HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2010 TOGETHER WITH AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

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CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH

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

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Hacı Ömer Sabancı Holding A.Ş. ("Holding") and its subsidiaries (together "the Group") as of 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with financial reporting standards published by the Capital Markets Board. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with auditing standards published by the Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared in all material respects in accordance with financial reporting standards published by the Capital Markets Board.

Other matter

The review of the condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2009 and the audit of the consolidated financial statements for the year ended 31 December 2009 was performed by another independent auditing firm. The predecessor auditing firm concluded that nothing has come to its attention that causes to believe that the condensed consolidated interim financial information for six-month period ended 30 June 2009 is not prepared in all material respects in accordance with financial reporting standards issued by the Capital Markets Board and expressed an unqualifed opinion in the auditor's report dated 26 March 2010 on consolidated financial statements as of 31 December 2009.

Deloitte.

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

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

Additional paragraph for convenience translation into English

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

İstanbul, 27 August 2010

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

Ömer Tanrıöver
Partner

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY - 30 JUNE 2010

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CONDENSED CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2010 AND 31 DECEMBER 2009

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

	Note References	Reviewed 30 June 2010	Audited 31 December 2009
ASSETS			
Current Assets		**56.757.299**	**57.490.689**
Cash and Cash Equivalents		9.122.069	12.869.232
Financial Assets			
- Held for Trading	5.a	498.167	240.062
- Available for Sale	5.b	9.821.254	6.880.750
- Held to Maturity	5.c	1.067.646	3.434.726
Derivative Financial Instruments	17	292.872	245.178
Reserve Deposits with the Central Bank of the Republic of Turkey		3.775.148	3.464.090
Trade Receivables		1.067.631	1.056.831
Receivables from Finance Sector Operations	18	28.263.872	26.913.934
Other Receivables	7	870.447	680.626
Inventories		896.072	823.244
Other Current Assets		532.479	455.945
		56.207.657	**57.064.618**
Non-current Assets Held for Sale	4.b	549.642	426.071
Non-current Assets		**65.738.933**	**54.435.623**
Trade Receivables		37.481	44.335
Receivables From Finance Sector Operations	18	24.104.362	17.992.319
Other Receivables	7	188.976	204.016
Financial Assets			
- Available for Sale	5.b	28.873.787	22.322.162
- Held to Maturity	5.c	5.519.646	6.978.702
Investments Accounted Through Equity Method	8	220.481	304.662
Investment Property		168.381	269.109
Property, Plant and Equipment	9	4.334.924	4.060.790
Intangible Assets	10	1.057.089	1.056.632
Goodwill	11	709.437	706.354
Deferred Income Tax Assets	16	524.369	496.542
Total Assets		**122.496.232**	**111.926.312**

This condensed consolidated interim financial information has been approved by the Board of Directors on 27 August 2010 and signed on its behalf by Zafer Kurtul, CEO and Cezmi Kurtuluş, Budgeting Accounting and Consolidation Department Head.

CONDENSED CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2010 AND 31 DECEMBER 2009

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

	Note References	Reviewed 30 June 2010	Audited 31 December 2009
LIABILITIES			
Short Term Liabilities		**93.793.501**	**84.528.035**
Financial Liabilities	6	7.384.153	5.149.488
Current Portion of Long-term Financial Liabilities	6	904.912	862.259
Trade Payables		1.066.404	996.367
Other Payables	7	3.284.214	2.694.581
Payables from Finance Sector Operations	19	79.308.997	73.367.719
Derivative Financial Instruments	17	1.119.671	773.925
Income Taxes Payable	16	168.966	202.748
Other Short Term Liabilities		256.224	213.000
		93.493.541	**84.260.087**
Liabilities Associated with Non-current Assets Held for Sale	4.c	299.960	267.948
Long Term Liabilities		**6.725.664**	**6.709.700**
Financial Liabilities	6	4.446.379	4.569.513
Trade Payables		2.796	2.371
Other Payables	7	199.603	434.366
Payables from Finance Sector Operations	19	1.492.938	1.176.368
Derivative Financial Instruments	17	68.634	26.655
Provision for Employment Termination Benefits		117.539	111.332
Deferred Income Tax Liabilities	16	397.775	389.095
EQUITY		**21.977.067**	**20.688.577**
Equity attributable to the parent	**13**	**11.828.618**	**10.947.422**
Share Capital	13	2.040.404	1.900.000
Adjustment to Share Capital	13	3.426.761	3.426.761
Capital Investment Adjustment (-)	13	(21.534)	-
Share Premium	13	21.670	21.670
Revaluation Funds	13	96.274	157.430
Restricted Reserves	13	392.295	371.648
Translation Reserve	13	(53.764)	(52.046)
Net Income for the Period	13	917.600	1.258.481
Retained Earnings	13	5.008.912	3.863.478
Non-controlling Interests		**10.148.449**	**9.741.155**
- Sabancı Family Members		3.224.801	3.128.810
- Others		6.923.648	6.612.345
TOTAL EQUITY AND LIABILITIES		**122.496.232**	**111.926.312**
Contingent assets and liabilities	12		

The accompanying notes form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Note References	Reviewed 1 January- 30 June 2010	Not reviewed 1 April- 30 June 2010	Reviewed 1 January- 30 June 2009	Not reviewed 1 April- 30 June 2009
CONTINUING OPERATIONS					
Sales (net)	4	3.704.847	1.964.312	3.158.574	1.674.072
Interest, Premium, Commission and Other Income	4	6.097.379	2.923.362	6.290.479	2.994.735
Total		**9.802.226**	**4.887.674**	**9.449.053**	**4.668.807**
Cost of Sales (-)		(3.003.297)	(1.589.715)	(2.587.901)	(1.346.598)
Interest, Premium, Commission and Other Expenses (-)		(2.713.858)	(1.319.820)	(3.604.241)	(1.460.578)
Total		**(5.717.155)**	**(2.909.535)**	**(6.192.142)**	**(2.807.176)**
Gross Profit from Non-financial Operations		701.550	374.597	570.673	327.474
Gross Profit from Financial Operations		3.383.521	1.603.542	2.686.238	1.534.157
GROSS PROFIT		**4.085.071**	**1.978.139**	**3.256.911**	**1.861.631**
Marketing, Selling and Distribution Expenses (-)		(234.219)	(124.580)	(202.767)	(90.820)
General and Administrative Expenses (-)		(1.603.129)	(833.374)	(1.409.329)	(727.812)
Research and Development Expenses (-)		(5.578)	(2.577)	(7.170)	(2.922)
Other Operating Income		281.492	133.580	204.113	29.290
Other Operating Expenses		(73.075)	(35.255)	(124.377)	(58.580)
OPERATING PROFIT		**2.450.562**	**1.115.933**	**1.717.381**	**1.010.787**
Shares of Income of Investments Accounted Through Equity Method	8	88.791	37.094	78.709	45.546
Financial Income	15	203.484	47.871	290.168	160.712
Financial Expenses (-)	15	(216.067)	(58.864)	(286.790)	(96.721)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.526.770**	**1.142.034**	**1.799.468**	**1.120.324**
Tax income/(expense) from continuing operations					
Current Income Tax Expense		(481.047)	(186.928)	(428.061)	(227.791)
Deferred Income Tax Benefit/(Charge)	16	(17.928)	(24.779)	74.634	17.197
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		**2.027.795**	**930.327**	**1.446.041**	**909.730**
DISCONTINUED OPERATIONS					
Net income/(loss) after tax from discontinued operations	14	3.396	2.718	(15.263)	(7.515)
NET INCOME FOR THE PERIOD		**2.031.191**	**933.045**	**1.430.778**	**902.215**
ALLOCATION OF NET INCOME		**2.031.191**	**933.045**	**1.430.778**	**902.215**
- Non-controlling Interests		1.113.591	512.829	828.152	502.419
- Equity Holders of the Parent		917.600	420.216	602.626	399.796
Earnings per share - thousands of ordinary shares (TL)		4,36	2,00	2,86	1,90

The accompanying notes form an integral part of this condensed consolidated financial information.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM COMPREHENSIVE STATEMENTS OF INCOME FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Note References	Reviewed 1 January- 30 June 2010	Not reviewed 1 April- 30 June 2010	Reviewed 1 January- 30 June 2009	Not reviewed 1 April- 30 June 2009
NET INCOME FOR THE PERIOD		**2.031.191**	**933.045**	**1.430.778**	**902.215**
Other Comprehensive Income/ (Loss):					
Net unrealized fair value gains from available for sale financial assets, after tax	16	69.842	(216.538)	275.431	162.539
Losses on available for sale financial assets transferred to the income statement, after tax	16	(220.830)	(74.062)	(77.555)	(77.555)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	16	16.291	7.667	45.085	45.085
Currency translation differences	16	(77.392)	(40.068)	35.415	(28.943)
Cash flow hedges, after tax	16	(15.420)	(16.547)	(158.601)	9.412
Hedges of net investment in a foreign a foreign operation, after tax	16	57.192	29.801	(5.092)	17.179
OTHER COMPREHENSIVE INCOME/ (EXPENSE), (AFTER TAX)		**(170.317)**	**(309.747)**	**114.683**	**127.717**
TOTAL COMPREHENSIVE INCOME		**1.860.874**	**623.298**	**1.545.461**	**1.029.932**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		**1.860.874**	**623.298**	**1.545.461**	**1.029.932**
- Non-controlling Interests		1.026.249	330.042	889.726	594.110
- Equity Holders of the Parent		834.625	293.256	655.735	435.822

The accompanying notes form an integral part of this condensed consolidated financial information.

