

**HACI ÖMER SABANCI HOLDİNG A.Ş.**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AT 31 MARCH 2007 (UNAUDITED)**

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2007

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# HACI ÖMER SABANCI HOLDİNG A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2007 AND 31 DECEMBER 2006

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

	Notes	31 March 2007	31 December 2006
<b>ASSETS</b>			
<b>Current assets</b>		<b>42.949.560</b>	<b>45.080.012</b>
Cash and cash equivalents	4	4.244.024	4.855.781
Marketable securities (net)	5	6.618.199	6.635.388
Financial assets (net)			
- Available for sale	16.a	5.381.015	7.370.306
- Held-to-maturity	16.b	-	8.152
Derivative financial instruments	44	59.784	91.005
Reserve deposits with the Central Bank of the Republic of Turkey		1.734.215	2.692.777
Loans and advances to customers	45	21.221.128	20.081.532
Trade receivables (net)	7	1.500.137	1.409.384
Lease receivables (net)	8	189.779	209.060
Due from related parties (net)	9	70.789	21.616
Other receivables (net)	10	538.916	390.951
Biological assets (net)	11	-	-
Inventories (net)	12	1.322.289	1.262.648
Receivables from construction contracts work in progress (net)	13	-	-
Deferred income tax assets	14	-	-
Other current assets	15	69.285	51.412
<b>Non-current assets</b>		<b>29.410.472</b>	<b>22.538.888</b>
Loans and advances to customers	45	10.530.464	9.303.174
Trade receivables (net)	7	488.544	432.597
Lease receivables (net)	8	336.033	278.153
Due from related parties (net)	9	-	-
Other receivables (net)	10	41.587	37.859
Financial assets (net)			
- Available for sale	16.a	12.879.611	7.296.683
- Held-to-maturity	16.b	-	-
- Investments	16.c	122.726	181.814
Goodwill / negative goodwill (net)	17	281.452	281.452
Investment properties (net)	18	272.740	277.438
Property, plant and equipment (net)	19	4.034.471	4.039.211
Intangible assets (net)	20	269.765	267.164
Deferred income tax assets	14	153.079	143.343
Other non-current assets	15	-	-
<b>Total Assets</b>		<b>72.360.032</b>	<b>67.618.900</b>

These consolidated financial statements have been approved by Board of Directors on 1 June 2007 and signed on its behalf by Nedim Bozfakioğlu and Cezmi Kurtuluş.

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2007 AND 31 DECEMBER 2006

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

	Notes	31 March 2007	31 December 2006
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>51.049.910</b>	<b>47.739.897</b>
Short-term borrowings (net)	6	4.333.079	3.757.903
Current portion of long-term borrowings (net)	6	863.343	693.027
Banking customer deposits	46	42.103.879	40.152.004
Derivative financial instruments	44	72.516	74.341
Lease payables (net)	8	4.231	4.022
Other financial liabilities (net)		-	-
Insurance technical reserves		247.943	223.325
Trade payables (net)	7	906.615	977.413
Due to related parties (net)	9	14.409	8.199
Advances received	21	26.565	19.107
Construction contracts progress billings (net)	13	-	-
Provisions	23	289.643	122.456
Current liabilities	15	177.047	217.020
Deferred income tax liabilities	14	-	-
Other current liabilities (net)	10	2.010.640	1.491.080
<b>Non-current liabilities</b>		<b>7.076.914</b>	<b>8.027.618</b>
Long-term borrowings (net)	6	5.728.371	6.766.744
Banking customer deposits	46	380.224	377.115
Lease payables (net)	8	3.815	2.983
Other financial liabilities (net)		-	-
Trade payables (net)	7	505.489	434.934
Due to related parties (net)	9	-	-
Advances received	21	-	-
Insurance technical reserves		59.794	59.802
Provisions	23	151.893	150.298
Deferred income tax liabilities	14	210.977	210.162
Government grants	30	-	-
Other payables (net)	10	36.351	25.580
<b>MINORITY INTERESTS</b>	<b>24</b>	<b>7.076.331</b>	<b>4.997.041</b>
- Sabancı family members		2.164.719	2.094.194
- Others		4.911.612	2.902.847
<b>SHAREHOLDERS' EQUITY</b>		<b>7.156.877</b>	<b>6.854.344</b>
<b>Share capital</b>	<b>25</b>	<b>1.800.000</b>	<b>1.800.000</b>
<b>Treasury shares</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Capital reserves</b>	<b>26</b>	<b>3.899.360</b>	<b>3.861.820</b>
Share premium		21.670	21.670
Share cancellation gains		-	-
Revaluation fund		9.973	10.496
Fair value reserve of financial assets		(16.204)	(54.267)
Inflation adjustment to shareholders' equity		3.883.921	3.883.921
<b>Profit reserves</b>	<b>27</b>	<b>321.147</b>	<b>329.042</b>
Legal reserves		92.463	92.463
Statutory reserves		-	-
Extraordinary reserves		478.007	478.007
Special reserves		-	-
Investment and property sales income to be added to the share capital		-	-
Translation reserve		(249.323)	(241.428)
<b>Net income for the period</b>		<b>209.963</b>	<b>494.049</b>
<b>Retained earnings</b>	<b>28</b>	<b>926.407</b>	<b>369.433</b>
<b>Total liabilities and shareholders' equity</b>		<b>72.360.032</b>	<b>67.618.900</b>
Commitments and contingent assets and liabilities	31		

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2007

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

	Notes	31 March 2007	31 March 2006
Sales (net)	36	4.408.910	3.838.178
Cost of Sales (-)		(3.123.973)	(2.622.245)
Service Income (net)	36	-	-
Other Operating Income	36	-	-
<b>GROSS PROFIT</b>		<b>1.284.937</b>	<b>1.215.933</b>
Operating expenses (-)	37	(657.011)	(574.555)
<b>OPERATING PROFIT</b>		<b>627.926</b>	<b>641.378</b>
Other income	38	87.057	113.171
Other expenses (-)	38	(23.168)	(2.706)
Financial expenses (net)(-)	39	(69.286)	(43.779)
Income from associates	16	29.470	32.273
<b>INCOME BEFORE MINORITY INTEREST AND TAX</b>		<b>651.999</b>	<b>740.337</b>
Monetary gain/ (loss)	40	-	-
<b>PROFIT/LOSS OF MINORITY INTEREST</b>	<b>24</b>		
- Sabancı Family Members		(60.003)	(157.961)
- Others		(224.056)	(225.343)
<b>INCOME BEFORE TAX</b>		<b>367.940</b>	<b>357.033</b>
Taxation on income	41	(157.977)	(167.105)
<b>NET INCOME FOR THE PERIOD</b>		<b>209.963</b>	<b>189.928</b>
Earnings per share			
- thousands of ordinary shares (TRY)	42	1,13	1,02

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2007 AND 2006

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

	Share Capital	Share premium in excess of par value	Revaluation reserve	Fair value reserve of financial assets	Inflation adjustment to shareholders' equity	Legal reserves	Extraordinary reserves	Translation reserve	Net income for the period	Retained earnings	Total
<b>Balances at 1 January 2006</b>	<b>1.800.000</b>	<b>21.670</b>	<b>12.455</b>	<b>92.213</b>	<b>3.883.921</b>	<b>76.136</b>	<b>567.538</b>	<b>(361.560)</b>	<b>689.765</b>	<b>17.021</b>	<b>6.799.159</b>
Transferler	-	-	-	-	-	-	-	-	(689.765)	689.765	-
Capital increase	-	-	-	-	-	-	(269.325)	-	-	-	(269.325)
Purchase of usufruct shares (*)	-	-	-	-	-	-	-	-	-	-	-
Available for sale investments- net fair value losses, net of tax	-	-	-	(27.827)	-	-	-	-	-	-	(27.827)
Currency translation differences	-	-	-	-	-	-	-	8.218	-	-	8.218
Net income for the period	-	-	-	-	-	-	-	-	189.928	-	189.928
<b>Balances at 31 March 2006</b>	<b>1.800.000</b>	<b>21.670</b>	<b>12.455</b>	<b>64.386</b>	<b>3.883.921</b>	<b>76.136</b>	<b>298.213</b>	<b>(353.342)</b>	<b>189.928</b>	<b>706.786</b>	<b>6.700.153</b>
<b>Balances at 1 January 2007</b>	<b>1.800.000</b>	<b>21.670</b>	<b>10.496</b>	<b>(54.267)</b>	<b>3.883.921</b>	<b>92.463</b>	<b>478.007</b>	<b>(241.428)</b>	<b>494.049</b>	<b>369.433</b>	<b>6.854.344</b>
Transfers	-	-	-	-	-	-	-	-	(494.049)	494.049	-
Effect of change in the effective rate of subsidiaries	-	-	-	-	-	-	-	-	-	(54.739)	(54.739)
Purchase of usufruct shares (**)	-	-	-	-	-	-	-	-	-	(14.530)	(14.530)
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	131.671	131.671
Transfer from revaluation reserve	-	-	(523)	-	-	-	-	-	-	523	-
Available for sale investments net fair value gains, net of tax	-	-	-	38.063	-	-	-	-	-	-	38.063
Currency translation differences	-	-	-	-	-	-	-	(7.895)	-	-	(7.895)
Net income for the period	-	-	-	-	-	-	-	-	209.963	-	209.963
<b>Balances at 31 March 2007</b>	<b>1.800.000</b>	<b>21.670</b>	<b>9.973</b>	<b>(16.204)</b>	<b>3.883.921</b>	<b>92.463</b>	<b>478.007</b>	<b>(249.323)</b>	<b>209.963</b>	<b>926.407</b>	<b>7.156.877</b>

(\*) The Holding purchased the 189 usufruct shares that are issued in accordance with the 13th article of the Article of Association of Sabancı Holding which entitles its holders to 3% dividend from the distributable net income without any voting rights for TRY 1.425 each. The total amount of TRY 269.325 is decreased from extraordinary reserves in consolidated statement of changes in shareholders' equity.

(\*\*) For the year 2007 usufruct shares were purchased by Kordsa Global, a subsidiary of the Holding.

