TEKFEN HOLDİNG ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL
STATEMENTS WITH THE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR
ENDED 31 DECEMBER 2010

(Translated into English from the report
originally issued Turkish)

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2010 – 31 DECEMBER 2010

To the Board of Directors of
Tekfen Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of Tekfen Holding Anonim Şirketi (the "Company") and its subsidiaries (together "Group"), which comprise the consolidated balance sheet of 31 December 2010, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2010, and of its financial performance and its cash flows for the years then ended in accordance with the financial reporting standards announced by the Capital Markets Board.

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

As explained in Note 17, the Group's legal claims and appeals against the administrative court's decision regarding the closure of Samsun Gübre facility of Toros Tarım Sanayi ve Ticaret A.Ş. ("Toros Tarım"), subsidiary of the Group, after the written petition dated 6 December 2007 of the Samsun Municipality is still in process as of this report date due to existence of the uncertainty about the legal outcome of the case.

As explained in Note 33, Tekfen-TML Partnership, a joint venture of which 67% is indirectly owned by the Company, has ceased its operations in Libya for an indefinite period of time due to recent and unfavorable developments in the country subsequent to the balance sheet date. As of this report date, there is still uncertainty on the continuity of the operations in Libya.

Istanbul, 7 April 2011

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

Ömer Tanrıöver
Partner

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

ASSETS	Notes	Current Period 31 December 2010	Prior Period 31 December 2009
Current Assets		**1.956.546**	**1.709.760**
Cash and cash equivalents	5	758.554	561.360
Trade receivables	8	379.062	334.010
Other receivables	9	8.317	12.327
Inventories	10	303.281	280.426
Receivables from ongoing construction contracts	11	440.280	446.171
Other current assets	20	50.334	63.379
		1.939.828	1.697.673
Assets classified as held for sale	27	16.718	12.087
Non Current Assets		**1.109.335**	**1.064.063**
Trade receivables	8	52.478	38.376
Other receivables	9	8.622	13.546
Financial investments	6	127.900	51.256
Investments valued by equity method	12	160.325	151.264
Invesment property	13	94.375	95.128
Property, plant and equipment	14	602.059	636.350
Intangible assets	15	2.735	2.778
Deferred tax assets	28	19.689	35.508
Other non current assets	20	41.152	39.857
TOTAL ASSETS		**3.065.881**	**2.773.823**

The accompanying notes form an integral part of these consolidated financial statements.
Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED BALANCED SHEET AS AT 31 DECEMBER 2010

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

LIABILITIES	Notes	Current Period 31 December 2010	Prior Period 31 December 2009
Current Liabilities		**1.286.804**	**1.231.268**
Financial debts	7	447.584	471.680
Trade payables	8	512.151	469.170
Other payables	9	31.325	28.127
Current tax liability	28	17.693	7.415
Ongoing construction progress payments	11	37.267	41.128
Provisions	17	19.048	18.288
Employee benefits	19	35.475	31.561
Other short term liabilities	20	186.261	163.899
Non Current Liabilities		**96.398**	**98.647**
Financial debts	7	27.700	40.646
Trade payables	8	1.287	2.807
Other payables	9	1.617	603
Employee benefits	19	34.344	29.120
Deferred tax liabilities	28	31.450	25.471
SHAREHOLDERS' EQUITY	21	**1.682.679**	**1.443.908**
Equity Attributable To Owners Of The Parents		**1.663.725**	**1.424.998**
Paid in capital		370.000	370.000
Capital structure adjustments		3.475	3.475
Premiums in capital stock		300.984	300.984
Revaluation growth funds		108.002	38.059
Currency translation reserve		55.279	45.765
Restricted profit reserves		53.390	40.834
Retained earnings		594.015	556.537
Net profit for the period		178.580	69.344
Non-controlling Interests		**18.954**	**18.910**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3.065.881**	**2.773.823**