REVIEWED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Share capital	Adjustment to share capital	Capital investment adjustment (-)	Share premium	Revaluation funds	Restricted reserves	Translation reserve	Net income period	Retained earnings	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1 January 2009	**1.800.000**	**3.426.761**	**-**	**21.670**	**(93.842)**	**257.817**	**(75.359)**	**1.188.559**	**3.031.365**	**9.556.971**	**7.781.806**	**17.338.777**
Capital increase	100.000	-	-	-	-	-	-	-	(100.000)	-	1.803	1.803
Transfers	-	-	-	-	-	24.924	-	(1.188.559)	1.163.635	-	-	-
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	(16.350)	(16.350)	8.324	(8.026)
Dividends paid	-	-	-	-	-	-	-	-	(142.614)	(142.614)	(279.205)	(421.819)
Total comprehensive income	-	-	-	-	31.465	-	21.644	602.626	-	655.735	889.726	1.545.461
Balances at 30 June 2009	**1.900.000**	**3.426.761**	**-**	**21.670**	**(62.377)**	**282.741**	**(53.715)**	**602.626**	**3.936.036**	**10.053.742**	**8.402.454**	**18.456.196**
Balances at 1 January 2010	**1.900.000**	**3.426.761**	**-**	**21.670**	**157.430**	**371.648**	**(52.046)**	**1.258.481**	**3.863.478**	**10.947.422**	**9.741.155**	**20.688.577**
Capital increase	-	-	-	-	-	-	-	-	-	-	1.527	1.527
Transfers	140.404	-	(21.534)	-	-	20.647	-	(1.258.481)	1.118.964	-	-	-
Effect of change in the effective ownership of subsidiaries	-	-	-	-	20.130	-	(29)	-	230.512	250.613	(250.613)	-
Dividends paid	-	-	-	-	-	-	-	-	(204.042)	(204.042)	(369.869)	(573.911)
Total comprehensive income	-	-	-	-	(81.286)	-	(1.689)	917.600	-	834.625	1.026.249	1.860.874
Balances at 30 June 2010	**2.040.404**	**3.426.761**	**(21.534)**	**21.670**	**96.274**	**392.295**	**(53.764)**	**917.600**	**5.008.912**	**11.828.618**	**10.148.449**	**21.977.067**

The accompanying notes form an integral part of this condensed consolidated financial information.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Notes References	Reviewed 1 January- 30 June 2010	Reviewed 1 January- 30 June 2009
Net income before tax from continuing operations		2.526.770	1.799.468
Net income/ (loss) before tax from discontinued operations	14	3.646	(13.839)
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortisation expenses	4	216.169	213.016
Provision for loan losses		344.666	776.879
Changes in the fair value of derivative instruments		320.756	127.370
Unrealized interest and foreign currency income		45.571	(389.487)
Unrealized interest and foreign currency expense		8.579	(181.136)
Provision for employment termination benefits		21.648	24.347
Impairment charge on property, plant and equipment, intangible assets and investment property	4	83	38.754
Currency translation differences		12.749	(20.054)
Insurance technical reserves and other provisions		84.727	47.283
Income from associates	8	(88.791)	(78.709)
Loss on sale and liquidation of subsidiaries		-	6.892
Loss/ (gain) on sale of property, plant and equipment, intangible assets and investment properties		563	(475)
Other		(6.408)	(23.771)
Net cash provided by operating activities before changes in operating assets and liabilities		**3.490.728**	**2.326.538**
Changes in trade receivables		2.826	32.888
Changes in inventories		(71.802)	305.369
Changes in other receivables and other current assets		(252.073)	(5.622)
Changes in trade payables		63.168	(288.997)
Changes in other liabilities and other payables		338.094	754.866
Net cash (used in)/provided by operating activities of non-current assets held for sale		(25.490)	191.937
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		(256.723)	22.249
Changes in receivables from financial operations		(7.806.483)	3.387.493
Changes in payables from financial operations		6.221.809	(6.114)
Changes in reserve with the Central Bank of the Republic of Turkey		(311.058)	1.678.591
Income taxes paid		(503.340)	(291.160)
Employment termination benefits paid		(15.442)	(22.038)
Net cash provided by operating activities		**874.214**	**8.086.000**

The accompanying notes form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Note References	Reviewed 1 January- 30 June 2010	Reviewed 1 January- 30 June 2009
Cash flows from investing activities:			
Capital expenditures	4	(447.022)	(395.654)
Purchase of financial assets available-for-sale and held-to-maturity		(5.972.590)	(3.272.870)
Cash used in business combinations		(7.363)	(937.944)
Proceeds from sale and liquidation of subsidiary		-	16.593
Proceeds from sale of property, plant and equipment, intangible assets and non-current assets held for sale		34.483	14.560
Dividends received		173.048	164.297
Net cash used in investing activities of non-current assets held for sale		(9.473)	(20.564)
Net cash used in investing activities		**(6.228.917)**	**(4.431.582)**
Cash flows from financing activities:			
Change in financial liabilities		2.064.299	(2.353.970)
Dividends paid		(204.042)	(142.614)
Dividends paid to non-controlling interests		(369.869)	(279.205)
Capital increase of non-controlling interests		1.527	1.803
Net cash used in financing activities of non-current assets held for sale		15.591	(147.017)
Net cash provided by financing activities		**1.507.506**	**(2.921.003)**
Effect of change in foreign currency rates on cash and cash equivalents		**26.360**	**76.797**
Net increase/ (decrease) in cash and cash equivalents		(3.820.837)	810.212
Cash and cash equivalents at the beginning of the period (*)		12.806.033	7.515.794
Cash and cash equivalents at the end of the period (*)		**8.985.196**	**8.326.006**

(*) Cash and cash equivalents at balance sheet comprise interest accruals of TL 136.873 in the current period and TL 63.199 as at 31 December 2009 (30 June 2009: TL 133.512, 31 December 2008: TL 149.625).

(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 AND OPERATIONS OF THE GROUP

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 13). The average number of employees in 2010 is 57.903 (31 December 2009: 55.201). 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 June 2010, the Group's principal shareholders and their respective shareholding rates in the Holding are as follows (Note 13):

	%
Sabancı family members	43,60
Public quotation	39,42
Sakıp Sabancı Holding A.Ş.	13,79
Sabancı University	1,51
Çimsa	1,06
Hacı Ömer Sabancı Foundation	0,62
	100,00

Subsidiaries

The business nature of the Subsidiaries consolidated in these consolidated financial statements and their respective business segments as at 30 June 2010 are as follows:

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

NOTE 1 - ORGANISATION 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 the Subsidiaries are registered in Turkey except for Exsa UK, Advansa (collectively referred to as the "Foreign Subsidiaries"). Exsa UK is registered in the United Kingdom, Advansa is registered in the Netherlands.

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 30 June 2010 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Venturer
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	Pension	Finance	Aviva
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	Tire, tire reinforcement and automotive	Tire, tire reinforcement and automotive	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	Retailing	Carrefour
Diasa Dia Sabancı Süpermarketleri Ticaret A.Ş. ("Diasa")	Trade of consumer goods	Retailing	Dia S.A.
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	Energy production and sales	Energy	Verbund
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ("ETS")	Energy sales	Energy	Verbund
Enerjisa Elektrik Dağıtım A.Ş. ("EED")	Energy distribution	Energy	Verbund
Başkent Elektrik Dağıtım A.Ş. ("BEDAŞ")	Energy distribution	Energy	Verbund
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş. ("Olmuksa")	Corrugated containers	Other	International Paper
Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. ("Dönkasan")	Paper	Other	International Paper and Kartonsan

All the Joint Ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial Reporting Standards

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". 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.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Holding did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by the IASB in its financial statements for the accounting periods starting 1 January 2005.

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.

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

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

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

b) to change the recognition and subsequent accounting requirements for contingent consideration.

c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

d) in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), "consolidated and separate financial statements", at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in comprehensive income statement. Since the equities of the non controlling interests do not have negative balance, UMS 27 (revised) standard does not have an effect in the current period. There is no transaction like having share left in the entity resulting from losing the control power; no transaction is present regarding the shares with no control power.

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

a) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

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

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

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

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

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

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

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

IAS 24 (Revised 2009) '*Related Party Disclosures*'

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

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

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

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

2.1.2 Adoption of New And Revised International Financial Reporting Standards (Continued)

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

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

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

IFRIC 19 '*Extinguishing Financial Liabilities with Equity Instruments'*

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

Annual Improvements, May 2010

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

(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, Joint Ventures and Associates (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 Associates, Joint Ventures and Subsidiaries are included or excluded in these consolidated financial statements subsequent to the effective 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 at 30 June 2010:

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family members %	Proportion of ownership interest %	Proportion of effective interest %
Advansa	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank (*)	40,85	16,38	57,23	40,78
Aksigorta	61,98	-	61,98	61,98
Bimsa	100,00	-	100,00	89,96
Çimsa	53,00	1,42	54,42	53,00
Exsa	45,70	54,30	100,00	30,25
Exsa UK	100,00	-	100,00	99,09
Kordsa Global	91,11	-	91,11	91,11
Teknosa	70,29	29,71	100,00	70,29
Temsa Global	48,71	51,28	99,99	48,71
Tursa	99,52	-	99,52	99,45
Yünsa	57,88	11,50	69,38	58,08

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

(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 at 31 December 2009:

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family members %	Proportion of ownership interest %	Proportion of effective interest %
Advansa	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank	40,85	16,38	57,23	36,80
Aksigorta	61,98	-	61,98	61,98
Bimsa	100,00	-	100,00	89,95
Çimsa	53,00	1,42	54,42	53,00
Exsa	45,70	54,30	100,00	30,25
Exsa UK	100,00	-	100,00	99,09
Kordsa Global	91,11	-	91,11	91,11
Teknosa	70,29	29,71	100,00	70,29
Temsa Global	48,71	51,28	99,99	48,71
Tursa	99,51	-	99,51	98,46
Yünsa	59,37	11,50	70,87	58,80

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

Financial statements of subsidiaries, whose financial position at 30 June 2010 and result of operations for the six-month period ended 30 June 2010 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 5.b).