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## STATEMENTS OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007 AND 2006

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

	Notes	31 March 2007	31 March 2006
Income before taxation and minority interests		651.999	740.337
Adjustments to reconcile income before taxation and outside interest to net cash provided by operating activities:			
Depreciation and amortisation		110.327	117.503
Provision for loan losses		90.410	60.310
Insurance technical reserves		(23.414)	(35.966)
Change in employment termination benefits reserve	23	9.450	11.705
Re-measurement of derivatives at fair value		29.396	(40.702)
Income from associates	16	(29.470)	(32.273)
Currency translation adjustment		(19.642)	4.365
Unaccrued commission income		-	(82.236)
Other		(915)	(283)
Net cash provided by operating activities before changes in operating assets and liabilities		818.141	742.760
<b>Changes in operating assets and liabilities</b>			
Increase in trade receivable		(146.700)	(105.808)
Increase in due from related parties		(49.173)	(23.790)
Increase in inventory		(59.641)	(145.424)
Increase in other receivables and other current assets		(169.566)	(220.065)
Increase in lease receivables		(38.599)	(31.368)
Decrease in trade payables		(243)	(20.027)
Increase in due to related parties		6.210	746
Increase in insurance technical reserve		48.024	73.505
Increase in other liabilities and advances received		499.368	436.037
<b>Changes in assets and liabilities in banking segment</b>			
Decrease in marketable securities		18.273	8.315
Increase in loans		(2.457.297)	(2.354.466)
Increase / (decrease) in customer deposits		1.954.984	(1.044.177)
Decrease in reserve with the Central Bank of the Republic of Turkey		958.562	66.110
		<b>564.202</b>	<b>(3.360.412)</b>
Income taxes paid		350	(240.576)
Employment termination benefits paid	23	(7.994)	(6.800)
<b>Net cash (used in) / provided by operating activities</b>		<b>1.374.699</b>	<b>(2.865.028)</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures		(108.155)	(71.193)
Investment in available-for-sale and held-to-maturity securities		(3.489.918)	2.879.133
Partial disposal of a subsidiary	24	131.671	-
Establishment of a subsidiary		(14.869)	-
Proceeds from sale of property, plant and equipment		11.374	6.787
Dividends received		94.863	40.411
<b>Net cash provided by / (used in) investing activities</b>		<b>(3.375.034)</b>	<b>2.855.138</b>
<b>Cash flows from financing activities:</b>			
(Decrease) / Increase in short term funds borrowed, bank borrowings and debt securities in issue		(292.881)	567.790
Increase in finance lease payables		1.041	3.092
Minority share in establishment of a subsidiary		6.344	-
Effect of change in the effective rate of subsidiaries		204.311	-
Purchase of usufruct shares	42	(14.530)	(269.325)
Dividends paid to outside interests	24	(415.707)	(345.709)
Increase in share premium of outside interests		1.700.000	-
Increase in share capital of outside interests		200.000	-
<b>Net cash provided by financing activities</b>		<b>1.388.578</b>	<b>(44.152)</b>
Net increase in cash and cash equivalents		<b>(611.757)</b>	<b>(54.042)</b>
Cash and cash equivalents at the beginning of the period	4	4.855.781	4.255.300
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>4.244.024</b>	<b>4.201.258</b>

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

Sabancı Center, 4. Levent, Istanbul, Turkey.

#### Subsidiaries

The nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, for the purposes of these consolidated financial statements, their respective business segments as of 31 March 2007 are as follows:

Subsidiaries	Nature of business	Business segment
Akbank T.A.Ş. (“Akbank”)	Banking	Finance
Sabancı Bank Plc. (“Sabank”)	Banking	Finance
Ak Uluslararası Bankası A.Ş. (“Ak Uluslararası”)	Banking	Finance
Ak Emeklilik A.Ş. (“Ak Emeklilik”)	Pension	Finance
Aksigorta A.Ş. (“Aksigorta”)	Insurance	Finance
Advansa B.V. (“Advansa”) (1)	Textile	Textile
Bossa Ticaret ve Sanayi İşletmeleri A.Ş. (“Bossa”)	Textile	Textile
Yünsa Yünlü Sanayi ve Ticaret A.Ş. (“Yünsa”)	Textile	Textile
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (“Kordsa Global”)	Tire and tire reinforcement	Tire and tire reinforcement
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş. (“Temsa”)	Automotive	Automotive
Toyotasa Toyota-Sabancı Pazarlama ve Satış A.Ş. (“Toyotasa Pazarlama”)	Automotive	Automotive
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	Cement and clinker	Cement
Gıdasa Sabancı Gıda Sanayi ve Ticaret A.Ş. (“Gıdasa”)	Food and beverage	Food
Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)	Trade	Retailing
Pilsa Plastik Sanayi ve Ticaret A.Ş. (“Pilsa”) (2)	Plastics	Other
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (“Exsa”)	Trade	Other
Exsa UK Ltd. (“Exsa UK”)	Trade	Other
Universal Trading (Jersey) Ltd. (“Universal”)	Trade	Other
Ankara Enternasyonel Otelcilik A.Ş. (“AEO”)	Tourism	Other
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	Tourism	Other
Enerjisa Enerji Üretim A.Ş. (“Enerjisa”) (3)	Energy	Energy
Sapeksa Mensucat ve Toprak Mahsulleri Sanayi ve Ticaret A.Ş. (“Sapeksa”)	Agriculture	Other
Sabancı Telekomünikasyon Hizmetleri A.Ş. (“Sabancı Telekom”)	Telecommunication	Other
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. (“Bimsa”)	Trade of data processing systems	Other

- (1) Advansa, a Subsidiary of the Holding, disposed its chemical production entities as of 30 September 2006, since activities in textile business segment continues, segmental information has been changed from Chemicals to Textile segment.
- (2) Activities of Pilsa, a Subsidiary of the Holding, does not form a single segment on the grounds of materiality, segmental information has been changed from Chemicals to Other segment.
- (3) Activities of Enerjisa, a Subsidiary of the Holding, has started to be significant in terms of consolidated financial statements, therefore as of 2007 segmental information has been changed from Other to Energy segment.



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

For the purposes of segment information, Sabancı Holding’s stand-alone financial statements have been included within the “Other” business segment (Note 33).

All the Subsidiaries are registered in Turkey except for Sabank, Exsa UK, Universal and Advansa (collectively referred to as the “Foreign Subsidiaries”). Sabank ve Exsa UK are registered in the United Kingdom, Universal and Advansa are registered in the Netherlands.

#### Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 March 2007 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

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

All the Joint Ventures are registered in Turkey.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Accounting standards

##### Preparation of consolidated financial statements

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

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

Sabancı Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in TRY 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 (Note 34) 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 Accounting Standards.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with CMB Accounting Standards as explained in Note 2.1. The result of operations of Subsidiaries, Joint Ventures and Associated companies are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding, either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and effective interest of the Holding in these subsidiaries at 31 March 2007 and 31 December 2006:

31 March 2007 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	40,45	14,56	55,01	36,36
Ak Emeklilik	99,41	-	99,41	61,61
Aksigorta	61,98	-	61,98	61,98
Bossa	50,12	23,14	73,26	50,12
Bimsa	100,00	-	100,00	90,10
Çimsa	50,80	2,06	52,86	49,82
Enerjisa	94,44	-	94,44	90,79
Exsa	45,70	54,30	100,00	27,71
Exsa UK	100,00	-	100,00	99,06
Gıdasa	99,68	-	99,68	99,67
Pilsa	51,23	48,77	100,00	51,23
Kordsa Global	91,11	-	91,11	91,11
Sabank	100,00	-	100,00	56,11
Sapeksa	52,84	44,87	97,71	36,42
Sabancı Telekom	100,00	-	100,00	100,00
Teknosa	51,92	48,08	100,00	51,91
Temsa	48,70	51,29	99,99	47,65
Toyotasa Pazarlama	65,00	-	65,00	65,00
Tursa	99,52	-	99,52	98,46
Universal	100,00	-	100,00	92,77
Yünsa	59,37	14,74	74,11	58,80

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

31 December 2006 Subsidiaries	Direct and indirect ownership interest by Sabancı 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	45,74	23,55	69,29	40,05
Ak Emeklilik	99,41	-	99,41	61,61
Aksigorta	61,98	-	61,98	61,98
Bossa	50,12	23,14	73,26	50,12
Bimsa	100,00	-	100,00	90,10
Çimsa	50,80	2,06	52,86	49,82
Enerjisa	94,44	-	94,44	90,79
Exsa	45,70	54,30	100,00	27,71
Exsa UK	100,00	-	100,00	99,06
Gıdasa	99,68	-	99,68	99,67
Pilsa	51,23	48,77	100,00	51,23
Kordsa Global	91,11	-	91,11	91,11
Sabank	100,00	-	100,00	58,50
Sapeksa	52,84	44,87	97,71	34,84
Sabancı Telekom	100,00	-	100,00	100,00
Teknosa	51,92	48,08	100,00	51,91
Temsa	48,70	51,29	99,99	47,65
Toyotasa Pazarlama	65,00	-	65,00	65,00
Tursa	99,52	-	99,52	98,46
Universal	100,00	-	100,00	92,77
Yünsa	59,37	14,74	74,11	54,13

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

Financial statements of subsidiaries, whose financial position at 31 March 2007 and result of operations for the period ended 31 March 2006 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 16.a).

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 March 2007 and 31 December 2006:

<b>31 March 2007</b>	<b>Direct and indirect ownership interest by the Holding and its Subsidiaries</b>	<b>Proportion of effective interest</b>
<b>Joint Ventures</b>	<b>%</b>	<b>%</b>
Akçansa	39,72	36,88
Beksa	49,99	49,99
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,12
Olmuksa	43,73	43,73
Oysa Çimento	41,09	20,47

<b>31 December 2006</b>	<b>Direct and indirect ownership interest by the Holding and its Subsidiaries</b>	<b>Proportion of effective interest</b>
<b>Joint Ventures</b>	<b>%</b>	<b>%</b>
Akçansa	39,72	36,88
Beksa	49,99	49,99
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,12
Olmuksa	43,73	43,73
Oysa Çimento	41,09	20,47

- 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 16.c and Note 2.e).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

Associates whose financial position at 31 March 2007 and result of operations for the period ended 31 March 2007 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 16.a).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 March 2007:

<b>Associates</b>	<b>Direct and indirect ownership interest by the Holding %</b>
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (“Philsa”)	24,75
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”)	25,00

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 16.a and 16.c).
- 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 subsidiaries, by the parents, is presented as minority interest.

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

#### 2.3 Comparatives

Carrefoursa, a Joint Venture of the Holding, offset 2006 sales against cost of sales amounting to TRY 43.625 for the purpose of consistent presentation of financial information with the comparative period.

#### 2.4 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.

#### 2.5 Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as “CMB Accounting 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, measurement principles and disclosure requirements for retirement benefits in the period subsequent to balance sheet date and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

### NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

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

#### Revenue recognition

##### Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis 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.

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

##### Insurance

###### Life:

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

###### Non-Life:

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### Other segments

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

#### **Inventories**

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

#### **Property, plant and equipment**

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

	<u>Years</u>
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 is 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 residual value of the related assets.

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

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



# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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### **Investment property**

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

### **Intangible assets**

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

### **Borrowing costs**

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

### **Investment securities**

In accordance with IAS 39, in the banking segment, the Group classifies its investments in debt and equity securities in the three following categories; held-to-maturity, available-for-sale assets and assets at fair value through profit or loss. 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 client’s servicing activity are classified as “available-for-sale financial assets”. The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

All investment securities are initially recognised at cost. Transaction costs are included in the initial measurement of debt securities. Available-for-sale debt and equity investment securities are subsequently re-measured at fair value whose fair values can be reliably measured.

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

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

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

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

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

#### *Financial instruments and financial risk management*

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

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

#### Foreign exchange risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored by management and limited by analysis of the foreign currency position through obtaining positions within the approved limits (Note 29).

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

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

##### Interest rate risk

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

##### Liquidity risk

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

A major objective of the Bank’s asset and liability management is to ensure that sufficient liquidity is available to meet the Bank’s commitments to customers and to satisfy the Bank’s own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities.

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

##### Funding risk

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

##### Credit risk

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

##### *Fair value of financial instruments*

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

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

##### Financial assets

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

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

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

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

The trade receivables are carried at amortised cost using the effective yield method, and hence are considered to approximate their fair values.

##### Financial liabilities

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

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

Trade payables are stated at their fair values.

##### Derivative financial instruments

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

##### **Earnings per share**

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

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## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### **Provisions, contingent assets and liabilities**

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

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

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

#### **Leasing Transactions**

##### **(1) The Group as a lessee**

###### *Finance leases*

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

The interest element of the finance cost is charged to the income statement over the lease period.