The accompanying notes form an integral part of these consolidated financial statements.
Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Current Period 1 January- 31 December 2010	Prior Period 1 January- 31 December 2009
- Revenue	22	2.261.704	2.350.026
- Cost of revenue (-)	22	(1.859.326)	(2.069.629)
GROSS PROFIT		**402.378**	**280.397**
- Marketing, selling and distribution expenses (-)	23	(91.929)	(79.256)
- General administrative expenses (-)	23	(85.257)	(83.253)
- Research and development expenses (-)	23	(119)	(473)
- Other operating income	25	23.504	21.295
- Other operating expenses	25	(31.792)	(23.683)
OPERATING PROFIT		**216.785**	**115.027**
- Share on profit / (loss) of investments valued using equity method	12	9.143	10.427
- Financial income	26	182.531	151.713
- Financial expense	26	(168.195)	(178.755)
PROFIT BEFORE TAXATION		**240.264**	**98.412**
Tax expense	28	**(62.034)**	**(29.257)**
- Tax expense for the period		(45.533)	(27.534)
- Deferred tax expense		(16.286)	(1.224)
- Currency translation reserve		(215)	(499)
NET PROFIT FOR THE PERIOD		**178.230**	**69.155**
Distribution of Profit For The Period			
Non-controlling Interests		(350)	(189)
Owners of the parent		178.580	69.344
Earnings Per Share	29	0,483	0,187

The accompanying notes form an integral part of these consolidated financial statements.
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TEKFEN HOLDING ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Current Period 1 January- 31 December 2010	Prior Period 1 January- 31 December 2009
NET PROFIT FOR THE PERIOD	**178.230**	**69.155**
Other comprehensive income / (expense):		
Change in fair value reserve of financial assets	76.468	13.523
Change in currency translation reserve	9.157	14.418
Share on other comprehensive income of investments valued using equity method	(2.702)	6.530
Tax expense based on comprehensive income	(3.823)	(676)
COMPREHENSIVE INCOME AFTER TAX	**79.100**	**33.795**
TOTAL COMPREHENSIVE INCOME	**257.330**	**102.950**
Distribution of Total Comprehensive Income For The Period		
Non-controlling Interests	(707)	(234)
Owners of the parent	258.037	103.184

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

					Other comprehensive income							
					Revaluation growth funds							
	Notes	Paid in capital	Capital structure adjustment	Premiums in capital stock	Property, plant and equipment revaluation fund	Fair value reserve of financial investments	Currency translation reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Non controlling interests	Total
Opening balance as of 1 January 2009		296.775	3.475	300.984	2.055	16.627	31.302	24.490	556.732	91.032	19.251	1.342.723
Total comprehensive income		-	-	-	222	19.155	14.463	-	-	69.344	(234)	102.950
Change in non-controllling interests		-	-	-	-	-	-	-	-	-	(107)	(107)
Capital increase from retained earnings	21	73.225	-	-	-	-	-	-	(73.225)	-	-	-
Transfers to retained earnings	21	-	-	-	-	-	-	-	91.032	(91.032)	-	-
Transfers to reserves from retained earnings	21	-	-	-	-	-	-	16.344	(16.344)	-	-	-
Payment of dividends	21	-	-	-	-	-	-	-	(1.658)	-	-	(1.658)
Balance as of 31 December 2009		370.000	3.475	300.984	2.277	35.782	45.765	40.834	556.537	69.344	18.910	1.443.908
Total comprehensive income		-	-	-	(1.302)	71.245	9.514	-	-	178.580	(707)	257.330
Change in non-controllling interests		-	-	-	-	-	-	-	-	-	751	751
Transfers to retained earnings	21	-	-	-	-	-	-	-	69.344	(69.344)	-	-
Transfers to reserves from retained earnings	21	-	-	-	-	-	-	12.556	(12.556)	-	-	-
Payment of dividends	21	-	-	-	-	-	-	-	(19.310)	-	-	(19.310)
Balance as of 31 December 2010		370.000	3.475	300.984	975	107.027	55.279	53.390	594.015	178.580	18.954	1.682.679