(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)

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Holding and one or more other parties. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements. The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 30 June 2010:

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

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

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2009:

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

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

(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)

d) Investments in Associates are accounted for by the equity method of accounting. 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).

Associates whose financial position at 30 June 2010 and result of operations for the six month period ended 30 June 2010 are insignificant to the overall consolidated financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 5.b).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 June 2010 and 31 December 2009:

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

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

e) Other investments in which the Holding and its Subsidiaries, have interest below 20%, or over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value (Note 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 non controlling interest. Certain Sabancı family members, Sabancı Vakfı, a charitable foundation established by Sabancı family members and Akbank Tekaüt Sandığı, a retirement foundation for Akbank employees, have interests in the share capital of certain Subsidiaries and Associates. In these consolidated financial statements their interests are treated as non controlling interest and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

(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)

2.1.4 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 June 2010 comparatively with the consolidated balance sheet as of 31 December 2009 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the period 1 January- 30 June 2010 comparatively with the period 1 January - 30 June 2009.

In order to sustain the consistency of the comparative financial data, the Group restated 30 June 2009 financial statements due to two of its affiliates, Advansa and Toyotasa, in, which have been reclassified into Assets Held for Sale as of the end of 2009. The effect of the restatement is as follows:

	30 June 2009		
	As Previously Reported	**Classification to the Assets Held for Sale**	**As Restated**
Sales Revenue (net)	3.742.568	(583.994)	3.158.574
Cost of Goods Sold (-)	(3.128.604)	540.703	(2.587.901)
Marketing, Sales and Distribution Expenses (-)	(234.227)	31.460	(202.767)
General Administrative Expenses (-)	(1.434.020)	24.691	(1.409.329)
Research and Development Expenses (-)	(8.680)	1.510	(7.170)
Other Operating Income	231.701	(27.588)	204.113
Other Operating Exenses	(143.590)	19.213	(124.377)
Financial Income	297.109	(6.941)	290.168
Financial Expenses (-)	(301.575)	14.785	(286.790)
Tax Expense	(427.573)	(488)	(428.061)
Deferred Tax Income	72.722	1.912	74.634
Net income/loss from discontinued operations after tax	-	(15.263)	(15.263)

In 2010,the Group reevaluated the intended use of certain buildings and lands and made the following reclasifications ;

	31 December 2009		
	As Previously Reported	**Classification of the Investment Property to Property,Plant and Equipment**	**As Restated**
Investment Property	368.488	(99.379)	269.109
Property,Plant and Equipment	3.961.411	99.379	4.060.790

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

2.2 Changes in Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. There has been no change in the accounting policies related to the interim period 1 January – 30 June 2010.

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the six month period ended 30 June 2010 have been prepared in accordance with IAS 34, the standard on the preparation and presentation of interim perio financial statements. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended 30 June 2010 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2009. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2009.

2.3.1 Financial Instruments

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

All investment securities are initially recognised at cost. Transaction costs are included in the initial measurement of debt securities. Financial assets classified as available-for-sale are subsequently remeasured at fair value if the fair values can be reliably measured.

Investments in which the Holding has an interest below 20% that do not have a quoted market price in active markets, for which other methods of making a reasonable estimate of fair value are clearly inappropriate or unworkable and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

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

2.3.1 Financial Instruments (Continued)

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

Held to maturity investments are carried at amortised cost using the effective yield method.

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

Interest received from financial assets at fair value through profit or loss is recognised in the income statement as part of interest income and dividend received is recognised in the income statement as part of dividend income. All purchases and sales of financial assets at fair value through profit or loss that require delivery within the time frame established by regulation or market convention are recognised at the trade date,which is the date that the banks commit to purchase or sell the assets.

(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)

2.3.2 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 9). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	4-50
Buildings	18-50
Machinery and equipment	2-25
Motor vehicles	2-15
Furniture and fixtures	3-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

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

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

2.3.3 Intangible assets

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 10). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Costumer relations and agreements are amortised using the straight-line method over their estimated useful life of 27 years and carried at cost less accumulated amortisation and impairment (Note 10).

2.3.4 Non-current assets held for sale and discontinued operations

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

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

2.3.4 Non-current assets held for sale and discontinued operations (Continued)

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

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

2.3.5 IFRIC 12 - Service Concession Arrangements

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

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

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

2.3.6 Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 13).

The capital investment adjustment under shareholders' equity represents the Holding shares held by the subsidiaries. In the consolidated financial statements the shares held by the subsidiaries are accounted for under equity as a debit entry to the share capital by the share proportion of the subsidiary.

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

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

2.3.7 Financial liabilities and Borrowing costs

Financial liabilities are recognised initially at the proceeds received, net of transaction costs incurred.

Financial liabilities are subsequently measured at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

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

2.3.8 Deferred Tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 16).

2.3.9 Loans and advances to customers and provision for loan impairment

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

A credit risk provision for loan impairment is established if there is objective evidence that receivables are not collectible. The amount of the provision is the difference between the carrying amount and recoverable amount.The recoverable amount is the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

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

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

2.3.10 Revenue

Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills (Note 4.e).

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

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period (Note 4.e).

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

Other segments

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

2.3.11 Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish Lira (TL) at the exchange rates prevailing at the balance sheet dates.

Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

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

2.3.11 Foreign currency transactions (Continued)

Foreign Group Companies

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

2.3.12 Segment reporting

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

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

The Group has selected business segments in a manner consistent with the reporting provided to the chief operating decision maker. Based on the internal reporting as the Group's risk and returns are affected by the differences between the produced goods and rendered services, industrial segments are determined for the segment reporting purposes. Geographical segments have not been disclosed in these consolidated financial statements on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated financial statements.

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

2.4 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with CMB Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. If changes in the accounting policies are related to only one period, they are applied in the current year; if they are related to the future periods, they are applied both in current and future periods.

(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

The business combinations between the period 1 January - 30 June 2010 are as follows:

On 9 February 2010 Çimsa, a subsidiary of the Group, acquired 60% shares of the Med.Con Srl which is established in Italy for a consideration of EUR 3.551. The difference between acquisition value and fair value of the acquired net assets of TL 3.313 has been provisionally accounted for as goodwill (Note:11). While carrying the goodwill amount of the acquired company, which was recorded as of the acquisition date, to 30 June 2010 financial statements, a translation difference of TL (243) has been recorded.

The business combinations between the period 1 January - 30 June 2009 are as follows:

Enerjisa Elektrik Dağıtım A.Ş., a joint venture of the Group, won the tender of Privatisation Agency of Republic of Turkey and acquired all the shares of Başkent Elektrik Dağıtım A.Ş. for TL 1.976.169 (USD 1.225 million) with the Share Purchase Agreement signed on 28 January 2009. Fair values of the acquired identifiable assets and liabilities and the purchase consideration is as follows;

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

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

One of the Group's Joint Venture, Carrefoursa, acquired 16 supermarkets for a consideration of TL 18.140 in 2009. The acquisition resulted in a goodwill of TL 15.788. Goodwill attributable to the consolidated financial statements resulting from the acquisition of the joint-venture is TL 6.123.

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NOTE 4 - SEGMENT REPORTING

a) External revenues:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Finance	6.097.379	2.923.362	6.290.479	2.994.735
Tire, tire reinforcements and automotive	1.204.853	634.164	1.003.983	511.503
Retail	1.199.214	624.708	1.064.561	559.027
Cement	503.587	303.132	437.477	267.199
Energy	624.308	305.708	496.692	252.841
Other	172.885	96.600	155.861	83.502
Total	**9.802.226**	**4.887.674**	**9.449.053**	**4.668.807**

b) Segment assets:

	30 June 2010	31 December 2009
Tire, tire reinforcements and automotive	2.085.571	2.043.148
Cement	1.372.542	1.268.472
Retail	994.677	932.432
Energy	2.791.294	2.601.331
Finance	113.601.522	103.544.785
Banking	112.198.290	102.106.140
Insurance	1.403.232	1.438.645
Other	404.108	546.262
Segment assets (*)	**121.249.714**	**110.936.430**
Non-current assets held for sale (Note 14)	549.642	426.071
Investment in associates	220.481	304.662
Unallocated assets	1.132.515	916.408
Less: intercompany eliminations and reclassifications	(656.120)	(657.259)
Total assets as per consolidated financial statements	**122.496.232**	**111.926.312**

(*) Segment assets mainly comprise operating assets.

(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)

c) Segment liabilities:

	30 June 2010	31 December 2009
Tire, tire reinforcements and automotive	507.369	427.275
Cement	219.693	182.256
Retail	521.650	554.443
Energy	702.208	371.077
Finance	97.564.419	88.587.245
Banking	96.639.262	87.627.989
Insurance	925.157	959.256
Other	65.701	57.376
Segment liabilities (*)	**99.581.040**	**90.179.672**
Liabilities associated with non-current assests held for sale (Note 14)	299.960	267.948
Unallocated liabilities	1.773.321	1.964.891
Less: intercompany eliminations and reclassifications	(1.135.156)	(1.174.776)
Total liabilities as per consolidated financial statements	**100.519.165**	**91.237.735**

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

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NOTE 4 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period between 1 January – 30 June 2010