###### *Operating leases*

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

##### **(2) The Group as a lessor**

###### *Finance leases*

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

##### *Operating leases*

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

##### **Related parties**

For the purpose of the consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, Associates and Joint Ventures are considered and referred to as related parties. On consolidation, most of the related party activity is eliminated and the remainder is not material to the overall consolidated financial statements.

##### **Segment reporting**

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

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

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

#### Deferred income taxes

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

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

#### Employee benefits

##### Retirement benefits

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

On 1 November 2005, Banking Law No.5411 (“New Law”) which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date, was published in the Official Gazette. In accordance with the New Law, the actuarial calculation of the liability should be performed by a commission including representatives from various institutions. The specified liability will be paid in annual equal instalments for a period not exceeding 15 years. However on 2 November 2005, the President of the Turkish Republic applied to the Constitutional Court of Turkey for abrogation of the relevant article in the New Law.

According to the technical balance sheet report prepared using the technical interest rate of 10,24% in accordance with the written decree published by the Council of Ministers in the Official Gazette dated 15 December 2006 No.26377 for the purpose of determining principles and procedures to be applied during the transfer, the “Pension Fund” has no technical or actual deficit as of 31 December 2006. In addition, Akbank management envisions that the liability amount to be calculated at the transfer date within the framework stated above will be commensurate with the assets of the Fund and will not bring any burden for Akbank.

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

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

##### Employment termination benefits

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

##### **Sale and repurchase agreements**

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

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

##### **Loans and advances to customers and provisions for loan impairment**

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

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

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

##### **Deferred financing charges**

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



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

##### **Business combinations**

In accordance with IFRS 3 “Business Combinations” all business combinations are accounted for by applying the purchase method. If the acquisition cost is higher than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as goodwill. Prior to the acquisition, the fair value differences of the net assets are accounted as fair value reserve in equity. Goodwill recognised in a business combination is not amortised, instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs an impairment test of goodwill at year-ends.

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

##### **Insurance technical reserves**

###### Unearned premiums reserve

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

###### Claim provisions

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

###### Life assurance provision

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

##### **Derivative financial instruments**

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 31 March 2007. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

##### **Foreign currency transactions**

###### 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 New 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 New Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the income statement.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

#### Foreign Group companies

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

#### **Research costs**

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

#### **Shareholders’ equity**

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

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

#### **Use of estimates**

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

#### **Reserve deposits with the Central Bank of the Republic of Turkey**

Reserve deposits represent the minimum deposits maintained with the Central Bank of the Republic of Turkey (the “Central Bank”), as required by the Turkish Banking Law (“Banking Law”), calculated on the basis of customer deposits taken at the rates determined by the Central Bank. In accordance with the current legislation, the mandatory reserve deposit rates for New Turkish lira and foreign currency deposits are 6 % (31 December 2006: 6%) and 11 % (31 December 2006: 11%), respectively. Interest income is recognised quarterly by using the interest rates determined by the Central Bank.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 March 2007 and 31 December 2006 were as follows:

	31 March 2007	31 December 2006
Cash in hand		
- banking	2.031.032	1.864.589
- other companies	39.496	10.877
Banks - time deposits	1.822.173	2.644.076
Banks - demand deposits	341.171	327.074
Due from reverse repo transactions	2.099	27
Other cash and cash equivalents	8.053	9.138
	<b>4.244.024</b>	<b>4.855.781</b>

Due from reverse repo transactions are secured with Turkish government bonds and treasury bills held for resale to banks under reverse repurchase agreements. The maturity of loan to banks is less than three months.

Analysis of maturities at 31 March 2007 and 31 December 2006 was as follows:

	31 March 2007	31 December 2006
Demand	2.419.752	2.211.678
Up to 3 month	1.824.272	2.641.294
3 to 12 months	-	32
1 to 5 years	-	2.777
	<b>4.244.024</b>	<b>4.855.781</b>

The details of demand deposits unavailable for use at the balance sheet date were as follows:

	31 March 2007	31 December 2006
Regarding long term securitised borrowings	69.856	70.540
Regarding debt securities in issue	56.713	29.548
	<b>126.569</b>	<b>100.088</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 5 - MARKETABLE SECURITIES

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

	31 March 2007	31 December 2006
Government bonds denominated in foreign currency	6.273.574	6.415.387
Eurobonds	253.344	108.973
Government bonds	52.551	33.008
Mutual funds	24.428	22.608
Treasury bills	11.767	7.647
Share certificates	2.535	47.273
Other	-	492
	<b>6.618.199</b>	<b>6.635.388</b>

Analysis of maturities at 31 March 2007 and 31 December 2006 was as follows:

Period remaining to contractual maturity dates:

	31 March 2007			31 December 2006		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	813.615	-	813.615	8.650	-	8.650
3 to 12 months	71.044	8.116	79.160	931.571	-	931.571
1 to 5 years	5.495.607	-	5.495.607	5.544.903	-	5.544.903
Over 5 years	194.937	-	194.937	75.571	-	75.571
No maturity	2.535	32.345	34.880	47.765	26.928	74.693
	<b>6.577.738</b>	<b>40.461</b>	<b>6.618.199</b>	<b>6.608.460</b>	<b>26.928</b>	<b>6.635.388</b>

Period remaining to contractual repricing dates:

	31 March 2007			31 December 2006		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	4.083.484	-	4.083.484	2.204.855	-	2.204.855
3 to 12 months	2.145.856	8.116	2.153.972	4.156.458	-	4.156.458
1 to 5 years	151.018	-	151.018	123.811	-	123.811
Over 5 years	194.845	-	194.845	75.571	-	75.571
No maturity	2.535	32.345	34.880	47.765	26.928	74.693
	<b>6.577.738</b>	<b>40.461</b>	<b>6.618.199</b>	<b>6.608.460</b>	<b>26.928</b>	<b>6.635.388</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

	31 March 2007	31 December 2006
Short-term	4.333.079	3.757.903
Short-term portion of long term	863.343	693.027
<b>Total short term</b>	<b>5.196.422</b>	<b>4.450.930</b>

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

Long-term	5.728.371	6.766.744
<b>Total</b>	<b>10.924.793</b>	<b>11.217.674</b>

The maturity schedule at 31 March 2007 and 31 December 2006 are summarised below:

	31 March 2007	31 December 2006
Up to 3 months	1.959.428	1.236.933
3 to 12 months	3.236.994	3.213.997
1 to 5 year	4.311.298	5.173.734
Over 5 year	1.417.073	1.593.010
<b>Total</b>	<b>10.924.793</b>	<b>11.217.674</b>

The maturity schedule of long term borrowing at 31 March 2007 and 31 December 2006 are summarised below:

Period	31 March 2007	31 December 2006
2008	1.872.621	2.291.302
2009	1.056.674	1.613.404
2010	717.633	657.823
2011 and over	2.081.443	2.204.215
<b>Total</b>	<b>5.728.371</b>	<b>6.766.744</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

The repricing schedule of borrowings at 31 March 2007 and 31 December 2006 are summarised below:

	31 March 2007	31 December 2006
Up to 3 months	8.987.027	8.963.008
3 to 12 months	1.473.152	1.729.505
1 to 5 years	458.603	503.297
Over 5 years	6.011	21.864
	<b>10.924.793</b>	<b>11.217.674</b>

#### NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

##### Short-term and long-term trade receivables:

	31 March 2007	31 December 2006
Trade receivables	1.840.820	1.648.540
Notes and cheques receivable	186.076	226.721
	2.026.896	1.875.261
Less: doubtful receivables provision	(38.215)	(33.280)
	<b>1.988.681</b>	<b>1.841.981</b>

##### Short-term and long-term trade payables:

	31 March 2007	31 December 2006
Trade payables	1.402.752	1.407.684
Notes payable	9.352	4.663
	<b>1.412.104</b>	<b>1.412.347</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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#### NOTE 8 - LEASE RECEIVABLES AND LEASE PAYABLES

Lease receivables at 31 March 2007 are summarized below (\*):

	31 March 2007	31 December 2006
Gross investment in finance leases	628.907	584.163
Less: unearned finance income	(95.494)	(90.409)
Total investment in finance leases	533.413	493.754
Less: fair value loss	(7.601)	(6.541)
<b>Net investment in finance leases</b>	<b>525.812</b>	<b>487.213</b>

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

	31 March 2007	31 December 2006
2007	189.779	209.060
2008	189.362	159.425
2009	99.170	81.734
2010	39.056	31.289
Over 5 years	8.445	5.705
	<b>525.812</b>	<b>487.213</b>

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

Lease payables at 31 March 2007 and 31 December 2006 are summarized below.

	31 March 2007	31 December 2006
<b>Lease payables</b>		
Current	4.231	4.022
Non-current	3.815	2.983
	<b>8.046</b>	<b>7.005</b>

#### NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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#### Due from related parties

	31 March 2007	31 December 2006
Akçansa	35.017	1.869
Brisa	15.739	4.162
Carrefoursa	7.685	3.153
Diasa	1.454	778
Oysa	1.411	1.726
Beksa	785	718
Olmuksa	521	230
Other	8.177	8.980
	<b>70.789</b>	<b>21.616</b>

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#### Due to related parties

	31 March 2007	31 December 2006
Brisa	11.145	4.968
Olmuksa	1.137	1.640
Akçansa	98	92
Beksa	16	23
Other	2.013	1.476
	<b>14.409</b>	<b>8.199</b>

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## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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#### NOTE 10 - OTHER RECEIVABLES AND PAYABLES

##### Other current / non-current receivables

	31 March 2007	31 December 2006
Receivables on cheques in clearance	129.597	42.662
Deductible VAT	84.395	76.463
Job advances given	11.255	6.334
Receivables from credit cards payments	5.105	5.682
Other	350.151	297.669
	<b>580.503</b>	<b>428.810</b>

##### Other current / non-current payables

	31 March 2007	31 December 2006
Payables related to credit card transactions	667.692	674.807
Other taxes and funds	193.182	162.440
Payables on cheques in clearance	131.017	42.100
Bonus liability to credit card customers	108.947	105.886
Unearned commission income	81.249	60.604
Import deposits and transfer orders	77.237	123.199
Payment orders to correspondent banks	21.773	24.365
Due to personnel	19.579	17.962
Saving deposits insurance	8.307	8.202
Other	738.008	297.095
	<b>2.046.991</b>	<b>1.516.660</b>

#### NOTE 11 - BIOLOGICAL ASSETS

None (31 December 2006: None).

#### NOTE 12 - INVENTORIES

	31 March 2007	31 December 2006
Raw materials and supplies	397.566	427.015
Semi-finished goods	155.457	139.905
Finished goods and merchandise	662.789	594.837
Spare parts	106.477	100.891
	<b>1.322.289</b>	<b>1.262.648</b>

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

None (31 December 2006: None).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES

The Group recognises deferred tax income assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Accounting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Accounting Standards and tax purposes.

Deferred income taxes will be calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20 % (31 December 2006: 20%) (The rate is 30% for the companies using the investment allowance as deduction from the corporate tax base after 1 January 2006).