The accompanying notes form an integral part of these consolidated financial statements.
Translated into English from the report originally issued in Turkish.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Current Period 1 January - 31 December 2010	Prior Period 1 January - 31 December 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		178.580	69.344
Adjustments to reconcile net profit for the period to cash provided by operating activities:			
Change in non-controlling interests		401	(296)
Depreciation and amortization	13, 14, 15	73.439	84.488
Impairment provision for tangible assets	14	5.810	-
(Gain) / loss on sale of tangible asset (net)	25	(6.119)	(179)
Provison for retirement pay provision and premiums	19	20.456	16.069
Provision for litigation	17	2.805	5.502
Allowances for doubtful receivables	8	1.056	9.151
Impairment provision for inventory	10	3	879
Other employee benefits	19	3.301	(2.460)
Reversal of unnecessary provisions	8, 10, 17	(3.302)	(97.614)
Income accruals	9	1.436	(323)
Expense accruals	9	1.048	11.076
Group's share on net assets of investments in associates accounted by equity method	12	(10.221)	(11.578)
Changes in available for sale investments	6	(176)	(146)
Changes in assets classified as held for sale	27	413	(244)
Interest income		(51.531)	(54.038)
Interest expense		24.595	38.570
Dividend income	26	(5.238)	(5.085)
Allowance for taxation	28	62.034	29.257
Translation reserve (net)		10.067	(9.200)
Cash generated by operating activities before movements in working capital		308.857	83.173
Movements in working capital			
Changes in trade and other receivables	8, 9	(47.985)	97.747
Changes in due from related parties	8, 30	(3.305)	3.722
Changes in inventories	10	(21.750)	205.727
Changes in receivables from ongoing construction contracts	11	5.891	27.052
Changes in other current / non-current assets	20	11.750	48.335
Changes in trade and other payables	8, 9	49.403	(155.265)
Changes in due to related parties	8, 30	(4.778)	6.027
Changes in ongoing construction progress payments	11	(3.861)	35.286
Changes in provisions and other short / long term liabilities	17, 20	22.507	(103.373)
		7.872	165.258
Interest received		50.131	51.982
Interest paid		(18.219)	(38.635)
Tax paid	28	(35.255)	(28.559)
Penalty of litigation paid	17	(321)	(4.114)
Retirement pay provision and premiums paid	19	(14.862)	(19.551)
Cash generated by operating activities		298.203	209.554

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Current Period 1 January - 31 December 2010	Prior Period 1 January - 31 December 2009
CASH FLOWS FROM INVESTING ACTIVITIES			
Effect of investments in associates subsidiaries valued by equity method		(1.542)	(38.481)
Acquisition of tangible and intangible assets and investmet property	13, 14, 15	(53.935)	(43.328)
Proceeds from sale of tangible and intangible assets	13, 14, 15	15.450	3.088
Dividend income	26	5.238	5.085
Cash used in investing activities		(34.789)	(73.636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		547.111	631.969
Repayments of borrowings		(563.258)	(665.114)
Finance lease paid		(32.163)	(48.175)
Dividend paid		(19.310)	(1.658)
Cash used in financing activities		(67.620)	(82.978)
CHANGE IN CASH AND CASH EQUIVALENTS		195.794	52.940
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		561.360	506.364
Interest accrual on cash and cash equivalents		1.400	2.056
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		758.554	561.360

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Majority shares of Tekfen Holding A.Ş. ("the Company") are controlled by Akçağlılar Family, Berker Family, and Gökyiğit Family. The Company and its subsidiaries are referred to as the "Group" in the accompanying consolidated financial statements.

As of 31 December 2010, the Group has 13.079 employees (31 December 2009: 11.366) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Aydınlık Sokak, Tekfen Sitesi A Blok No: 7 Beşiktaş, İstanbul / Türkiye.

Company shares are publicly traded beginning 23 November 2007 on Istanbul Stock Exchange.

As of 31 December 2010 registered names of the subsidiaries and branches, nature of their business, countries of their origin, the business segments they belong to and direct /effective share participation rates are listed below:

Registered Name of Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2010	2009	Business Segment
Tekfen İnşaat ve Tesisat A.Ş. "Tekfen İnşaat"	Construction	Turkey	100	100	Contracting
Tekfen Mühendislik A.Ş. "Temaş"	Engineering	Turkey	100	100	Contracting
Tekfen İmalat ve Mühendislik A.Ş. "Timaş"	Manufacturing	Turkey	100	100	Contracting
Cenub Tikinti Services ASC. "Cenub Tikinti"	Construction	Azerbaijan	66	66	Contracting
HMB Hallesche Mitteldeutsche Bau-Aktiengesellschaft, Halle "HMB"	Trading	Germany	100	100	Contracting
Tekfen International Limited "Tekfen International Ltd"	Investment	United Kingdom	100	100	Contracting
Tekfen Cons. and Inst. Co. Ltd. "Tekfen Construction"	Construction	Ireland	100	100	Contracting
Toros Tarım Sanayi ve Ticaret A.Ş. "Toros Tarım"	Agriculture-Shipping Agent	Turkey	100	100	Agriculture
Toros Adana Yumurtalık Serbest Bölgesi Kur. ve İşleticisi A.Ş. Tayseb"	Service	Turkey	100	100	Agriculture
Toros Terminal Servisleri A.Ş. "Toros Terminal"	Service	Turkey	100	100	Agriculture
Türk Arap Gübre A.Ş. "Türk Arap Gübre"	Manufacturing	Turkey	80	80	Agriculture
Toros Gemi Acenteliği ve Ticaret A.Ş. "Toros Gemi"	Shipping Agent	Turkey	100	100	Agriculture
TST International Trading Limited "TST Trading"	Trading	Ireland	100	100	Agriculture
TST International Limited "TST Ltd."	Trading	United Kingdom	100	100	Agriculture
Industrial Supply and Trading Company Limited "Industrial Supply"	Trading	United Kingdom	100	100	Agriculture
Petrofertil Trd. Ltd "Petrofertil Trading"	Trading	United Kingdom	100	100	Agriculture
Tekfen Turizm İşletmecilik A.Ş."Tekfen Turizm"	Service	Turkey	100	100	Real Estate
Tekfen Emlak Geliştirme Yatırım ve Ticaret A.Ş. "Tekfen Emlak"	Real Estate	Turkey	100	100	Real Estate
Belediye Tüketim Malları İthalat İhracat Ticaret ve Pazarlama A.Ş. "Belpa"	Trading	Turkey	95	95	Real Estate
Tekfen Sigorta Aracılık Hizmetleri A.Ş.	Insurance Service	Turkey	100	100	Other

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

"Tekfen Sigorta"

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Registered Name of Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2010	2009	Business Segment
Tekfen Dış Ticaret A.Ş. "Tekfen Dış Ticaret"(*)	"Discontinued operation"	Turkey	-	100	Other
Tekfen Kültür Sanat Ürünleri Yapım ve Yayın San. Tic. A.Ş. "Tekfen Kültür"	Cultural activities	Turkey	100	100	Other
TST Inv. Holding S.A. "TST Holding"	Investment	Luxembourg	100	100	Other
Tekfen Endüstri ve Ticaret A.Ş. "Tekfen Endüstri"	Trading	Turkey	100	100	Other
Papfen Limited Liability Company "Papfen"	Textile	Uzbekistan	100	90	Other
Tekfen International Finance and Investments S.A. "Tekfen Finance"	Investment	Luxembourg	100	100	Other
Tekfen Participations S.A. "Tekfen Participations"	Investment	Luxembourg	100	100	Other
Antalya Stüdyoları A.Ş. "Antalya Stüdyoları"	Studio Management	Turkey	100	100	Other
Kablotek Kablo Şebekeleri Tesis İşletme Mühendislik İnş. Tic. San. A.Ş. "Kablotek"	Cable TV network operator	Turkey	100	100	Other
Petrofertil Shipping S.A. "Petrofertil Shipping"	Service	Panama	100	100	Agriculture/ Contracting/ Other

(*) Merged under Tekfen Endüstri ve Ticaret A.Ş. as of 30 June 2010.

As of 31 December 2010, branches included in the Group's consolidation are as follow:

Branch Name	Nature of Business	Place of Operation and Country of Origin	Business Segment
Tekfen İnşaat – Bakü Branch	Construction	Azerbaijan	Contracting
Tekfen İnşaat – Saudi Arabia Branch	Construction	Saudi Arabia	Contracting
Tekfen İnşaat – Morocco Branch	Construction	Morocco	Contracting
Tekfen İnşaat – Kuwait Branch	Construction	Kuwait	Contracting
Tekfen İnşaat – Qatar Branch	Construction	Qatar	Contracting
Tekfen İnşaat – Dubai Branch	Construction	UAE	Contracting
Tekfen İnşaat – Muscat Branch	Construction	Oman	Contracting
Tekfen İnşaat – Georgia Branch	Construction	Georgia	Contracting
Tekfen İnşaat – Abu Dhabi Branch	Construction	UAE	Contracting