	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Finance: Banking	Finance: Insurance	Finance: Total finance	Other	Inter segment elimination	Total
External revenues	1.204.853	503.587	1.199.214	624.308	5.597.697	499.682	6.097.379	172.885	-	9.802.226
Inter segment revenues	967	12	1.763	31.924	9.320	1.096	10.416	5.971	(51.053)	-
Total revenues	**1.205.820**	**503.599**	**1.200.977**	**656.232**	**5.607.017**	**500.778**	**6.107.795**	**178.856**	**(51.053)**	**9.802.226**
Cost of sales (*)	(1.009.030)	(389.415)	(943.616)	(556.870)	(2.283.899)	(494.142)	(2.778.041)	(134.219)	93.013	(5.718.178)
General and administrative expenses	(48.620)	(21.765)	(133.455)	(89.684)	(1.253.082)	(28.242)	(1.281.324)	(18.273)	18.406	(1.574.715)
Sales, marketing and distribution expenses	(82.246)	(4.404)	(134.168)	(533)	-	-	-	(13.422)	554	(234.219)
Research and development expenses	(4.033)	(230)	-	-	-	-	-	(1.498)	183	(5.578)
Inter segment adjustment	(101)	(50)	-	-	30.816	22.951	53.767	1.174	(53.767)	1.023
Operating result	**61.790**	**87.735**	**(10.262)**	**9.145**	**2.100.852**	**1.345**	**2.102.197**	**12.618**	**7.336**	**2.270.559**
Other unallocated operating expenses										(28.414)
Other income/(expense) - net	(1.010)	(5.964)	85	6.551	182.029	21.436	203.465	5.290	-	208.417
Segment result	**60.780**	**81.771**	**(10.177)**	**15.696**	**2.282.881**	**22.781**	**2.305.662**	**17.908**	**7.336**	**2.450.562**

(*) 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 April – 30 June 2010

	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Finance			Other	Inter segment elimination	Total
					Banking	Insurance	Total finance			
External revenues	634.164	303.132	624.708	305.708	2.710.301	213.061	2.923.362	96.600	-	4.887.674
Inter segment revenues	574	11	1.201	18.908	5.043	26	5.069	3.028	(28.791)	-
Total revenues	**634.738**	**303.143**	**625.909**	**324.616**	**2.715.344**	**213.087**	**2.928.431**	**99.628**	**(28.791)**	**4.887.674**
Cost of sales (*)	(536.148)	(231.000)	(490.935)	(273.433)	(1.150.493)	(211.064)	(1.361.557)	(73.229)	56.255	(2.910.047)
General and administrative expenses	(25.490)	(10.936)	(66.895)	(49.132)	(663.247)	(3.015)	(666.262)	(8.993)	8.968	(818.740)
Sales, marketing and distribution expenses	(44.291)	(2.171)	(70.645)	(533)	-	-	-	(7.223)	283	(124.580)
Research and development expenses	(1.856)	(115)	-	-	-	-	-	(700)	94	(2.577)
Inter segment adjustment	(51)	(25)	-	-	12.877	23.793	36.670	587	(36.669)	512
Operating result	**26.902**	**58.896**	**(2.566)**	**1.518**	**914.481**	**22.801**	**937.282**	**10.070**	**140**	**1.032.242**
Other unallocated operating expenses										(14.634)
Other income/(expense) - net	1.995	(928)	1.486	3.387	74.720	11.159	85.879	6.506	-	98.325
Segment result	**28.897**	**57.968**	**(1.080)**	**4.905**	**989.201**	**33.960**	**1.023.161**	**16.576**	**140**	**1.115.933**

(*) 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 June 2009

	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Finance: Banking	Finance: Insurance	Finance: Total finance	Other	Inter segment elimination	Total
External revenues	1.003.983	437.477	1.064.561	496.692	5.790.135	500.344	6.290.479	155.861	-	9.449.053
Inter segment revenues	609	20	1.690	35.180	20.060	1.165	21.225	5.785	(64.509)	-
Total revenues	**1.004.592**	**437.497**	**1.066.251**	**531.872**	**5.810.195**	**501.509**	**6.311.704**	**161.646**	**(64.509)**	**9.449.053**
Cost of sales (*)	(867.833)	(332.227)	(834.077)	(467.762)	(3.238.968)	(472.162)	(3.711.130)	(127.834)	148.176	(6.192.687)
General and administrative expenses	(43.929)	(18.326)	(121.146)	(90.606)	(1.053.025)	(54.194)	(1.107.219)	(20.721)	20.512	(1.381.435)
Sales, marketing and distribution expenses	(77.351)	(4.194)	(106.028)	(332)	-	-	-	(15.609)	747	(202.767)
Research and development expenses	(5.723)	-	-	-	-	-	-	(1.447)	-	(7.170)
Inter segment adjustment	166	(50)	-	-	86.237	(682)	85.555	1.188	(86.314)	545
Operating result	**9.922**	**82.700**	**5.000**	**(26.828)**	**1.604.439**	**(25.529)**	**1.578.910**	**(2.777)**	**18.612**	**1.665.539**
Other unallocated operating expenses										(27.894)
Other income/(expense) - net	(2.335)	(5.631)	(1.742)	15.146	103.652	22.563	126.215	(51.917)	-	79.736
Segment result	**7.587**	**77.069**	**3.258**	**(11.682)**	**1.708.091**	**(2.966)**	**1.705.125**	**(54.694)**	**18.612**	**1.717.381**

(*) 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.

(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 April– 30 June 2009

	Tire, tire reinforcements and automotive	Cement	Retail	Energy	Finance: Banking	Finance: Insurance	Finance: Total finance	Other	Inter segment elimination	Total
External revenues	511.503	267.199	559.027	252.841	2.763.725	231.010	2.994.735	83.502	-	4.668.807
Inter segment revenues	133	12	785	16.226	7.995	33	8.028	3.172	(28.356)	-
Total revenues	**511.636**	**267.211**	**559.812**	**269.067**	**2.771.720**	**231.043**	**3.002.763**	**86.674**	**(28.356)**	**4.668.807**
Cost of sales (*)	(423.501)	(194.764)	(436.479)	(245.483)	(1.375.017)	(138.500)	(1.513.517)	(66.987)	73.052	(2.807.679)
General and administrative expenses	(21.998)	(7.623)	(60.724)	(77.323)	(521.559)	(25.713)	(547.272)	(9.983)	10.569	(714.354)
Sales, marketing and distribution expenses	(42.034)	(2.054)	(54.963)	14.711	-	-	-	(6.902)	422	(90.820)
Research and development expenses	(2.684)	380	-	-	-	-	-	(618)	-	(2.922)
Inter segment adjustment	100	(25)	-	-	44.435	368	44.803	537	(44.912)	503
Operating result	**21.519**	**63.125**	**7.646**	**(39.028)**	**919.579**	**67.198**	**986.777**	**2.721**	**10.775**	**1.053.535**
Other unallocated operating expenses										(13.458)
Other income/(expense) - net	(2.737)	(3.724)	(501)	29.049	43.085	(53.426)	(10.341)	(41.036)	-	(29.290)
Segment result	**18.782**	**59.401**	**7.145**	**(9.979)**	**962.664**	**13.772**	**976.436**	**(38.315)**	**10.775**	**1.010.787**

(*)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 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Interest income	4.708.711	2.264.699	5.014.618	2.378.086
Interest expense	(2.164.509)	(1.134.663)	(2.632.987)	(1.166.534)
Net interest income	**2.544.202**	**1.130.036**	**2.381.631**	**1.211.552**
Fee and commission income (*)	888.986	445.602	775.517	385.639
Fee and commission expense	(97.329)	(52.164)	(81.229)	(40.419)
Net fee and commission income	**791.657**	**393.438**	**694.288**	**345.220**
Provision for loan losses	7.900	107.333	(489.756)	(163.004)
Foreign exchange trading gains and losses - net	10.175	(53.079)	71.301	47.370
Operating expense	(1.253.082)	(663.247)	(1.053.025)	(521.559)
Other operating income/(losses)	182.029	74.720	103.652	43.085
Segment result	**2.282.881**	**989.201**	**1.708.091**	**962.664**

(*) Fee and commission income includes gains/losses from derivative financial instruments and capital market transactions.

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NOTE 4 - SEGMENT REPORTING (Continued)

e) Operating results (continued):

ii) Insurance:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Gross premiums received	499.682	213.061	500.344	231.010
Premiums ceded to reinsurers	(133.889)	(51.758)	(179.543)	(79.213)
Change in the provision for unearned premiums net of reinsurance	(40.090)	8.870	(16.114)	41.590
Earned premiums, net	**325.703**	**170.173**	**304.687**	**193.387**
Claims paid	(334.278)	(162.908)	(347.390)	(152.534)
Claims paid - reinsures' share	81.491	34.857	90.729	36.054
Change in the provision for claims	16.326	12.934	17.591	26.357
Claims incurred, net	**(236.461)**	**(115.117)**	**(239.070)**	**(90.123)**
Change in life mathematical reserve, net	(7.345)	(4.359)	1.900	10.877
Commission expenses - net	(52.310)	(24.881)	(38.852)	(21.230)
Technical income	**29.587**	**25.816**	**28.665**	**92.911**
General and administrative expenses	(28.242)	(3.015)	(54.194)	(25.713)
Other operational income/ (expense)	21.436	11.159	22.563	(53.426)
Segment Result	**22.781**	**33.960**	**(2.966)**	**13.772**

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NOTE 4 - SEGMENT REPORTING (Continued)

e) Operating results (continued):

iii) Non-financial segments:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Net sales	3.704.847	1.964.312	3.158.574	1.674.072
Cost of sales	(3.003.297)	(1.589.715)	(2.587.901)	(1.346.598)
Gross profit	**701.550**	**374.597**	**570.673**	**327.474**
Operating expenses	(561.602)	(294.271)	(511.938)	(274.174)
Other operating (expense)/income	4.952	12.446	(46.479)	(18.949)
Segment result	**144.900**	**92.772**	**12.256**	**34.351**

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.