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 March 2007 and 31 December 2006 using the enacted tax rates, were as follows:

	<u>31 March 2007</u>		<u>31 December 2006</u>	
	<b>Cumulative temporary difference</b>	<b>Deferred tax assets / (liabilities)</b>	<b>Cumulative temporary difference</b>	<b>Deferred tax assets / (liabilities)</b>
Deferred income tax assets:				
Difference between tax base and carrying value of:				
- Property, plant and equipment	(51.044)	10.608	(61.671)	12.542
- Inventories	(29.908)	6.422	(28.991)	6.257
Provision for loan losses	(216.799)	43.929	(196.781)	39.937
Provision for employment termination benefits	(126.019)	26.709	(125.544)	26.762
Tax losses carried forward	(109.112)	21.822	(87.810)	18.175
Investment allowances	(162.821)	7.081	(75.563)	7.898
Unearned interest income	(5.954)	1.233	(5.732)	1.182
Other temporary differences	(169.772)	35.275	(150.016)	30.590
Deferred income tax assets		153.079		143.343
Deferred income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment	611.424	(147.451)	592.842	(146.261)
- Inventories	2.824	(565)	2.258	(452)
Reversal of country risk provision	107.298	(42.919)	107.298	(42.919)
Deferred financing charges	12.827	(2.565)	13.626	(2.725)
Valuation difference on investment securities	3.129	(626)	5.693	(1.139)
Other temporary differences	78.617	(16.851)	82.971	(16.666)
Deferred income tax liabilities		(210.977)		(210.162)
<b>Deferred income tax (liabilities)/assets - net</b>		<b>(57.898)</b>		<b>(66.819)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

##### Deferred income tax assets:

	31 March 2007	31 December 2006
Deferred income tax assets to be recovered over 1 year	86.287	82.469
Deferred income tax assets to be recovered in 1 year	66.792	60.874
	<b>153.079</b>	<b>143.343</b>

##### Deferred income tax liabilities:

	31 March 2007	31 December 2006
Deferred income tax liabilities to be recovered over 1 year	161.503	160.584
Deferred income tax liabilities to be recovered recovered in 1 year	49.474	49.578
	<b>210.977</b>	<b>210.162</b>

Movements of deferred income tax assets for the periods ended at 31 March 2007 and 2006 were as follows:

	31 March 2007	31 March 2007
Balances at 1 January-as previously reported	(66.819)	84.206
Effect of business combination	-	10.200
Balances at 1 January-as restated	(66.819)	94.406
Addition through establishment of a subsidiary	(66)	-
Effect of currency translation	127	4.872
Credited / (Charged) to income statement	8.860	(66.067)
<b>Balances at 31 March</b>	<b>(57.898)</b>	<b>33.211</b>

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

	31 March 2007	31 December 2006
<b>Other current/non-current assets</b>		
Prepaid expenses	69.285	51.412
	<b>69.285</b>	<b>51.412</b>
<b>Other current/non-current liabilities</b>		
Expense accruals	177.047	217.020

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 16 - FINANCIAL ASSETS

a) Securities available-for-sale:	31 March 2007	31 December 2006
Debt securities		
- Government bonds	12.784.479	11.055.781
- Government bonds denominated in foreign currency	3.726.118	2.740.723
- Eurobonds	1.655.293	765.835
- Treasury bills	48.961	46.813
- Mutual Funds	2.447	8.764
- Other bonds denominated in foreign currency	-	6.525
	18.217.298	14.624.441
Equity securities		
- Listed	17.854	15.804
- Unlisted	25.474	26.744
	43.328	42.548
<b>Total securities available-for-sale</b>	<b>18.260.626</b>	<b>14.666.989</b>

Analysis of maturities at 31 March 2007 and 31 December 2006 were as follows:

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

	31 March 2007			31 December 2006		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	3.579.584	394	3.579.978	5.700.494	4.590	5.705.084
3 to 12 months	5.702.027	81.007	5.783.034	5.336.096	72.188	5.408.284
1 to 5 years	7.601.213	34.645	7.635.858	3.149.918	40.471	3.190.389
Over 5 years	1.204.086	11.894	1.215.980	309.154	8.671	317.825
No maturity	26.679	19.097	45.776	23.925	21.482	45.407
	<b>18.113.589</b>	<b>147.037</b>	<b>18.260.626</b>	<b>14.519.587</b>	<b>147.402</b>	<b>14.666.989</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 16 - FINANCIAL ASSETS ( Continued)

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

	31 March 2007			31 December 2006		
	Banking	Other companies	Total	Bankacılık	Other companies	Total
Up to 3 months	1.512.395	394	1.512.789	2.061.223	4.590	2.065.813
3 to 12 months	3.787.218	81.008	3.868.226	5.232.305	72.188	5.304.493
Current	5.299.613	81.402	5.381.015	7.293.528	76.778	7.370.306
1 to 5 years	11.037.539	34.646	11.072.185	6.892.980	40.471	6.933.451
Over 5 years	1.749.758	11.894	1.761.652	309.154	8.671	317.825
No maturity	26.679	19.095	45.774	23.925	21.482	45.407
Non Current	12.813.976	65.635	12.879.611	7.226.059	70.624	7.296.683
	<b>18.113.589</b>	<b>147.037</b>	<b>18.260.626</b>	<b>14.519.587</b>	<b>147.402</b>	<b>14.666.989</b>

The breakdown of available-for-sale equity securities at 31 March 2007 was as follows:

Listed	Share (%)	Carrying amount	Business
Ak Yatırım Ortaklığı A.Ş.(*)	49,54	16.540	Investment management
Others		1.314	
		<b>17.854</b>	
Unlisted	Share (%)	Carrying amount	Business
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,53	8.358	Vessel transportation
Ak Portföy Yönetimi A.Ş.(**)	99,99	3.592	Portfolio management
Others		13.524	
		<b>25.474</b>	

(\*) The Group owns 49,54 % of the shares of Ak Yatırım Ortaklığı A.Ş. Due to the insignificance of the financial impact on the financial position and results of Sabancı Holding, Ak Yatırım Ortaklığı A.Ş. was not accounted by equity method of accounting and carried at cost less provision for diminution in value at 31 March 2007 and 31 December 2006.

(\*\*) The Group owns 99,99% of the shares of Ak Portföy Yönetimi A.Ş. Due to the insignificance of the financial impact on the financial position and results of Sabancı Holding, Ak Portföy Yönetimi A.Ş. was not accounted by equity method of accounting and carried at cost less provision for diminution in value at 31 March 2007 and 31 December 2006.

#### NOTE 16 - FINANCIAL ASSETS (Continued)

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

The breakdown of available-for-sale equity securities at 31 December 2006 is as follows:

<b>Listed</b>	<b>Share (%)</b>	<b>Carrying amount</b>	<b>Business</b>
Ak Yatırım Ortaklığı A.Ş.	47	14.765	Investment management
Others		1.039	-
		<b>15.804</b>	

<b>Unlisted</b>	<b>Share (%)</b>	<b>Carrying amount</b>	<b>Business</b>
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,53	8.358	Vessel transportation
Ak Portföy Yönetimi A.Ş.	99,99	3.592	Portfolio management
Others		14.794	-
		<b>26.744</b>	

<b>b) Securities held-to-maturity:</b>	<b>31 March 2007</b>	<b>31 December 2006</b>
Debt securities		
- Treasury bills	-	8.152
	-	<b>8.152</b>

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

	<b>31 March 2007</b>			<b>31 December 2006</b>		
	<b>Banking</b>	<b>Other companies</b>	<b>Total</b>	<b>Banking</b>	<b>Other companies</b>	<b>Total</b>
Up to 3 months	-	-	-	-	8.152	8.152
Current	-	-	-	-	8.152	8.152
	-	-	-	-	<b>8.152</b>	<b>8.152</b>

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

	<b>31 March 2007</b>			<b>31 December 2006</b>		
	<b>Banking</b>	<b>Other companies</b>	<b>Total</b>	<b>Banking</b>	<b>Other companies</b>	<b>Total</b>
Up to 3 months	-	-	-	-	8.152	8.152
	-	-	-	-	<b>8.152</b>	<b>8.152</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 16 - FINANCIAL ASSETS (Continued)

##### c) Investment in associates

	31 March 2007	Share(%)	31 December 2006	Share(%)
Philsa	104.578	25,00	153.901	25,00
Philip Morrissa	18.148	24,75	27.913	24,75
	<b>122.726</b>		<b>181.814</b>	

Income from Associates was as follows:

	31 March 2007	31 March 2006
Philsa	21.724	24.233
Philip Morrissa	7.746	8.040
	<b>29.470</b>	<b>32.273</b>

The summary financial information of associates is as follows:

	31 March 2007		31 December 2006	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	785.874	367.559	1.085.496	469.892
Philip Morrissa	269.005	195.682	328.813	216.035

##### Sales revenue

	31 March 2007	31 March 2006
Philsa (*)	1.333.362	1.245.896
Philip Morrissa	1.429.767	1.427.541

(\*) Philsa executes its sales activities over Philip Morrissa.

##### Net income

	31 March 2007	31 March 2006
Philsa	95.742	89.224
Philip Morrissa	32.594	31.710



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 17 - GOODWILL / NEGATIVE GOODWILL (NET)

There is no movement in goodwill during the period 1 January - 31 March 2007.

	<b>Goodwill</b>
Balances at 1 January 2006 -as previously reported	290.968
Adjustment to goodwill provisionally accounted under IFRS3	6.150
<b>1 January 2006-adjusted</b>	<b>297.118</b>
Currency translation difference	(1.216)
<b>31 March 2006</b>	<b>295.902</b>

#### NOTE 18 - INVESTMENT PROPERTY (NET)

<b>Cost</b>	<b>1 January 2007</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2007</b>
Land	85.981	-	(3.400)	82.581
Buildings	223.467	-	-	223.467
<b>Total</b>	<b>309.448</b>			<b>306.048</b>

#### **Accumulated Depreciation**

Buildings	32.010	1.298		33.308
<b>Net book value</b>	<b>277.438</b>			<b>272.740</b>

<b>Cost</b>	<b>1 January 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2006</b>
Land	88.266	-	-	88.266
Buildings	229.628	-	-	229.628
<b>Total</b>	<b>317.894</b>			<b>317.894</b>

#### **Accumulated Depreciation**

Buildings	26.929	1.319	-	28.248
<b>Net book value</b>	<b>290.965</b>			<b>289.646</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

Cost	1 January 2007	Currency translation differences	Additions	Disposals	Addition through establishment of a subsidiary	31 March 2007
Land and land improvements	364.554	(3.003)	486	(1.082)	-	360.955
Buildings	2.113.286	(2.613)	4.785	(564)	12.545	2.127.439
Machinery and equipment	4.089.720	(1.227)	21.956	(12.676)	1.302	4.099.075
Motor Vehicles	144.717	(123)	3.938	(5.910)	167	142.789
Furniture and Fixtures	1.436.837	(582)	16.095	(8.981)	411	1.443.780
	8.149.114	(7.548)	47.260	(29.213)	14.425	8.174.038
Construction in progress	221.015	(2.721)	53.235	-	-	271.529
	8.370.129	(10.269)	100.495	(29.213)	14.425	8.445.567
<b>Accumulated Depreciation</b>						
Land and land improvements	79.953	(326)	2.255	(12)	-	81.870
Buildings	713.870	(564)	14.216	(35)	78	727.565
Machinery and equipment	2.374.519	(245)	49.304	(11.710)	478	2.412.346
Motor Vehicles	105.133	(75)	3.109	(3.833)	66	104.400
Furniture and Fixtures	1.057.443	(374)	35.148	(7.573)	271	1.084.915
	4.330.918	(1.584)	104.032	(23.163)	893	4.411.096
<b>Net book value</b>	<b>4.039.211</b>					<b>4.034.471</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

