005.017	20.573	119.407
Financial assets	7.288.979	4.024.172	3.264.807	-	-
Receivables from financial operations	34.938.562	24.474.068	10.359.787	41.238	63.469
Reserve deposits at Central Bank	8.609.832	8.163.721	-	-	446.111
Trade receivables	705.232	287.420	338.736	6.501	72.575
Other current assets	215.978	75.903	52.666	474	86.935
Total assets	**56.749.714**	**39.871.418**	**16.021.013**	**68.786**	**788.497**
Liabilities:					
Funds borrowed and debt securities in issue	23.206.015	16.070.513	7.084.785	10.851	39.866
Customer deposits	44.233.111	29.335.078	13.398.351	806.780	692.902
Trade payables	586.115	130.062	234.431	416	221.206
Other payables and provisions	543.900	154.762	333.824	3.783	51.531
Total Liabilities	**68.569.141**	**45.690.415**	**21.051.391**	**821.830**	**1.005.505**
Net foreign currency position of off-balance sheet derivative financial instruments	**11.224.319**	**6.382.269**	**3.954.376**	**756.744**	**130.930**
Net foreign currency position	**(595.108)**	**563.272**	**(1.076.002)**	**3.700**	**(86.078)**
Net foreign currency monetary position	**(595.108)**	**563.272**	**(1.076.002)**	**3.700**	**(86.078)**

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Continued)

The following table summarizes the sensitivity of Group companies to the fluctuations in the foreign exchange rates for the nine-month period ended 30 September 2012 and 2011:

30 September 2012	**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	(5.616)	5.616	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(5.616)**	**5.616**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(26.837)	26.837	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(26.837)**	**26.837**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	250	(250)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**250**	**(250)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(1.353)	1.353	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(1.353)**	**1.353**	**-**	**-**
	(33.555)	**33.555**	**-**	**-**

30 September 2011	**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	43.782	(43.782)	-	-
Hedged items (-)	-	-	-	-
USD net effect	**43.782**	**(43.782)**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(44.635)	44.635	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(44.635)**	**44.635**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	840	(840)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**840**	**(840)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(5.785)	5.785	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(5.785)**	**5.785**	**-**	**-**
	(5.798)	**5.798**	**-**	**-**

NOTE 24 - EVENTS AFTER THE BALANCE SHEET DATE

On 19 September 2012 Share Transfer Agreement related to the sale of all Olmuksa shares held by Holding for a consideration of TL 101.230 has been signed with International Paper Container Holdings (Spain), S.L.. The transfer of shares will be finalized upon the completion of approvals from relevant authorities. On 1 November 2012 the Competition Board has approved the sale of Olmuksa shares to International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş.

On 1 October 2012, Akbank sold TL 500.100 of its non-performing loans to Girişim Varlık Yönetimi A.Ş. for a consideration of TL 95.100.

Akbank's issued two bonds with different maturities to international markets. The first of these bonds with a nominal value of USD 500.000 has a maturity date of 24 October 2017 and a 5-year fixed-rate interest rate of 3,948% and coupon rate of 3,875%. The other bond with a nominal value of USD 500.000 has a maturity date of 24 October 2022 and 10-year fixed-rate interest rate of 5,129% and coupon rate of 5,00%.