	30 June 2010	30 June 2009
Tire, tire reinforcement and automotive	109.327	56.182
Cement	112.021	108.501
Retail	13.753	22.789
Energy	38.790	9.251
Finance	2.370.557	1.768.853
Other	8.804	(4.502)
Total	**2.653.252**	**1.961.074**

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

	30 June 2010	30 June 2009
Adjusted EBITDA for reported operating segments	2.653.252	1.961.074
Impairment charge on investment property	-	(38.000)
Loss on liquidation of subsidiaries	-	(6.894)
Depreciation and amortisation	(202.690)	(198.799)
Operating profit	**2.450.562**	**1.717.381**
Financial expenses - net	(12.583)	3.378
Income from investments accounted through equity method	88.791	78.709
Income before tax from continuing operations	**2.526.770**	**1.799.468**

(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)

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 consolidated by using proportionate consolidation method as expressed in Note 2, are as follows on a combined basis:

Balance Sheet	**30 June 2010**	**31 December 2009**
Current assets	1.439.153	1.422.996
Non-current assets	3.742.480	3.538.357
Total assets	**5.181.633**	**4.961.353**
Current liabilities	1.223.215	1.102.077
Non-current liabilities	1.441.707	1.379.531
Total liabilities	**2.664.922**	**2.481.608**
Non-controlling interests	4.267	4.358
Shareholders' equity	2.512.444	2.475.387
Total liabilities, non-controlling interests and, shareholders' equity	**5.181.633**	**4.961.353**

Income statement	**1 January-30 June 2010**	**1 April-30 June 2010**	**1 January-30 June 2009**	**1 April-30 June 2009**
Operating profit	58.158	33.746	7.416	14.765
Financial income/(expense)- net	33.802	15.958	23.134	68.860
Income before tax and non-controlling interests	91.960	49.704	30.550	83.625
Taxation on income	(24.536)	(13.654)	(345)	(6.101)
Income before non-controlling interests	67.424	36.050	30.205	77.524
Non-controlling interests	92	5	70	50
Net income for the period from continuing operations	**67.516**	**36.055**	**30.275**	**77.574**

(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 charges, impairment and capital expenditures:

1 January - 30 June 2010

	Finance		Tire, tire reinforcements					Discontinued	
	Banking	Insurance	and automotive	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	62.169	2.724	48.546	30.250	23.093	23.931	11.977	13.479	216.169
Impairment of property, plant and equipment, intangible assets	-	-	-	-	-	76	(8)	15	83
Capital expenditure	97.221	1.692	44.226	21.024	230.160	43.985	8.714	2.089	449.111

1 April - 30 June 2010

	Finance		Tire, tire reinforcements					Discontinued	
	Banking	Insurance	and automotive	Cement	Energy	Retail	Other	operations	Total
Depreciation and amortisation	33.370	1.352	23.690	15.507	11.595	12.243	5.901	6.411	110.069
Impairment of property, plant and equipment, intangible assets	-	-	-	-	-	(159)	(8)	15	(152)
Capital expenditure	58.161	1.096	21.828	11.322	132.631	30.421	5.713	1.541	262.713

(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 charges, impairment and capital expenditures:

1 January - 30 June 2009

	Finance		Tire, tire reinforcements						
	Banking	Insurance	and automotive	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	60.748	2.981	48.595	31.432	20.928	19.529	14.586	14.217	213.016
Impairment of property, plant and equipment, intangible assets	-	-	-	-	-	393	38.000	361	38.754
Capital expenditure	39.890	1.238	64.370	11.551	243.883	28.453	6.269	12.571	408.225

1 April - 30 June 2009

	Finance		Tire, tire reinforcements						
	Banking	Insurance	and automotive	Cement	Energy	Retail	Other	Discontinued operations	Total
Depreciation and amortisation	29.444	1.413	24.920	15.869	14.964	9.942	7.234	7.155	110.941
Impairment of property, plant and equipment, intangible assets	-	-	-	-	-	(14)	38.000	361	38.347
Capital expenditure	10.570	427	31.859	3.793	136.586	14.796	2.342	6.525	206.898

(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) Financial assets held for trading:

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

	30 June 2010	31 December 2009
Government bonds	336.003	132.922
Eurobonds	141.277	66.877
Treasury bills	3.961	30.767
Government bonds denominated in foreign currency	2.855	6.359
Share certificates	14.071	1.787
Other	-	1.350
Total	**498.167**	**240.062**

b) Financial assets available for sale:

	30 June 2010	31 December 2009
Debt securities		
- Government bonds	33.363.083	26.092.664
- Eurobonds	3.875.378	2.186.076
- Treasury bills	1.601	111.661
- Government bonds denominated in foreign currency	667.786	30.116
- Investment funds	64.323	50.149
- Other bonds denominated in foreign currency	577.435	654.611
Sub - total	**38.549.606**	**29.125.277**
Equity securities		
- Listed	88.618	21.879
- Unlisted	56.817	55.756
Sub - total	**145.435**	**77.635**
Total financial assets available for sale	**38.695.041**	**29.202.912**

(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 June 2010	31 December 2009
Government bonds	5.341.146	4.447.159
Government bonds denominated in foreign currency	276.317	4.802.686
Eurobonds	969.829	1.163.583
Total	**6.587.292**	**10.413.428**

Period remaining to contractual maturity dates for held for trading, held to maturity and available for sale financial assets as at 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	10.857.258	165.150	11.022.408	10.175.768	251.918	10.427.686
1 to 5 years	29.659.528	153.742	29.813.270	26.185.454	80.673	26.266.127
Over 5 years	4.685.999	34.994	4.720.993	2.987.002	44.666	3.031.668
No maturity	169.565	54.264	223.829	83.985	46.936	130.921
Total	**45.372.350**	**408.150**	**45.780.500**	**39.432.209**	**424.193**	**39.856.402**

Period remaining to contractual repricing dates for held for trading, held to maturity and available for sale financial assets as at 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010			31 December 2009		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	10.037.075	-	10.037.075	10.207.971	-	10.207.971
3 to 12 months	21.702.369	166.463	21.868.832	14.467.906	251.918	14.719.824
1 to 5 years	9.281.130	153.742	9.434.872	11.685.345	80.673	11.766.018
Over 5 years	4.182.211	33.681	4.215.892	2.987.002	44.666	3.031.668
No maturity	169.565	54.264	223.829	83.985	46.936	130.921
Total	**45.372.350**	**408.150**	**45.780.500**	**39.432.209**	**424.193**	**39.856.402**

(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

	30 June 2010	31 December 2009
Short-term funds borrowed, bank borrowings and debt securities in issue:		
Short term	7.384.153	5.149.488
Short-term portion of long term	904.912	862.259
Total short term	**8.289.065**	**6.011.747**
Long-term funds borrowed, bank borrowings and debt securities in issue:		
Long term	4.446.379	4.569.513
Total	**12.735.444**	**10.581.260**

The maturity schedule of financial liabilities as at 30 June 2010 and 31 December 2009 is summarised below:

	30 June 2010	31 December 2009
Up to 3 months	4.006.635	2.137.437
3 to 12 months	4.282.430	3.874.310
1 to 5 years	3.289.613	3.057.788
More than 5 years	1.156.766	1.511.725
Total	**12.735.444**	**10.581.260**

The maturity schedule of long term financial liabilities as at 30 June 2010 and 31 December 2009 is summarised below:

	30 June 2010	31 December 2009
2011	1.166.101	1.015.398
2012	924.705	822.951
2013	793.192	790.209
2014	405.615	429.231
2015 and after	1.156.766	1.511.724
Total	**4.446.379**	**4.569.513**

(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 borrowings at 30 June 2010 and 31 December 2009 is summarised below:

	30 June 2010	31 December 2009
Up to 3 months	9.558.537	7.903.045
3 to 12 months	2.817.362	2.411.256
1 to 5 years	338.415	254.423
More than 5 years	21.130	12.536
Total	**12.735.444**	**10.581.260**

Major borrowing and funding transactions of Akbank and Enerjisa at 30 June 2010 are as follows:

Funds Borrowed:

a) Akbank - Funds borrowed via syndicated credit facilities

At 30 June 2010, funds borrowed from foreign institutions include syndicated credit facilities in the amount of EUR 900.000 and formed by USD 312.000 and EUR 681.500 with an interest rate of Libor + 2,5% and Euribor + 2,5% provided by 48 international banks with West LB AG, London Branch acting as the agent, which mature between 25 August 2010 and 24 September 2010.

At 30 June 2010, funds borrowed from foreign institutions also include syndicated credit facilities in the amount of USD 1.200.000 and formed by USD 437.500 and EUR 584.500 with an interest rate of Libor + 1,5% and Euribor + 1,5% provided by 55 international banks with Standard Chartered Bank acting as the agent, which mature between 29 March 2011.

b) Akbank - Debt securities in issue

In November 1999, Akbank finalised a structured finance deal of USD 400.000 by securitising its foreign currency denominated present and future remittances (worker remittances, cash against goods, cash against documents, letters of credits, cheque remittances and other third party payment orders) for the issue of floating-rate notes amounting to USD 400.000. Akbank obtained further tranches related with the same deal in the amount of USD 3.569.000 between 2000 and September 2009 through the additional issue of floating-rate notes. Interest rates on the tranches vary between Libor + 0,16% p.a. and Libor + 1,1% p.a. At 30 June 2010, the outstanding principal amount of the securitisation deal amounts to USD 1.766.000.

In December 2005, the Group finalised another structured finance deals with a total amount of USD 500.000 by securitising its foreign currency denominated present and future remittances (credit card receivables). The interest rates varying between Libor + 0,16% and Libor +1,01%. At 30 June 2010, the outstanding principal amount of the securitisation deal amounts to USD 285.000.

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

NOTE 6 – BORROWINGS (Continued)

c) Enerjisa - Funds borrowed via IFC

On 13 June 2008 Group's joint venture Enerjisa, signed a EUR 1.000.000 loan agreement provided from international financial institutions on 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 (As at 30 June 2010 used loan amounts to EUR 274.455). KFW IPEX-Bank GmbH, Bank Austria Creditanstalt AG, Erste Bank der Oesterreichischen Sparkassen AG, ING Bank N.V., Raiffeisen Zentralbank Oesterreich AG, WestLB AG, ING and Société Générale Bank have been 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 (As at 30 June 2010 the loan used amounts to EUR 260.545). Finally, with the participation of EIB with a loan amounting to EUR 135.000, the financing package will be completed to EUR 1.000.000. As of 30 June 2010, Enerjisa has used EUR 535.000 with respect to this EUR 1.000.000 loan agreement (31 December 2009: EUR 410.000).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other receivables:

	30 June 2010	31 December 2009
Receivables on cheques in clearance	280.578	151.937
Financial assets (*)	137.614	167.508
Receivables from credit card payments	50.750	32.868
Deposits received (**)	19.845	16.418
Other	570.636	515.911
Total	**1.059.423**	**884.642**

(*) 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".