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

<b>Cost</b>	<b>1 January 2006</b>	<b>Currency translation differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2006</b>
Land and land improvements	317.292	193	1.306	(148)	318.643
Buildings	2.012.984	540	7.005	(7.949)	2.012.580
Machinery and equipment	4.789.845	713	33.387	(22.768)	4.801.177
Motor Vehciles	136.140	14	970	(4.261)	132.863
Furniture and Fixtures	1.357.827	249	4.272	(12.938)	1.349.410
	8.614.088	1.709	46.940	(48.064)	8.614.673
Construction in progress	181.395	389	14.049	-	195.833
	8.795.483	2.098	60.989	(48.064)	8.810.506
<b>Accumulated Depreciation</b>					
Land and land improvements	64.485	9	1.722	-	66.216
Buildings	669.397	(62)	14.500	(6.681)	677.154
Machinery and equipment	2.717.262	(3.159)	58.604	(20.729)	2.751.978
Motor Vehciles	103.938	(5)	2.603	(3.763)	102.773
Furniture and Fixtures	1.005.051	172	28.435	(10.398)	1.023.260
	4.560.133	(3.045)	105.864	(41.571)	4.621.381
<b>Net book value</b>	<b>4.235.350</b>				<b>4.189.125</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 20 - INTANGIBLE ASSETS

	1 January 2007	Currency translation differences	Additions	Disposals	Addition through establishment of a subsidiary	31 March 2007
Cost	396.277	(1.246)	7.660	(447)	857	403.101
Accumulated Depreciation	129.113	(630)	4.997	(301)	157	133.336
	<b>267.164</b>					<b>269.765</b>

	1 January 2006	Currency translation differences	Additions	Disposals		31 March 2006
Cost	299.047	2.302	10.204	(132)		311.421
Accumulated Depreciation	99.782	2.309	10.320	(121)		112.290
	<b>199.265</b>					<b>199.131</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 21 - ADVANCES RECEIVED

	31 March 2007	31 December 2006
Advances received from customers	26.565	19.107

#### NOTE 22 - RETIREMENT PLANS

As disclosed in Note 3 to the consolidated financial statements, Akbank T.A.Ş. Tekaüt Sandığı Vakfı (the “Fund”) is a separate legal entity and a foundation recognised by an official decree, founded on the basis of Social Insurance Law No: 506, Temporary Article No: 20, providing all qualified bank employees with pension and post retirement benefits. According to the temporary article numbered 38 of the Turkish insurance law, and the “Decree on Actuaries”, the Fund is subject to the inspection of a listed actuary. There is no technical or actual deficit in the financial statements of the Fund necessitating the accounting of a provision.

#### NOTE 23 - PROVISIONS

##### a) Income taxes payable

	31 March 2007	31 December 2006
Corporation and income taxes currently payable	297.637	379.892
Less: prepaid taxes	(7.994)	(257.436)
<b>Total taxes payable</b>	<b>289.643</b>	<b>122.456</b>

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 January 1, 2006. Corporation tax rate of the fiscal year 2006 is 20% (2005: 30%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8 % on the investment incentive allowance utilised within the scope of the Income Tax Law Transitional Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid after 23 July 2006 are 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 10<sup>th</sup> day and pay it on the 17<sup>th</sup> day by 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 23 - PROVISIONS (Continued)

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the year 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 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 Sabancı Holding are as follows:

#### ***Exemption for Participation in Subsidiaries:***

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

#### ***Preferential right certificate sales and issued premiums exemption***

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

#### ***Exemption for Participation into Foreign Subsidiaries***

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or 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 are subject to corporate income tax, or alike, in their country of legal or business centre at the rate of at least 15% (at corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

#### **NOTE 23 - PROVISIONS (Continued)**

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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#### *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 has 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 5 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 realized.

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 Allowance*

The investment allowance application which had been in force for a significant period of time was abolished by Law No.5479 dated 30 March 2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the following amounts from their income related to the years 2006, 2007 and 2008 as well as the investment allowance amounts they could not offset against 2005 gains which were present as of 31 December 2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 31 December 2005.

a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law No.193, with Law No.4842.

b) In the scope of the abolished 19th article of Income Tax Law No.193, the investment allowance amounts to be calculated in accordance with the legislation in force at 31 December 2005 for investments which were started before 1 January 2006 and which display an economical and technical integrity.

Accordingly, gains with the above nature which are in the profit/loss figures are taken into consideration, in the calculation of corporate tax.

Apart from the abovementioned exceptions in the determination of the corporate tax base, allowances cited in the articles 8, 9 and 10 of Corporate Tax Law and article 40 of Income Tax Law are taken into consideration.

#### **b) Provision for employment termination benefits**

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. At 31 March 2007 the amount payable consists of one month’s salary limited to a maximum of TRY 1,96 (31 December 2006: TRY 1,85) for each year of service.

#### **NOTE 23 - PROVISIONS (Continued)**

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

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

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

Movements in the reserve for employment termination benefits for the periods ended 31 March 2007 and 2006 are as follows:

	31 March 2007	31 March 2006
Balances at 1 January	150.298	142.373
Addition through establishment of a subsidiary	139	-
Payments during the period	(7.994)	(6.800)
Charge for the year	9.450	11.705
<b>Balances at 31 March</b>	<b>151.893</b>	<b>147.278</b>

#### NOTE 24 - MINORITY INTEREST

	31 March 2007	31 March 2006
Balances at 1 January	4.997.041	4.856.918
Effect of change in the effective rate of subsidiaries	259.050	727
Addition through establishment of a subsidiary	6.344	-
Capital increase	200.000	-
Increase in share premium	1.700.000	-
Dividends paid	(415.707)	(345.709)
Currency translation differences	(13.046)	4.166
Available for sale investments net fair value change, net of tax	58.590	(42.769)
Net income for the period	284.059	383.304
<b>Balances at 31 March</b>	<b>7.076.331</b>	<b>4.856.637</b>



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL

The Holding's authorised and issued capital consists of 180.000.000.000 (31 December 2006: 180.000.000.000) shares of YKr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 March 2007 and 31 December 2006 were as follows:

<b>Shareholders:</b>	<b>Share (%)</b>	<b>31 March 2007</b>	<b>Share (%)</b>	<b>31 December 2006</b>
Sabancı family members	61,93	1.114.786	58,36	1.050.566
Public quotation	21,64	389.494	25,21	453.714
Sakıp Sabancı Holding A.Ş.	14,81	266.578	14,81	266.578
Sabancı University	1,62	29.142	1,62	29.142
<b>Share capital</b>	<b>100,00</b>	<b>1.800.000</b>	<b>100,00</b>	<b>1.800.000</b>
<b>Share premium</b>		<b>21.670</b>		<b>21.670</b>

#### NOTE 26 - CAPITAL RESERVES

At 31 March 2007 and 31 December 2006, the restated amounts and the shareholders' equity restatement differences of equity accounts were as follows:

<b>31 March 2007</b>	<b>Historical amount</b>	<b>Restated amount</b>	<b>Restatement difference</b>
Share capital	1.800.000	5.226.761	3.426.761
Share premium	21.670	300.122	278.452
Legal reserves	92.463	175.566	83.103
Extraordinary reserves	478.007	573.612	95.605
	<b>2.392.140</b>	<b>6.276.061</b>	<b>3.883.921</b>
<b>31 December 2006</b>	<b>Historical amount</b>	<b>Restated amount</b>	<b>Restatement difference</b>
Share capital	1.800.000	5.226.761	3.426.761
Share premium	21.670	300.122	278.452
Legal reserves	92.463	175.566	83.103
Extraordinary reserves	478.007	573.612	95.605
	<b>2.392.140</b>	<b>6.276.061</b>	<b>3.883.921</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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#### NOTE 27 - PROFIT RESERVES

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

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

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

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 20% of their distributable profit, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. The income of the Subsidiaries, Joint Ventures and Associated companies of the Holding will not be taken into consideration in the calculation of dividends of the parent company, if they have not declared dividends in their general assemblies.

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

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 27 - PROFIT RESERVES (Continued)

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

	31 March 2007	31 December 2006
Capital	1.800.000	1.800.000
Share premium	21.670	21.670
Legal reserves	92.463	92.463
Extraordinary reserves	478.007	478.007
Shareholders' equity restatement difference	3.883.921	3.883.921
Net income	209.963	494.049
Retained earnings	926.407	369.433
<b>Total shareholders' equity subject to dividend distribution</b>	<b>7.412.431</b>	<b>7.139.543</b>
Translation reserve	(249.323)	(241.428)
Revaluation reserve	9.973	10.496
Fair value reserve	(16.204)	(54.267)
<b>Shareholders' equity per consolidated financial statements</b>	<b>7.156.877</b>	<b>6.854.344</b>

#### NOTE 28 - RETAINED EARNINGS

	31 March 2007	31 March 2006
Balance at 1 January 2007	369.433	17.021
Purchase of usufruct shares (*)	(14.530)	-
Effect of change in the effective interest rate of subsidiaries	(54.739)	-
Transfer of net income	494.049	689.765
Partial disposal of the Subsidiary	131.671	-
Transfer from revaluation fund	523	-
<b>Balance at 31 March 2007</b>	<b>926.407</b>	<b>706.786</b>

(\*) For the year 2007 usufruct shares were purchased by Kordsa Global, a subsidiary of the Holding.

#### NOTE 29 - FOREIGN CURRENCY POSITION

Foreign currency denominated assets and liabilities held by the Holding before consolidation eliminations at 31 March 2007 and 31 December 2006 were as follows:

	31 March 2007	31 December 2006
Assets	30.584.325	28.724.193
Liabilities	(30.981.105)	(29.276.764)
<b>Net foreign currency position</b>	<b>(396.780)</b>	<b>(552.571)</b>

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

### NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

	31 March 2007				
	USD	EUR	GBP	Other	Total
Cash and due from banks	1.086.691	1.857.343	461.101	44.241	3.449.376
Trading securities	5.669.545	857.373	-	-	6.526.918
Derivative financial instruments	27.398	12.814	7.000	1.296	48.508
Reserve deposits at Central Bank	-	1.697.900	-	-	1.697.900
Loans and advances to customers	6.639.131	4.981.305	564.610	60.844	12.245.890
Investment securities	4.043.474	1.337.544	-	394	5.381.412
Financial lease receivables	126.863	206.619	-	-	333.482
Trade receivables	214.752	343.725	97.154	50.048	705.679
Other receivables	33.590	110.469	21.611	29.490	195.160
<b>Total foreign currency denominated assets</b>	<b>17.841.444</b>	<b>11.405.092</b>	<b>1.151.476</b>	<b>186.313</b>	<b>30.584.325</b>
Funds borrowed, bank borrowings and debt securities in issue	8.471.711	2.662.926	41.853	54.404	11.230.894
Customer deposits	11.095.545	6.976.278	697.254	162.153	18.931.230
Derivative financial instruments	32.092	11.390	12.706	-	56.188
Trade payables	136.749	152.646	54.218	101.091	444.704
Other payables	134.858	122.597	19.218	41.416	318.089
<b>Total foreign currency denominated liabilities</b>	<b>19.870.955</b>	<b>9.925.837</b>	<b>825.249</b>	<b>359.064</b>	<b>30.981.105</b>
<b>Net balance sheet position</b>	<b>(2.029.511)</b>	<b>1.479.255</b>	<b>326.227</b>	<b>(172.751)</b>	<b>(396.780)</b>
	31 December 2006				
	USD	EUR	GBP	Other	Total
Cash and due from banks	2.235.597	2.167.084	340.457	46.317	4.789.455
Trading securities	5.657.980	866.379	-	-	6.524.359
Derivative financial instruments	31.766	25.177	7.145	-	64.088
Reserve deposits at Central Bank	-	1.521.198	-	-	1.521.198
Loans and advances to customers	6.659.251	4.343.793	60.943	15.581	11.079.568
Investment securities	2.908.774	608.899	-	-	3.517.673
Financial lease receivables	122.526	185.367	-	-	307.893
Trade receivables	192.129	355.636	111.240	63.198	722.203
Other receivables	35.408	114.833	22.801	24.714	197.756
<b>Total foreign currency denominated assets</b>	<b>17.843.431</b>	<b>10.188.366</b>	<b>542.586</b>	<b>149.810</b>	<b>28.724.193</b>
Funds borrowed, bank borrowings and debt securities in issue	8.855.577	2.292.960	43.488	54.591	11.246.616
Customer deposits	9.148.845	7.017.545	739.051	160.447	17.065.888
Derivative financial instruments	29.107	15.526	12.952	-	57.585
Trade payables	157.282	261.735	88.342	47.988	555.347
Other payables	208.901	86.463	20.987	34.977	351.328
<b>Total foreign currency denominated liabilities</b>	<b>18.399.712</b>	<b>9.674.229</b>	<b>904.820</b>	<b>298.003</b>	<b>29.276.764</b>
<b>Net balance sheet position</b>	<b>(556.281)</b>	<b>514.137</b>	<b>(362.234)</b>	<b>(148.193)</b>	<b>(552.571)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 30 - GOVERNMENT GRANTS

None (31 December 2006: None).

#### NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

	31 March 2007	31 December 2006
Letters of guarantee issued	2.535.531	2.724.924
Foreign currency acceptance credits	786.853	696.877
Letter of credits	46.546	39.872
	<b>3.368.930</b>	<b>3.461.673</b>

#### Commitments for resale and repurchase of debt securities:

Commitments for resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 March 2007 and 31 December 2006 were as follows:

	31 March 2007	31 December 2006
Repurchase commitments	4.758.316	5.029.143

#### Commitments to forward currency purchase / sale and swap transactions:

	31 March 2007	31 December 2006
Forward currency purchases		
TRY	78.139	48.977
EUR	76.922	62.113
JPY	43.898	33.576
USD	38.157	171.526
GBP	31.423	275.702
	<b>268.539</b>	<b>591.894</b>
Forward currency sales		
EUR	130.339	129.477
TRY	102.001	171.457
JPY	43.656	-
USD	28.095	302.638
GBP	4.053	44.802
Other	-	452
	<b>308.144</b>	<b>648.826</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)	31 March 2007	31 December 2006
Currency swap purchases		
USD	1.862.500	1.462.974
EUR	1.388.557	1.321.808
GBP	281.721	272.880
TRY	80.206	-
CHF	35.197	34.981
Other	114.408	98.903
	<b>3.762.589</b>	<b>3.191.546</b>
Currency swap sales		
EUR	2.250.297	1.291.726
USD	1.383.361	1.867.542
GBP	39.056	20.268
TRY	-	1.000
CHF	-	187
	<b>3.672.714</b>	<b>3.180.723</b>
Interest rate swap purchases		
TRY	1.460.000	1.050.000
EUR	1.102.218	1.095.943
GBP	310.696	427.320
USD	226.236	237.408
	<b>3.099.150</b>	<b>2.810.671</b>
Interest rate swap sales		
TRY	1.460.000	1.050.000
EUR	1.102.218	1.095.943
GBP	310.696	427.320
USD	226.236	237.408
	<b>3.099.150</b>	<b>2.810.671</b>
Spot purchases	235.832	142.977
Spot sales	208.186	143.136
Money options purchases	706.210	162.718
Money options sales	708.423	162.579
Futures purchases	4.087	37.951
Futures sales	3.813	36.062
<b>Commitments - Other companies</b>		
Letters of guarantee given	531.651	606.654
Other guarantees given	209.301	109.768
	<b>740.952</b>	<b>716.422</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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#### NOTE 32 - BUSINESS COMBINATIONS

##### Establishment of a subsidiary in the year 2007 is as follows:

Yünsa, a subsidiary of the Holding, became the founding shareholder of SKT Giyim Sanayi ve Ticaret A.Ş. on January 25, 2007, with a nominal capital of TRY 14,615 (69,99 %). Establishment of the subsidiary is not a business combination hence is not in the scope of IFRS 3.

##### The business combinations between 1 January and 31 December 2006 are as follows:

Enerjisa, a subsidiary of the Holding, acquired 99,97% of shares of Tufanbeyli Elektrik Üretim A.Ş. (“Tufanbeyli Elektrik”) from Park Holding A.Ş. in consideration of TRY 124.694 on 2 June 2006. Tufanbeyli has generated a net income of TRY 1.322 as of 31 December 2006 following this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

Property plant and equipment, net	711
Intangible assets- net (*)	120.708
Other assets	3.333
Other liabilities	(27)
Minority interest in net assets as of acquisition date	(31)
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Total net assets	124.694
Less: cost of acquisition	(124.694)

(\*) The acquired intangible assets represent mining rights.

Enerjisa acquired 90,98% of shares of Ser Enerji Üretim ve Ticaret A.Ş. (“Ser Enerji”) in consideration of TRY 22.001 on 25 August 2006. Tufanbeyli has generated a net income of TRY 167 as of 31 December 2006 following this acquisition. Ser Enerji has incurred a loss of TRY 266 as of 31 December 2006 following this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

Intangible assets- net	21.731
Other assets	270
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Total net assets	22.001
Less: cost of acquisition	(22.001)

#### NOTE 32 - BUSINESS COMBINATIONS (Continued)

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007

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

Kordsa Global acquired 99,5% of shares of Kordsa Qingdao Nylon Enterprise in consideration of TRY 12.082 on 29 December 2006. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 3.464 and was credited to other operating income. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

Trade receivables	4.218
Inventories	3.858
Property plant and equipment and intangible assets, net	10.675
Trade payables	(1.819)
Other liabilities	(1.306)
<hr/>	
Total net assets	15.626
Minority interest	(80)
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Total net asset acquired	15.546
Less: cost of acquisition	(12.082)
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<b>Excess recognised in statement of income</b>	<b>3.464</b>

Kordsa Global acquired 51,29% of shares of Branta Mulia Group in consideration of TRY 49.425 on 22 December 2006. The parent Branta Mulia, owns 70% of its subsidiary Branta Mulia Teijin and 64,19% of Thai Branta Mulia and prepares consolidated financial statements. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 3.025 is recognized as goodwill in balance sheet (Note 17). The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

Marketable securities	10.313
Trade receivables	34.707
Inventories	54.336
Property plant and equipment, net	125.797
Intangible assets, net	659
Other assets	7.031
Borrowings	(42.501)
Trade payables	(21.937)
Deferred tax liabilities	(16.535)
Other liabilities	(6.740)
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Total net assets	145.130
Minority interest	(98.730)
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Total net asset acquired	46.400
Less: cost of acquisition	(49.425)
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<b>Goodwill</b>	<b>3.025</b>



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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#### NOTE 32 - BUSINESS COMBINATIONS (Continued)

Teknosa acquired 51% of shares of S.C. Primex S.A that operates in retailing technology electronics hardware through its stores in Romania in consideration of TRY 6.182 on 11 December 2006. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 5.454 is recognized as goodwill in balance sheet (Note 17). The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

Trade receivables	10.516
Inventories	12.174
Property plant and equipment, net	1.432
Intangible assets, net	3.474
Deferred tax asset	72
Borrowings	(10.012)
Trade payables	(16.201)
Other liabilities	(401)
<hr/>	
Total net assets	1.054
Minority interest	(517)
<hr/>	
Total net asset acquired	537
Less: cost of acquisition	(5.991)
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<b>Goodwill</b>	<b>5.454</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 33 - SEGMENT REPORTING

##### a) External revenues

	31 March 2007	31 March 2006
Finance	2.480.193	2.051.835
Tire and tire reinforcements	391.396	295.138
Automotive	385.378	353.688
Textile	285.773	87.784
Chemicals	-	354.272
Cement	153.398	114.285
Retail	427.423	377.271
Food and beverage	106.957	105.554
Energy	49.819	33.405
Other	128.573	64.946
	<b>4.408.910</b>	<b>3.838.178</b>

##### b) Segment assets

	31 March 2007	31 December 2006
Tire and tire reinforcements	1.382.336	1.368.672
Automotive	793.313	744.724
Textile	1.276.358	515.786
Chemicals	-	866.315
Cement	906.934	854.001
Retail	836.972	840.764
Food and beverage	297.935	278.427
Energy	664.847	669.796
Finance	65.313.103	60.785.410
Banking	64.559.562	60.119.283
Insurance	753.541	666.127
Other	952.227	770.734
<b>Segment assets (*)</b>	<b>72.424.025</b>	<b>67.694.629</b>
Investment in associated companies	122.726	181.814
Other	122.726	181.814
Unallocated assets	924.690	820.682
Less: intercompany eliminations and reclassifications	(1.111.409)	(1.078.225)
<b>Total assets per consolidated financial statements</b>	<b>72.360.032</b>	<b>67.618.900</b>

## **HACI ÖMER SABANCI HOLDİNG A.Ş.**

### **NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2007**

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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(\*) Segment assets mainly comprise of operating assets.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREEE MONTH PERIOD ENDED 31 MARCH 2007

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

#### NOTE 33 - SEGMENT REPORTING (Continued)

c) Segment liabilities	31 March 2007	31 December 2006
Tire and tire reinforcements	234.647	233.655
Automotive	267.786	244.411
Textile	213.635	65.617
Chemicals	-	168.199
Cement	149.902	97.460
Retail	397.637	431.054
Food and beverage	119.301	129.609
Energy	40.898	37.474
Finance	56.241.572	53.565.030
Banking	55.344.064	52.814.277
Insurance	897.508	750.753
Other	227.740	254.495
<b>Segment liabilities (*)</b>	<b>57.893.118</b>	<b>55.227.004</b>
Unallocated liabilities	1.557.852	1.571.007
Less: intercompany eliminations and reclassifications	(1.324.146)	(1.030.496)
<b>Total liabilities per consolidated financial statements</b>	<b>58.126.824</b>	<b>55.767.515</b>

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

**31 MART 2007 TARİHİNDE SONA EREN ÜÇ AYLIK ARA DÖNEMLERE AİT MALİ TABLOLARA İLİŞKİN DİPNOTLAR**

(Tutarlar, aksi belirtilmedikçe bin Yeni Türk Lirası ("YTL") olarak belirtilmiştir.)