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

The Group's management conducts its operations within four principal business segments; Contracting, Agriculture, Real Estate and Other operations. Each segment company has liability to prepare financial statements according to the Group's accounting policies. Natures of businesses of the Group companies are summarized below:

Contracting Group

Contracting group undertakes infrastructure and industrial construction projects in Turkey, Saudi Arabia, Azerbaijan, Kazakhstan, Morocco, Qatar, UAE, Bulgaria, Oman, Kuwait and Libya. Contracting group especially specializes on construction of petroleum and gas facilities. Terminals, offshore platforms, tank farms, pipe lines, petroleum refineries, pumping stations, generating station, highway and metro projects, electricity and telecommunication systems, residential and trading centers, stadium and sport complexes are included in Contracting group's scope of activity.

Agricultural Group

Agricultural group has operations in chemical fertilizer, ground and vegetable grain, seedling, energy production and sapling production distribution and trade since 1981. In addition to these operations, harbor and free zone operations are included in the operations of agricultural industry group.

Real Estate Group

Real Estate branch founded in 2000 operates in designing, constructing, renting, and sale of real estates such as residents, offices, shopping centers and hotels.

Other Operations

Operations of Other segment comprise of light-pulp trading, cotton yarn trading, insurance services and holding operations. Holding operations executed by Tekfen Holding A.Ş. make amends to Group's financial needs when needed. Moreover, dividend income and rent income provided constitute Holding's revenue. Income provided from the consolidation of Eurobank Tekfen A.Ş. and Tekfen Oz Gayrimenkul Geliştirme A.Ş. by equity method are disclosed in this group.

Dividend payments:

Board of Directors has offered to pay bonus dividends to its shareholders out of the current year profit in the amount of 0,14 TRY per share on 7 April 2011. Dividend payments being subject to approval of shareholders in the annual general assembly meeting, has not been included in the accompanying consolidated financial statements as a liability. Estimated total dividend payment to take place is 52.914 and the cash dividend amount to be paid to dividend right certificate owners is 3.694.

Approval of consolidated financial statements:

Consolidated financial statements are approved by the Board of Directors and have been granted authorization to be published on the date of 7 April 2011. The General Assembly and other regulatory organs reserve their right to modify and change these consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The Basis for Presentation

Bases of Preparation of Financial Statements and Summary of Significant Accounting Policies

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in the currency of their registered countries and in accordance with the prevailing accounting principles in their registered countries.

The Capital Markets Board ("CMB") has established principles, procedures and basis on the preparation of financial reports by enterprises and the representation of the reports with Communiqué Series XI, No: 29 "Communiqué on Capital Market Financial Reporting Standards". This Communiqué is applicable for the first interim financial statements to be prepared after 1 January 2008 and with this Communiqué, the Communiqué Series XI, No:25 "Communiqué on Capital Market Accounting Standards" has been repealed. In accordance with this Communiqué, the companies are supposed to prepare their financial statements in accordance with the International Financial Reporting Standards ("IAS/IFRS") accepted by the European Union. Nevertheless, until the discrepancies between the IAS/IFRS accepted by the European Union, and the IAS/IFRS declared by IASB are announced by the Turkish Accounting Standards Board ("TASB"), IAS/IFRS will be in use. Under these circumstances, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS"), which are the standards published by TASB, not contradicting with IAS/IFRS will be predicated on.

The companies are supposed to prepare their financial statements with Communiqué Series XI, No: 29 "Communiqué on Capital Market Financial Reporting Standards" in accordance with the International Financial Reporting Standards ("IAS/IFRS") accepted by the European Union until the discrepancies between the IAS/IFRS accepted by the European Union, and the IAS/IFRS declared by IASB are announced by the TASB, IAS/IFRS will be in use. The accompanying consolidated financial statements have been prepared in accordance with IFRS and comply with CMB's decree announce on 17 April 2008 and 9 January 2009 regarding the format of the financial statements and footnotes.

All consolidated financial statements have been prepared on historical cost basis principal except the financial investments which are presented from their reasonable value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Reporting Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the reporting currency for the consolidated financial statements.