(**) Composed of guarantees received from subscribers accounted for by the Group's joint venture Başkent Elektrik Dağıtım A.Ş.

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

NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables:

	30 June 2010	31 December 2009
Payables related to credit card transactions	1.275.150	1.107.684
Payables on cheques in clearance	504.875	283.894
Payable to privatization administration (*)	244.973	476.057
Unearned commission income	191.675	217.396
Other taxes and funds	241.371	193.821
Bonus liability to credit card customers	120.043	110.197
Export deposits and transfer orders	86.384	14.053
Advances received	28.182	17.546
Saving deposits insurance	15.142	17.161
Payment orders to correspondent banks	24.983	8.636
Due to personnel	23.004	20.624
Lease payables	5.134	10.294
Other	722.901	651.584
Total	**3.483.817**	**3.128.947**

(*) In accordance with the share purchase agreement signed by the Privatisation Administration and Enerjisa Elektrik Dağıtım A.Ş., a joint-venture of the Group, (Note 3) the Group has a payable of USD 311.136 to the Privatisation Administration (31 December 2009: USD 612.500). This payable will be paid in two installments on 28 January 2011 and bears an interest rate of Libor + 2,5% per annum.

NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	30 June 2010	Share (%)	31 December 2009	Share (%)
Philsa	155.743	25,00	247.965	25,00
Philip Morrissa	64.738	24,75	56.697	24,75
Total	**220.481**		**304.662**	

Income from associates is as follows:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Philsa	42.342	28.158	63.313	36.757
Philip Morrissa	46.449	8.936	15.396	8.789
Total	**88.791**	**37.094**	**78.709**	**45.546**

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

NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

The summary financial information of associates is as follows:

	30 June 2010		31 December 2009	
	Total assets	**Total liabilities**	**Total assets**	**Total liabilities**
Philsa	1.734.998	1.112.028	1.973.482	981.623
Philip Morrissa	834.670	573.102	875.741	646.664
Total	**2.569.668**	**1.685.130**	**2.849.223**	**1.628.287**

Sales revenue	**1 January-30 June 2010**	**1 April-30 June 2010**	**1 January-30 June 2009**	**1 April-30 June 2009**
Philsa (*)	3.623.053	2.258.242	3.517.076	2.223.322
Philip Morrissa	4.050.514	2.283.644	3.651.010	2.065.083

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

Net income	**1 January-30 June 2010**	**1 April-30 June 2010**	**1 January-30 June 2009**	**1 April-30 June 2009**
Philsa	169.371	112.631	253.253	147.028
Philip Morrissa	187.671	36.106	62.205	35.513
Total	**357.042**	**148.737**	**315.458**	**182.541**

(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 movements in property, plant and equipment for the six month period ended 30 June 2010 are as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Business combination	Transfers	Impairment	30 June 2010
Cost:								
Land and land improvements	397.877	123	21.652	(6.167)	177	974	-	414.636
Buildings	2.041.864	3.447	2.914	(4.019)	13.538	3.041	14	2.060.799
Machinery and equipment	3.249.574	25.271	15.748	(5.255)	13.195	33.110	-	3.331.643
Motor vehicles	152.027	142	7.536	(11.894)	-	4.175	-	151.986
Furniture and fixtures	1.610.306	4.609	54.102	(17.644)	474	7.062	(82)	1.658.827
Total	**7.451.648**	**33.592**	**101.952**	**(44.979)**	**27.384**	**48.362**	**(68)**	**7.617.891**
Construction in progress	844.977	3.511	316.809	-	-	(48.615)	-	1.116.682
Total	**8.296.625**	**37.103**	**418.761**	**(44.979)**	**27.384**	**(253)**	**(68)**	**8.734.573**
Accumulated depreciation:								
Land and land improvements	90.772	934	3.493	-	-	-	-	95.199
Buildings	757.577	1.627	28.907	(3.987)	941	-	-	785.065
Machinery and equipment	2.069.021	12.387	64.269	(4.648)	1.808	-	-	2.142.837
Motor vehicles	100.034	632	6.319	(3.965)	-	-	-	103.020
Furniture and fixtures	1.218.431	967	65.926	(11.941)	145	-	-	1.273.528
Total	**4.235.835**	**16.547**	**168.914**	**(24.541)**	**2.894**	**-**	**-**	**4.399.649**
Carrying amount	**4.060.790**							**4.334.924**

(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 (Continued)

The movements in property, plant and equipment for the six month period ended 30 June 2009 are as follows:

	1 January 2009	Currency translation differences	Additions	Disposals	Transfers to non current assets held for sale	Transfers	Disposal of subsidiary	Business combination	Impairment	30 June 2009
Cost:										
Land and land improvements	389.146	2.249	2.276	-	(18.143)	1.780	-	-	-	377.308
Buildings	2.133.273	6.710	4.405	(3.344)	(56.496)	234	-	-	(38.000)	2.046.782
Machinery and equipment	3.404.449	41.496	14.614	(8.430)	(271.213)	18.729	(17.383)	912	(361)	3.182.813
Motor vehicles	139.678	231	5.140	(9.292)	(6.677)	8.095	(1.129)	427	-	136.473
Furniture and fixtures	1.553.076	3.019	22.520	(10.180)	(21.568)	5.531	(907)	16	(393)	1.551.114
Total	**7.619.622**	**53.705**	**48.955**	**(31.246)**	**(374.097)**	**34.369**	**(19.419)**	**1.355**	**(38.754)**	**7.294.490**
Construction in progress	325.377	(177)	332.461	-	(23.393)	(36.254)	-	-	-	598.014
Total	**7.944.999**	**53.528**	**381.416**	**(31.246)**	**(397.490)**	**(1.885)**	**(19.419)**	**1.355**	**(38.754)**	**7.892.504**
Accumulated depreciation:										
Land and land improvements	86.462	823	3.231	-	(4.088)	-	-	-	-	86.428
Buildings	711.832	2.638	31.121	(861)	(19.754)	-	-	-	-	724.976
Machinery and equipment	2.029.485	22.982	75.509	(4.877)	(104.422)	-	(17.058)	-	-	2.001.619
Motor vehicles	99.764	175	5.743	(5.307)	(4.160)	-	(1.129)	427	-	95.513
Furniture and fixtures	1.122.293	1.971	67.545	(7.096)	(10.960)	-	(905)	4	-	1.172.852
Total	**4.049.836**	**28.589**	**183.149**	**(18.141)**	**(143.384)**	**-**	**(19.092)**	**431**	**-**	**4.081.388**
Carrying amount	**3.895.163**									**3.811.116**

(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 six month periods ended 30 June 2010 and 2009 are as follows:

	1 January 2010	Currency translation differences	Additions	Disposals	Transfers	Business combination	30 June 2010
Cost	1.268.182	6.232	27.853	(3.229)	253	825	1.300.116
Accumulated amortisation (-)	211.550	1.242	31.103	(1.151)	-	283	243.027
Carrying amount	**1.056.632**						**1.057.089**

	1 January 2009	Currency translation differences	Additions	Disposals	Transfers to non current assets held for sale	Transfers	Disposal of subsidiary	Business combination	30 June 2009
Cost	553.529	850	26.559	(1.555)	(22.392)	1.885	(8.452)	646.800	1.197.224
Accumulated amortisation (-)	184.078	1.636	28.023	(765)	(11.909)	-	(4.892)	-	196.171
Carrying amount	**369.451**								**1.001.053**

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NOTE 11 - GOODWILL

The movements in goodwill for the six month periods ended 30 June 2010 and 2009 are as follows:

	30 June 2010	31 December 2009
1 January	706.354	333.615
Additions (Note 3)	3.313	368.002
Currency translation differences	(230)	-
Balance at 30 June	**709.437**	**701.617**

NOTE 12 – CONTINGENT ASSETS AND LIABILITIES

Commitments - Banking segment	30 June 2010	31 December 2009
Letters of guarantee issued	5.650.335	4.834.982
Letters of credits	2.556.282	1.601.485
Foreign currency acceptance credits	57.746	58.851
Total	**8.264.363**	**6.495.318**

Commitments - Non-banking segments	30 June 2010	31 December 2009
Letters of guarantee issued	749.451	978.056
Other guarantees issued	686.610	631.984
Total	**1.436.061**	**1.610.040**

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 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Repurchase commitments	10.469.586	13.854.181
Resale commitments	1.768	17.503

(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)

Commitments to forward currency purchase/sale and swap transactions:

Trading derivative transactions:

	30 June 2010	31 December 2009
Foreign currency purchases	787.014	499.115
Foreign currency sales	789.369	501.166
Total	**1.576.383**	**1.000.281**

	30 June 2010	31 December 2009
Currency swap purchases	6.400.119	4.339.416
Currency swap sales	6.645.563	4.264.896
Interest rate swap purchases	3.553.404	4.640.511
Interest rate swap sales	3.553.404	4.640.511
Total	**20.152.490**	**17.885.334**

	30 June 2010	31 December 2009
Spot purchases	1.230.449	302.386
Spot sales	1.230.261	302.386
Total	**2.460.710**	**604.772**

	30 June 2010	31 December 2009
Currency options purchases	5.368.468	3.461.878
Currency options sales	5.368.468	3.461.878
Total	**10.736.936**	**6.923.756**