**NOTE 33 - SEGMENT REPORTING (Continued)**

**d) Segmental analysis for the period between 1 January – 31 March 2007**

	Tire and tire reinforcements	Automotive	Textile	Cement	Retail	Food and beverage	Energy	Finance			Other	Inter segment elimination	Total
								Banking	Insurance	Total finance			
External revenues	391.396	385.378	285.773	153.398	427.423	106.957	49.819	2.242.530	237.663	2.480.193	128.573	-	4.408.910
Inter segment revenues	1.101	268	4.553	207	481	2.228	39.614	12.218	1.628	13.846	4.698	(66.996)	-
Intra segment revenues	10.771	-	449	962	417	-	-	-	247	247	566.271	(579.117)	-
<b>Combined revenues</b>	<b>403.268</b>	<b>385.646</b>	<b>290.775</b>	<b>154.567</b>	<b>428.321</b>	<b>109.185</b>	<b>89.433</b>	<b>2.254.748</b>	<b>239.538</b>	<b>2.494.286</b>	<b>699.542</b>	<b>(646.113)</b>	<b>4.408.910</b>
External revenues	391.396	385.378	285.773	153.398	427.423	106.957	49.819	2.242.530	237.663	2.480.193	128.573	-	4.408.910
Inter segment revenues	1.101	268	4.553	207	481	2.228	39.614	12.218	1.628	13.846	4.698	(66.996)	-
<b>Consolidated revenue</b>	<b>392.497</b>	<b>385.646</b>	<b>290.326</b>	<b>153.605</b>	<b>427.904</b>	<b>109.185</b>	<b>89.433</b>	<b>2.254.748</b>	<b>239.291</b>	<b>2.494.039</b>	<b>133.271</b>	<b>(66.996)</b>	<b>4.408.910</b>
Cost of goods sold (*)	(326.734)	(328.329)	(247.956)	(103.918)	(346.511)	(88.820)	(90.156)	(1.339.775)	(213.491)	(1.553.266)	(107.247)	68.475	(3.124.462)
General administrative expenses	(18.507)	(8.366)	(12.097)	(4.310)	(47.429)	(4.159)	(2.625)	(370.806)	(21.020)	(391.826)	(13.328)	5.192	(497.455)
Sales, marketing and distribution expenses	(19.091)	(35.655)	(21.546)	(792)	(40.427)	(16.981)	-	-	-	-	(8.750)	2.814	(140.428)
Research and development expenses	(1.493)	(2.027)	(3.915)	-	-	(70)	-	-	-	-	-	24	(7.481)
Inter segment adjustment	-	(184)	23	(25)	-	-	-	3.656	(1.145)	2.511	685	(2.521)	489
<b>Operating result</b>	<b>26.672</b>	<b>11.085</b>	<b>4.835</b>	<b>44.560</b>	<b>(6.463)</b>	<b>(845)</b>	<b>(3.348)</b>	<b>547.823</b>	<b>3.635</b>	<b>551.458</b>	<b>4.631</b>	<b>6.988</b>	<b>639.573</b>
Other unallocated operating expenses												(11.647)	
<b>Net operating result</b>													<b>627.926</b>

(\*) In the banking segment cost of sales includes interest expense, fee and commission expense, provision for loan losses and other operating income.

**31 MART 2007 TARİHİNDE SONA EREN ÜÇ AYLIK ARA DÖNEMLERE AİT MALİ TABLOLARA İLİŞKİN DİPNOTLAR**

(Tutarlar, aksi belirtilmedikçe bin Yeni Türk Lirası ("YTL") olarak belirtilmiştir. YTL'deki para birimleri, aksi belirtilmedikçe bin olarak belirtilmiştir.)

**NOTE 33 - SEGMENT REPORTING (Continued)**

Segmental analysis for the period between 1 January – 31 March 2006

	Tire and tire reinforcements	Automotive	Textile	Chemicals	Cement	Retail	Food and beverage	Energy	Finance			Other	Inter segment elimination	Total
									Banking	Insurance	Total finance			
External revenues	295.138	353.688	87.784	354.272	114.285	377.271	105.554	33.405	1.844.292	207.543	2.051.835	64.946	-	3.838.178
Inter segment revenues	1.299	55	38	5.180	-	768	2.572	40.913	8.621	2.600	11.221	3.160	(65.206)	-
Intra segment revenues	9.216	-	34	-	808	4.717	903	-	1.371	-	1.371	625.674	(642.723)	-
<b>Combined revenues</b>	<b>305.653</b>	<b>353.743</b>	<b>87.856</b>	<b>359.452</b>	<b>115.093</b>	<b>382.756</b>	<b>109.029</b>	<b>74.318</b>	<b>1.854.284</b>	<b>210.143</b>	<b>2.064.427</b>	<b>693.780</b>	<b>(707.929)</b>	<b>3.838.178</b>
External revenues	295.138	353.688	87.784	354.272	114.285	377.271	105.554	33.405	1.844.292	207.543	2.051.835	64.946	-	3.838.178
Inter segment revenues	1.299	55	38	5.180	-	768	2.572	40.913	8.621	2.600	11.221	3.160	(65.206)	-
<b>Consolidated revenues</b>	<b>296.437</b>	<b>353.743</b>	<b>87.822</b>	<b>359.452</b>	<b>114.285</b>	<b>378.039</b>	<b>108.126</b>	<b>74.318</b>	<b>1.852.913</b>	<b>210.143</b>	<b>2.063.056</b>	<b>68.106</b>	<b>(65.206)</b>	<b>3.838.178</b>
Cost of goods sold (*)	(245.577)	(287.537)	(71.274)	(330.498)	(74.638)	(295.178)	(85.349)	(74.848)	(980.053)	(202.139)	(1.182.192)	(50.547)	74.982	(2.622.656)
General administrative expenses	(18.701)	(4.838)	(7.298)	(9.807)	(6.070)	(46.769)	(4.491)	(1.119)	(325.932)	(14.613)	(340.545)	(10.901)	6.069	(444.470)
Sales, marketing and distribution expenses	(6.264)	(22.177)	(6.171)	(27.011)	(1.485)	(26.065)	(18.737)	-	-	-	-	(8.536)	4.360	(112.086)
Research and development expenses	(1.328)	(998)	(2.392)	(1.892)	-	-	(93)	-	-	-	-	-	20	(6.683)
Inter segment adjustment	-	(184)	23	-	(25)	(80)	4	-	14.853	(2.106)	12.747	685	(12.758)	412
<b>Operating result</b>	<b>24.567</b>	<b>38.009</b>	<b>710</b>	<b>(9.756)</b>	<b>32.067</b>	<b>9.947</b>	<b>(540)</b>	<b>(1.649)</b>	<b>561.781</b>	<b>(8.715)</b>	<b>553.066</b>	<b>(1.193)</b>	<b>7.467</b>	<b>652.695</b>
Other unallocated operating expenses														(11.317)
<b>Net operating result</b>														<b>641.378</b>

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

### NOTE 33 - SEGMENT REPORTING (Continued)

#### e) Operating results

##### i) Banking

	31 March 2007	31 March 2006
Interest on loans	1.184.138	841.259
Interest on investment and trading securities	631.740	617.720
Fee and commission income	290.134	247.195
Interest from other banks	99.494	49.826
Net trading gains on securities	10.495	68.343
Other interest income	26.529	19.949
<b>Total operating revenues</b>	<b>2.242.530</b>	<b>1.844.292</b>
Less: fee and commission income and net trading gains on securities	(300.629)	(315.538)
<b>Total interest income</b>	<b>1.941.901</b>	<b>1.528.754</b>
<b>Interest expense</b>	<b>(1.198.172)</b>	<b>(842.913)</b>
<b>Interest income - net</b>	<b>743.729</b>	<b>685.841</b>
<u>Operating costs</u>		
Interest expense	(1.198.172)	(842.913)
Foreign exchange trading gains - net	17.420	(1.856)
Operating expense	(370.806)	(325.932)
Fee and commission expense	(56.268)	(51.332)
Provision for loan losses	(86.881)	(60.478)
<b>Total operating costs</b>	<b>(1.694.707)</b>	<b>(1.282.511)</b>
<b>Add: interest expense</b>	<b>1.198.172</b>	<b>842.913</b>
<b>Add: fee and commission income and net trading gains on securities</b>	<b>300.629</b>	<b>315.538</b>
<b>Operating results</b>	<b>547.823</b>	<b>561.781</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

#### NOTE 33 - SEGMENT REPORTING (Continued)

##### ii) Insurance

	31 March 2007	31 March 2006
Gross premiums written	237.663	207.543
Outward reinsurance premiums	(115.028)	(104.268)
Change in the provision for unearned premiums, net of reinsurance	(21.136)	(27.330)
<b>Earned premiums, net of reinsurance</b>	<b>101.499</b>	<b>75.945</b>
Claims paid - gross	(122.476)	(99.446)
Claims paid - reinsurers' share	59.146	43.010
Change in the provision for claims	(2.818)	(6.861)
<b>Claims incurred, net of reinsurance</b>	<b>(66.148)</b>	<b>(63.297)</b>
Change in life assurance provision	540	(1.775)
Commission expense - net	(11.092)	(4.948)
<b>Technical income</b>	<b>24.799</b>	<b>5.925</b>
General administrative expenses	(21.164)	(14.640)
<b>Operating results</b>	<b>3.635</b>	<b>(8.715)</b>

##### iii) Non-financial products

Net sales	1.928.716	1.786.343
Cost of sales	(1.587.208)	(1.464.048)
<b>Gross profit</b>	<b>341.508</b>	<b>322.295</b>
Operating expenses	(265.040)	(233.983)
<b>Operating profit</b>	<b>76.468</b>	<b>88.312</b>



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

#### NOTE 33 - SEGMENTAL REPORTING (Continued)

##### f) Interests in joint ventures

Aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and income and expense items related to Joint Ventures which are proportionally consolidated (Note 3) in the consolidated financial statements are as follows on a combined basis:

	31 March 2007	31 December 2006
<b>Balance sheet</b>		
Current assets	446.903	456.421
Non-current assets	956.858	951.423
<b>Total assets</b>	<b>1.403.761</b>	<b>1.407.844</b>
Current liabilities	475.483	422.396
Non-current liabilities	60.471	50.143
Total liabilities	535.954	472.539
Outside interests	4.104	4.435
Shareholders' equity	863.703	930.870
<b>Total liabilities, outside interests and shareholders' equity</b>	<b>1.403.761</b>	<b>1.407.844</b>
<b>Income statement</b>	<b>31 March 2007</b>	<b>31 March 2006</b>
Operating profit	3.894	15.923
Financial income - net	3.469	2.878
Income before taxation on income and outside interests	7.363	18.801
Taxation on income	(6.416)	5.346
Income before outside interests	947	24.147
Outside interests	(112)	324
<b>Net income for the period</b>	<b>835</b>	<b>24.471</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

#### NOTE 33 - SEGMENTAL REPORTING (Continued)

##### g) Amortisation charge, negative goodwill income and capital expenditures

##### 1 January – 31 March 2007

	<u>Finance</u>		Tire and tire enforcements	Automotive	Textile	Cement	Food and beverage	Retail	Energy	Other	Total
	Banking	Insurance									
Depreciation and amortisation	29.103	1.139	19.285	3.846	15.861	11.868	3.522	8.077	9.582	8.044	110.327
	<b>29.103</b>	<b>1.139</b>	<b>19.285</b>	<b>3.846</b>	<b>15.861</b>	<b>11.868</b>	<b>3.522</b>	<b>8.077</b>	<b>9.582</b>	<b>8.044</b>	<b>110.327</b>
Capital Expenditure	8.078	1.138	13.192	10.221	6.239	35.783	10.061	10.446	9.719	3.278	108.155

##### 1 January - 31 March 2006

	<u>Finans</u>		Tire and tire enforcements	Automotive	Textile	Chemicals	Cement	Food and beverage	Retail	Energy	Other	Total
	Banking	Insurance										
Depreciation and amortisation	27.595	1.113	15.080	3.847	9.381	19.421	13.143	3.347	8.337	8.721	7.518	117.503
	<b>27.595</b>	<b>1.113</b>	<b>15.080</b>	<b>3.847</b>	<b>9.381</b>	<b>19.421</b>	<b>13.143</b>	<b>3.347</b>	<b>8.337</b>	<b>8.721</b>	<b>7.518</b>	<b>117.503</b>
Capital Expenditure	11.728	779	9.493	7.699	4.733	16.477	7.275	4.862	4.232	2.968	947	71.193

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

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#### NOTE 34 - SUBSEQUENT EVENTS

The share transfer agreement, between Oyak Group (Ordu Yardımlaşma Kurumu, Adana Çimento Sanayii T.A.Ş. ve Mardin Çimento Sanayi ve Ticaret A.Ş.) and Hacı Ömer Sabancı Holding, regarding the transfer of 41,09% shares of Oysa Çimento owned by Oyak Group to Hacı Ömer Sabancı Holding, in exchange for a consideration of USD 70.800.000, was signed on March 22, 2007. The asset sale agreement, between Oysa Çimento and Adana Çimento T.A.Ş., regarding the acquisition of İskenderun enterprise by Adana Çimento T.A.Ş., in exchange for a consideration of USD 70.775.000, was signed on March 22, 2007. All of the abovementioned transfer and sales transactions were completed on April 30, 2007.