	30 June 2010	31 December 2009
Future purchases	28.959	89.558
Future sales	28.959	89.558
Total	**57.918**	**179.116**

Hedging derivative transactions:

	30 June 2010	31 December 2009
Interest swap purchases	3.056.453	2.545.000
Interest swap sales	3.056.453	2.545.000
Total	**6.112.906**	**5.090.000**

(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 June 2010 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees	316.486	5.333.849	5.650.335
Letters of credits	1.622.252	934.030	2.556.282
Acceptance credits	48.877	8.869	57.746
Total	**1.987.615**	**6.276.748**	**8.264.363**

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees	227.491	4.607.491	4.834.982
Letters of credits	951.564	649.921	1.601.485
Acceptance credits	47.838	11.013	58.851
Total	**1.226.893**	**5.268.425**	**6.495.318**

NOTE 13 - EQUITY

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

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

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

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

NOTE 13 – EQUITY (Continued)

The Holding's authorised and paid-in share capital and shareholding structure at 30 June 2010 and 31 December 2009 is as follows:

Shareholders:	Share (%)	30 June 2010	Share (%)	31 December 2010
Sabancı family members	43,60	889.690	45,51	864.672
Public quotation	39,42	804.367	37,40	710.515
Sakıp Sabancı Holding A.Ş.	13,79	281.388	14,81	281.388
Sabancı University	1,51	30.769	1,62	30.769
Çimsa	1,06	21.534	-	-
H.Ö. Sabancı Foundation	<1	12.656	<1	12.656
Share capital	**100**	**2.040.404**	**100**	**1.900.000**
Capital investment adjustment		**(21.534)**		**-**
Share premium		**21.670**		**21.670**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Holding's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital

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

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

Dividend Distribution

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009 (2008: 20%). 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.

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

NOTE 13 - EQUITY (Continued)

Dividend Distribution (continued)

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

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

	30 June 2010	31 December 2009
Share capital	2.040.404	1.900.000
Capital investment adjustment (-)	(21.534)	-
Share premium	21.670	21.670
Adjustment to capital	3.426.761	3.426.761
Net income for the period	917.600	1.258.481
Retained earnings	5.008.912	3.863.478
Total shareholders' equity subject to dividend distribution	**11.393.813**	**10.470.390**
Restricted reserves	392.295	371.648
Translation reserve	(53.764)	(52.046)
Revaluation funds	96.274	157.430
Shareholders' equity	**11.828.618**	**10.947.422**

NOTE 14 – NON CURRENT ASSETS HELD FOR SALE

Holding classified Advansa, a subsidiary of Group with 99,93% control rate, as non-current asset held for sale. The Group had sold all its shares in Toyotosa (65%) to ALJ Lubnatsi Pazarlama ve Satış A.Ş. on 14 August 2009. Summary income statement of Toyotasa for the six month period ended 30 June 2009 and income statement of Advansa for the six month periods ended 30 June 2010 and 30 June 2009 is as follows:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Revenues	379.394	198.014	618.524	340.372
Expenses	(375.748)	(195.424)	(632.363)	(347.572)
Profit/ (loss) before taxation	**3.646**	**2.590**	**(13.839)**	**(7.200)**
Taxation	(250)	128	(1.424)	(315)
Net income/ (loss) for the period	**3.396**	**2.718**	**(15.263)**	**(7.515)**

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

NOTE 15 - FINANCIAL INCOME/EXPENSES

Financial income and expenses relate to segments other than banking.

	1 January-30 June 2010	1 April-30 June 2010	1 January-30 June 2009	1 April-30 June 2009
Financial income				
Foreign exchange income	161.357	29.505	200.090	110.397
Interest income	42.127	18.366	90.078	50.315
Total	**203.484**	**47.871**	**290.168**	**160.712**
Financial expense				
Foreign exchange losses	161.072	37.495	193.281	49.910
Interest expense	42.877	25.976	53.346	22.423
Other financial expenses	12.118	(4.607)	40.163	24.388
Total	**216.067**	**58.864**	**286.790**	**96.721**

NOTE 16 - TAX ASSETS AND LIABILITIES

	30 June 2010	31 December 2009
Corporate and income taxes payable	469.559	870.362
Less: prepaid taxes	(300.593)	(667.614)
Total taxes payable	**168.966**	**202.748**

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate of the fiscal year 2009 is 20% (2008: 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 incentive, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

NOTE 16 - 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 can not be carried back to offset profits from previous periods.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Exemption for gains on 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 gains on participation in foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realised.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate can not benefit from this exemption.

Exemption for investment incentive

The investment incentive, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No, 5479 dated 30 March 2006, However, in accordance with the temporary Law No, 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment incentive amounts present as of 31 December 2005, which could not be offset against taxable income in 2005 and:

a) investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No, 4842 dated 9 April 2003, and

b) investment incentive amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates),

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment incentive in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment incentive for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment incentive was removed.

The phrase "only 2006, 2007 and 2008" in the temporary 69. Clause of the Income Tax Law No. 193 in Constitutional Court's decision, 2009/144, published in the Official Gazette on 8 January 2010, is abolished. The usage of investment incentive exception and 5th clause of Law No. 6009 which was published in the Official Gazzette No. 27659 on 1 August 2010, were redesigned. According to the new arrangement, to be applied onto the 2010 calender year income, while determining the tax assessment, investment incentive exception that will be subject to deducted amount should not exceed 25% of the income for the year of interest. Corporation tax will be calculated with respect to the current tax rate based on the remaining income.

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

NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the periods ended 30 June 2010 and 2009 are as follows:

	30 June 2010			30 June 2009		
	Before tax	**Tax expense**	**After Tax**	**Before tax**	**Tax expense**	**After Tax**
Gains from available for sale financial assets	87.832	17.990	69.842	344.289	68.858	275.431
Gains on available for sale financial assets transferred to the income statement	(276.038)	(55.208)	(220.830)	(96.944)	(19.389)	(77.555)
Net gains included in the income statement due to transfer of available for sale financial assets into held to maturity assets	20.364	4.073	16.291	56.356	11.271	45.085
Cash flow hedges	(19.275)	(3.855)	(15.420)	(198.251)	(39.650)	(158.601)
Gain/ (loss) on net investment hedges	71.490	14.298	57.192	(6.365)	(1.273)	(5.092)
Currency translation differences	(77.392)	-	(77.392)	35.415	-	35.415
Other comprehensive income	**(193.019)**	**(22.702)**	**(170.317)**	**134.500**	**19.817**	**114.683**

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

NOTE 16 - 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 from 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%.

At 30 June 2010 the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 244.241 which can be offset against future taxable profits for a period of five years (31 December 2009: TL 341.377). As of 30 June 2010 the amount of the carry forward tax losses and the last fiscal periods in which they can be utilized are as follows:

	30 June 2010	31 December 2009
2010	45.285	63.198
2011	-	62.099
2012	60.903	61.468
2013	74.353	84.785
2014	63.700	69.827
Total	**244.241**	**341.377**

The movements in deferred income tax assets/ (liabilities) for the six month periods ended at 30 June 2010 and 2009 are as follows:

	30 June 2010	30 June 2009
Balances at 1 January	107.447	71.498
Charged to equity	28.637	32.645
Business combinations	626	(92.000)
Currency translation differences	(1.407)	(5.146)
Transfer to non-current assets held for sale	-	1.589
Charged to income statement	(17.928)	74.634
Other	9.219	-
Balances at 30 June	**126.594**	**83.220**

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NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

30 June 2010

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	190.977	(606.288)
Forward currency purchases and sales	15.006	(14.672)
Currency and interest rate futures purchases and sales	64.360	(46.023)
Currency options purchases and sales	22.529	(21.561)
Total derivative instruments held for trading	**292.872**	**(688.544)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(499.761)
Total derivative instruments	**292.872**	**(1.188.305)**

31 December 2009

	Fair Value	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	144.780	(298.349)
Forward currency purchases and sales	6.237	(8.523)
Currency and interest rate futures purchases and sales	44.328	(25.973)
Currency options purchases and sales	49.833	(49.630)
Total derivative instruments held for trading	**245.178**	**(382.475)**
Derivative instruments held for hedging:		
Interest rate swap purchases and sales	-	(418.105)
Total derivative instruments	**245.178**	**(800.580)**

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

NOTE 18 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

Loans and advances to customers	30 June 2010	31 December 2009
Consumer loans and credit cards receivables	17.273.961	15.053.193
Construction	5.548.759	4.384.517
Small-scale enterprises	3.300.748	2.828.741
Financial institutions	2.955.630	3.082.575
Chemicals	2.403.257	2.010.424
Other manufacturing industries	2.210.725	1.595.281
Telecommunication	2.181.428	1.423.678
Health care and social services	1.735.735	1.536.345
Mining	1.635.858	1.184.800
Food and beverage, wholesale and retail	1.359.369	1.314.585
Project finance loans	906.558	887.272
Automotive	652.940	589.245
Tourism	638.865	614.085
Textile	597.432	544.555
Electronics	419.868	436.409
Agriculture and forestry	203.996	189.678
Other	7.740.280	6.487.810
	51.765.409	**44.163.193**
Non-performing loans	1.359.245	1.784.679
Total loans and advances to customers	**53.124.654**	**45.947.872**
Allowance for loan losses	(1.948.032)	(2.301.308)
Net loans and advances to customers	**51.176.622**	**43.646.564**

The movement of loan loss provision of banking segment as of 30 June 2010 by class is as follows:

	Corporate	Commercial	Total
Balance at 1 January 2010	**1.311.711**	**989.597**	**2.301.308**
Gross provisions	144.507	200.159	344.666
Recoveries	(168.246)	(173.567)	(341.813)
Written - off	(203.077)	(153.036)	(356.113)
Currency translation differences	(16)	-	(16)
30 June 2010	**1.084.879**	**863.153**	**1.948.032**

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

NOTE 18 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

a) Banking (Continued)

The movement of loan loss provision of banking segment as of 30 June 2009 by class is as follows:

	Corporate	Commercial	Total
Balance at 1 January 2009	**1.028.664**	**572.374**	**1.601.038**
Gross provisions	430.072	346.807	776.879
Recoveries	(184.289)	(155.269)	(339.558)
Written - off	(6.351)	(5.282)	(11.633)
30 June 2009	**1.268.096**	**758.630**	**2.026.726**

The maturity schedule of loans and advances to customers at 30 June 2010 and 31 December 2009 are summarised below:

	30 June 2010	31 December 2009
Up to 3 months	17.682.734	15.547.359
3 to 12 months	9.987.901	10.751.937
Current	**27.670.635**	**26.299.296**
1 to 5 years	18.277.643	14.222.950
Over 5 years	5.228.344	3.124.318
Non - current	**23.505.987**	**17.347.268**
Total	**51.176.622**	**43.646.564**

The repricing schedule of loans and advances to customers at 30 June 2010 and 31 December 2009 are summarised below:

	30 June 2010	31 December 2009
Up to 3 months	25.073.586	24.215.340
3 to 12 months	16.672.436	11.850.957
1 to 5 years	8.557.023	6.685.706
Over 5 years	873.577	894.561
Total	**51.176.622**	**43.646.564**

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş., as a subsidiary of Akbank, at 30 June 2010 amounts to TL 936.619 (31 December 2009: TL 963.800).

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

NOTE 18 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

b) Insurance

	30 June 2010	31 December 2009
Receivables from insurance operations (net)	254.993	295.889

NOTE 19 - PAYABLES FROM FINANCE SECTOR OPERATIONS

a) Banking

	30 June 2010			31 December 2009		
	Demand	Time	Total	Demand	Time	Total
Savings deposits	3.495.104	37.629.804	41.124.908	3.185.461	35.404.228	38.589.689
Commercial deposits	3.880.245	16.195.334	20.075.579	3.970.256	12.754.480	16.724.736
Bank deposits	269.864	5.979.050	6.248.914	194.458	12.936.460	13.130.918
Funds provided from repo transactions	-	10.389.714	10.389.714	-	3.891.294	3.891.294
Other	917.167	1.206.441	2.123.608	375.318	957.181	1.332.499
Total	**8.562.380**	**71.400.343**	**79.962.723**	**7.725.493**	**65.943.643**	**73.669.136**

b) Insurance

	30 June 2010	31 December 2009
Payables from insurance operations (net)	10.193	70.657
Insurance technical reserves	829.019	804.294
Total	**839.212**	**874.951**

NOTE 20 - 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.

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NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

The detailed schedule of compensation paid or payable to key management for the six month periods ended 30 June 2010 and 30 June 2009 are as follows:

	30 June 2010	31 December 2009
Short term employee benefits	10.610	9.462
Benefits resulted from discharge	583	366
Other long term benefits	116	112
Total	**11.309**	**9.940**

NOTE 21 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analysing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

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

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 30 June 2010 and 31 December 2009 terms of TL are as follows:

	30 June 2010	31 December 2009
Assets	41.672.280	38.195.918
Liabilities	(43.360.461)	(38.901.929)
Net foreign currency balance sheet position	**(1.688.181)**	**(706.011)**
Net foreign currency position of off-balance sheet derivative financial instruments	1.679.569	438.477
Net foreign currency balance sheet and off-balance sheet position	**(8.612)**	**(267.534)**

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NOTE 21 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

30 June 2010

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	5.840.113	2.552.184	2.672.211	540.303	75.415
Financial assets	8.929.210	5.820.227	3.108.983	-	-
Receivables from financial operations	24.614.979	17.497.994	6.994.640	42.160	80.185
Reserve deposits at Central Bank	1.693.949	65	1.693.884	-	-
Trade receivables	504.456	152.752	292.413	9.817	49.474
Other current assets	89.573	27.069	9.458	4.407	48.639
Total Assets	**41.672.280**	**26.050.291**	**14.771.589**	**596.687**	**253.713**
Liabilities:					
Funds borrowed and debt securities in issue	12.105.116	7.118.114	4.849.186	10.583	127.233
Customer deposits	30.234.058	16.613.197	12.342.750	938.202	339.909
Trade payables	346.620	79.665	139.620	567	126.768
Other payables and provisions	674.667	434.587	164.683	3.216	72.181
Total Liabilities	**43.360.461**	**24.245.563**	**17.496.239**	**952.568**	**666.091**
Net foreign currency position of off-balance sheet derivative financial instruments	**1.679.569**	**(1.860.247)**	**2.902.202**	**364.327**	**273.287**
Net foreign currency position	**(8.612)**	**(55.519)**	**177.552**	**8.446**	**(139.091)**
Net foreign currency monetary position	**(8.612)**	**(55.519)**	**177.552**	**8.446**	**(139.091)**

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NOTE 21 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2009

	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	5.032.658	3.330.513	1.554.336	95.623	52.186
Financial assets	9.090.799	6.022.361	3.068.438	-	-
Receivables from financial operations	22.074.268	14.558.560	7.342.218	14.646	158.844
Reserve deposits at Central Bank	1.348.499	423.820	924.679	-	-
Trade receivables	547.185	139.387	355.586	11.302	40.910
Other current assets	102.509	19.765	43.683	3.023	36.038
Total Assets	**38.195.918**	**24.494.406**	**13.288.940**	**124.594**	**287.978**
Liabilities:					
Funds borrowed and debt securities in issue	10.275.704	6.528.550	3.571.467	9.573	166.114
Customer deposits	27.580.742	14.641.328	11.919.870	786.360	233.184
Trade payables	287.129	69.539	109.842	203	107.545
Other payables and provisions	758.354	617.697	105.501	1.756	33.400
Total Liabilities	**38.901.929**	**21.857.114**	**15.706.680**	**797.892**	**540.243**
Net foreign currency position of off-balance sheet derivative financial instruments	**438.477**	**(2.883.008)**	**2.428.538**	**707.295**	**185.652**
Net foreign currency position	**(267.534)**	**(245.716)**	**10.798**	**33.997**	**(66.613)**
Net foreign currency monetary position	**(267.534)**	**(245.716)**	**10.798**	**33.997**	**(66.613)**

	30 June 2010	**30 June 2009**
Total export	653.462	672.916
Total import	563.596	758.158

Ratio of the total hedging of foreign currency exposure

	30 June 2010	**31 December 2009**
USD	107%	112%
EUR	84%	85%
GBP	63%	16%

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

NOTE 21 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the sensitivity of Group companies to the fluctuations in the foreign exchange rates for the six-month period ended 30 June 2010 and year ended 31 December 2009.

30 June 2010	**Profit/Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
USD net assets/liabilities	(10.512)	10.512	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(10.512)**	**10.512**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(8.017)	8.017	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(8.017)**	**8.017**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	2.327	(2.327)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**2.327**	**(2.327)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(13.451)	13.451	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(13.451)**	**13.451**	**-**	**-**
	(29.653)	**29.653**		

31 December 2009	**Profit/Loss**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TLby 10%				
USD net assets/liabilities	(16.023)	16.023	-	-
Hedged items (-)	-	-	-	-
USD net effect	**(16.023)**	**16.023**	**-**	**-**
Change in EUR against TL by 10%				
EUR net assets/liabilities	(19.951)	19.951	-	-
Hedged items (-)	-	-	-	-
EUR net effect	**(19.951)**	**19.951**	**-**	**-**
Change in GBP against TL by 10%				
GBP net assets/liabilities	2.728	(2.728)	-	-
Hedged items (-)	-	-	-	-
GBP net effect	**2.728**	**(2.728)**	**-**	**-**
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(12.943)	12.943	-	-
Hedged items (-)	-	-	-	-
Other currency net effect	**(12.943)**	**12.943**	**-**	**-**
	(46.189)	**46.189**	**-**	**-**

NOTE 22 - EVENTS AFTER THE BALANCE SHEET DATE

On 17 May 2010, Carrefoursa signed a share purchase agreement regarding the acquisition of 4.000.000 total shares of İpek Giyim Mağazaları Ticaret ve Sanayi A.Ş.'nin (Alpark) with a nominal value of TL 4.000.000 and applied to Competition Board. The necessary approvals have been obtained from the Competition Board on 29 June 2010. The transfer of all rights and liabilities in relation with the ownership of the shares and shares themselves has been realized on 1 July 2010 following the completion of all conditions within the scope of the agreement.

On 19 July 2010 Ahmet Cemal Dördüncü resigned from his positions as Chief Executive Officer and Board Member; effective from the same date Zafer Kurtul has been appointed as CEO and Board Member.

On 22 July 2010, Akbank issued a USD 1 billion Eurobond with a maturity of 22 July 2015. The Eurobond has been priced over an interest rate of 5,256% and a cupon ratio of 5,125%.

There is a judgemental difference between Akbank and the Central Bank of Turkey with respect to the reserve requirements to be kept at the Central Bank of Turkey,regarding th syndication loans borrowed by its Malta Branch.Akbank's judgement is that, its treatment for the past years has been in compliance with all applicable rules and regulations. Accordingly Akbank has filed a lawsuit together with a preliminary injunction request for the cancellation of the demand of the Central Bank.

Following the sign off of a share purchase agreement between Olmuksa and DS Smith Luxemburg S.A.R.L. on 28 May 2010 regarding the acquisition of 43.732.452 shares with a nominal value of TL 43.732.452 of DS Smith Çopikas Kağıt ve Oluklu Mukavva Kutu Sanayi A.Ş, a company operating in Çorum, the application made to Competition Board has been reviewed and approved. The share purchase transaction will be completed following the completion of the agreement terms.

With a Board of Directors decision taken on 15 July 2010, Akçansa has decided the sale of Lafarge Aslan Çimento A.Ş. shares. The sale transaction is in progress as of reporting date.