#### NOTE 35 - DISCONTINUED OPERATIONS

##### 31 March 2007 :

None.

##### 31 December 2006 :

Advansa, a subsidiary of the Holding registered in Netherlands, signed a share sales agreement with La Seda De Barcelona on 28 July 2006 regarding the asset sale of pet, pet reform and pta production entities located in Turkey (Artensa A.Ş.), United Kingdom (Advansa UK Ltd) and Romania (Advansa Romania SRL) together with associated production technology and licences. The sales were realized as of 30 September 2006 in consideration of TRY 643.219. The summary of total income statement of these production entities included in chemicals business segment in 31 December 2006 financial statements is as follows:

	<b>1 January 2006 - 30 September 2006</b>
Revenues	762.602
Expenses	(873.767)
<hr/>	
Loss before tax of chemicals division	(111.165)
<hr/>	
Income taxes	(8.277)
<hr/>	
Chemicals division result	<b>(119.442)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

#### NOTE 35 - DISCONTINUED OPERATIONS (Continued)

The assets and liabilities disposed in connection with the share sales acquirement following the approval of competition authorities of related countries as of 30 September 2006 is as follows:

**30 September 2006**

#### Assets

Cash and cash equivalents	19
Trade receivables (net)	260.067
Inventories (net)	125.467
Other current assets	2.798
Property, plant and equipment (net)	442.299
Intangible assets (net)	78.965
Deferred income tax assets	118

#### Liabilities

Trade payables (net)	162.488
Other liabilities	1.753
Bank borrowings	57.406

**Net Assets** **688.086**

Related to the discontinued operations, loss on sales of Subsidiary recognized in income statement is TRY 44.867 (Note: 38).

#### NOTE 36 - OPERATING INCOME

	<b>31 March 2007</b>	<b>31 March 2006</b>
Finance	2.480.193	2.051.835
Non-finance	1.928.717	1.786.343
	<b>4.408.910</b>	<b>3.838.178</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

#### NOTE 37 - OPERATING EXPENSES

	31 March 2007	31 March 2006
General and administrative expenses	509.102	455.786
Marketing, selling and distribution expenses	140.428	112.086
Research and development expenses	7.481	6.683
	<b>657.011</b>	<b>574.555</b>

#### NOTE 38 - OTHER INCOME/EXPENSES AND GAINS/LOSSES

	31 March 2007	31 March 2006
Foreign exchange gains	36.149	20.965
Interest income	28.314	13.842
Gain on sale of associate	-	52.975
Other, net	22.594	25.389
	<b>87.057</b>	<b>113.171</b>

	31 March 2007	31 March 2006
Impairment losses on property, plant and equipment	18.635	-
Idle time expenses	2.484	2.173
Loss on sale of property, plant and equipment	2.049	533
	<b>23.168</b>	<b>2.706</b>

#### NOTE 39 - FINANCIAL EXPENSES

	31 March 2007	31 March 2006
Interest expense	38.207	9.574
Foreign exchange losses	25.555	18.009
Other financial expenses	5.524	16.196
	<b>69.286</b>	<b>43.779</b>

Financial expenses relates only to segments other than banking.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 40 - NET MONETARY POSITION PROFIT/LOSSES

Gain/loss on net monetary position is calculated as the difference between the assets and liabilities as a result of restatement of the non-monetary assets and liabilities and income statement for the changes in the general purchasing power. However, since inflation adjustment is not made for the period beginning on or after 1 January 2005, there is no gain/loss on net monetary position for the year ended 1 January – 31 March 2007. (1 January – 31 March 2006: None).

#### NOTE 41 - TAXES ON INCOME

Total taxes payable for the period ended 31 March 2006 and 2007 are reconciled to current period tax charge as follows:

	31 March 2007	31 March 2006
Corporation and income taxes currently payable	297.637	128.705
Translation gain	13	(46)
Prior year income taxes currently payable	(150.842)	-
Financial assets fair value reserve	20.029	(27.621)
Current period tax charge	166.837	101.038
Deferred taxation	(8.860)	66.067
<b>Taxation on income</b>	<b>157.977</b>	<b>167.105</b>

#### NOTE 42 - EARNINGS PER SHARE

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

	31 March 2007	31 March 2006
Earnings per share in full TRY - thousands of ordinary shares	1,13	1,02
Weighted average number of shares with YKr 1 face value each - ordinary shares	180.000.000.000	180.000.000.000

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and revaluation surplus calculated before 1 January 2004. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier year. When the number of ordinary shares outstanding increases as a result of bonus shares after the balance sheet date but before the issue of financial statements, the earnings per share calculation is based on the new number of shares. No bonus shares were issued during the period 1 January - 31 March 2007.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

#### NOTE 42 - EARNINGS PER SHARE (Continued)

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

	Vaksa share	Ordinary shares	Total
31 March 2007	6.299	203.664	209.963
31 March 2006	5.698	184.230	189.928

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

#### NOTE 43 - STATEMENTS OF CASH FLOW

The statement of cash flow is disclosed together with the consolidated financial statements.

#### NOTE 44 - DERIVATIVE FINANCIAL INSTRUMENTS

##### 31 March 2007

	Fair values	
	Assets	Liabilities
<b>Derivatives held for trading</b>		
<b>Foreign exchange derivatives</b>		
Currency forwards	26.480	23.414
Currency swaps	21.367	36.409
<b>Total over-the-counter derivatives</b>	<b>47.847</b>	<b>59.823</b>
<b>Interest rate derivatives</b>		
Interest rate swaps	11.937	12.693
<b>Total derivatives held for trading</b>	<b>59.784</b>	<b>72.516</b>

##### 31 December 2006

	Fair values	
	Assets	Liabilities
<b>Derivatives held for trading</b>		
<b>Foreign exchange derivatives</b>		
Currency forwards	38.378	31.953
Currency swaps	30.466	27.689
<b>Total over-the-counter derivatives</b>	<b>68.844</b>	<b>59.642</b>
<b>Interest rate derivatives</b>		
Interest rate swaps	22.161	14.699
<b>Total derivatives held for trading</b>	<b>91.005</b>	<b>74.341</b>

#### NOTE 45 - LOANS AND ADVANCES TO CUSTOMERS

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### a) Loans and advances to customers

	31 March 2007	31 December 2006
Consumer loans and credit cards receivables	9.659.548	9.276.592
Small-scale enterprises	2.784.132	2.626.856
Financial institutions	2.395.971	2.357.662
Mining	1.266.722	1.036.464
Project finance loans	1.170.369	1.081.944
Chemicals	1.082.729	913.029
Food and beverage, wholesale and retail	922.566	874.714
Construction	902.706	873.159
Telecommunication	805.112	475.458
Health care and social services	648.373	600.554
Textile	633.323	666.419
Agriculture and forestry	560.005	519.469
Automotive	528.306	469.038
Electronics	484.290	223.954
Tourism	420.278	335.144
Other manufacturing industries	1.449.906	1.762.062
Others	6.248.700	5.485.724
<b>Total</b>	<b>31.963.036</b>	<b>29.578.242</b>
Non-performing loans	666.073	593.571
Total loans and advances to customers	32.629.109	30.171.813
Allowance for loan losses	(877.517)	(787.107)
<b>Net loans and advances to customers</b>	<b>31.751.592</b>	<b>29.384.706</b>

The maturity schedule of loans and advances to customers at 31 March 2007 and 31 December 2006 are summarised below:

	31 March 2007	31 December 2006
Up to 3 months	13.721.606	12.810.313
3 to 12 months	7.499.522	7.271.219
Current	21.221.128	20.081.532
1 to 5 year	8.214.996	7.460.858
Over 5 year	2.315.468	1.842.316
Non-current	10.530.464	9.303.174
<b>Total</b>	<b>31.751.592</b>	<b>29.384.706</b>

#### NOTE 45 - LOANS AND ADVANCES TO CUSTOMERS (Continued)



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### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

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

The repricing schedule of loans and advances to customers at 31 March 2007 and 31 December 2006 are summarised below:

	<b>31 March 2007</b>	<b>31 December 2006</b>
Up to 3 months	17.313.809	16.355.780
3 to 12 months	9.721.530	8.443.811
1 to 5 year	4.168.936	4.012.694
Over 5 year	547.317	572.421
	<b>31.751.592</b>	<b>29.384.706</b>

Movements in the allowance for loan losses were as follows:

	<b>31 March 2007</b>	<b>31 March 2006</b>
Balance at 1 January	787.107	537.069
Gross provisions	150.794	94.581
Recoveries	(71.998)	(33.066)
Written-off	(8.474)	(14.037)
Net specific provision	70.322	47.478
Net additional provision	20.088	12.832
<b>Balances at 31 March</b>	<b>877.517</b>	<b>597.379</b>

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### NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD 31 MARCH 2007

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

#### NOTE 46 - BANKING CUSTOMER DEPOSITS

	31 March 2007			31 December 2006		
	Demand	Time	Total	Demand	Time	Total
Savings deposits	3.043.941	26.062.637	29.106.578	3.081.287	23.148.391	26.229.678
Commercial deposits	2.138.429	2.967.526	5.105.955	2.312.597	3.469.964	5.782.561
Bank deposits	107.622	1.742.149	1.849.771	102.583	1.640.764	1.743.347
Funds deposited under repo transactions	-	4.723.610	4.723.610	-	5.224.820	5.224.820
Other	737.983	960.206	1.698.189	688.408	860.305	1.548.713
	<b>6.027.975</b>	<b>36.456.128</b>	<b>42.484.103</b>	<b>6.184.875</b>	<b>34.344.244</b>	<b>40.529.119</b>

#### NOTE 47 - MUTUAL FUNDS

At 31 March 2007, the Group manages 16 (31 December 2006 :15) mutual funds and 10 mutual pension funds (“Funds”) which were established under Capital Markets Board Regulations. At 31 March 2007, the Funds’ investment portfolio includes government bonds, treasury bills and share certificates of TRY 3.473.077 (31 December 2006: TRY 3.262.882). In accordance with the Funds’ statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0,0275%-0,1225%. At 31 March 2007, management fees and commissions earned by the Group amounted to TRY 26.228 (31 March 2006: TRY 29.051).

#### NOTE 48 - DISCLOSURE OF OTHER MATTERS

None (31 December 2006: None).

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