Functional and reporting currency of the Group's Contracting segment is US Dollars. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, balance sheet items are translated into TRY with the US Dollars rates prevailing at the balance sheet date and revenue, expenses and cash flows are translated with the exchange rates at the transaction date (historical rates) or yearly average rate. Gain/loss arising from the translation is recognized in the currency translation reserve under equity.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 The Basis for Presentation (cont'd)

Functional and Reporting Currency (cont'd)

The exchange rate announced by the Central Bank of the Republic of Turkey as of 31 December 2010 is; 1 USD=1,546 TRY, 1 EUR=2,0491 TRY, 1 MAD=0,18464 TRY, 1 SAR=0,41349, 1 QAR=0,42356 TRY (On 31 December 2009; 1 USD=1,5057 TRY, 1 EUR=2,1603 TRY, 1 MAD=0,19152 TRY, 1 SAR=0,40262 TRY, 1 QAR=0,41545 TRY).

Adjustment of Financial Statements in Hyperinflationary Periods

As per the 17 March 2005 dated, 11/367 numbered decree of CMB, companies engaged in Turkey and those of which prepare their financial statements in accordance with the CMB Accounting Standards (including IAS/IFRS exercisers), use of inflationary accounting standards have been discontinued effective 1 January 2005. Pursuant effectuation, "Financial Reporting Standards in Hyperinflationary Economies" issued by the International Accounting Standards Committee (IASC), ("IAS/TAS 29") was no longer applied henceforward.

Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. On order to maintain consistency with current year consolidated financial statements, comparative information are reclassed and significant changes are disclosed if necessary. In the current year, the Group had reclassed certain comparative balances in order conform to current year's presentation. The nature, reason and amounts for each of the reclassifications are described below:

- "Tangible asset" balance of 1.650 as of 31.12.2009 shown under "Investment property" is reclassed to "Property, Plant and Equipment" (31 December 2008: 1.834).
- The Group has reviewed the reclassifications in the property, plant and equipment as of balance sheet date and revised the opening balances of these assets in consolidated financial statements
- Premiums in capital stock balance of 855 have been reclassed to retained earnings.
- "Rent income" amounting to 1.932 under "Other operating income" is reclassed to Revenue.

These reclassifications have no effect on net profit for the year.

Consolidation Principles:

Consolidated financial statements are made of entities' financial statements that are either administered by the Company and its subsidiaries or of those that are managed jointly. Governance is maintained through the financial and operational policies applied over an entity for profit purposes.

The results of the purchased or sold subsidiaries of the Group are shown in the consolidated comprehensive income statement that belongs to the dates after they purchased or the dates before they sold. Even if non-controlling interests result in deficit balance, the total comprehensive income is transferred to the equity attributable to owners of the parents and non-controlling interest result in deficit balance, the total comprehensive income is transferred to the non-controlling interest.

Where necessary, adjustments are made to the financial statements of subsidiaries to be in compliance with the accounting policies used by other members of the Group.

All significant transactions and balances between the Group and its consolidated subsidiaries have been eliminated during the consolidation.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 The Basis for Presentation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Investments in associates:

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with an associate of the Group, profits and losses and dividend income from that associate are eliminated to the extent of the Group's interest in the relevant associate.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 The Basis for Presentation (cont'd)

Shares in Joint Ventures:

Joint ventures are formed of economic operations requiring the Group's and its subsidiaries conjunct decisions in terms of setting strategic financing and operations policies. Group's partnerships subject to joint ventures as of 31 December 2010 are as follows:

Registered Name of Joint Ventures :	Nature of Business	Country of Origin	Participation Rate % 2010	2009	Business Segment
Gate İnşaat Taahhüt San. ve Tic. A.Ş. "Gate J.V." (*)	Construction	Turkey	50	50	Contracting
Tekfen-Tubin-Özdemir J.V. "TÖT J.V."	Construction	Turkey	71	71	Contracting
Tubin-Tekfen-Özdemir J.V. "TTÖ J.V."	Construction	Turkey	25	25	Contracting
Nurol-Tekfen-Yüksel J.V. "NTY J.V."	Construction	Turkey	33	33	Contracting
Gama-Tekfen-Tokar J.V. "GTT J.V."	Construction	Turkey	35	35	Contracting
TGO İnş. Taahhüt Tic. San. Ltd. Şti. "TGO J.V." (*)	Construction	Turkey	50	50	Contracting
Tekfen TML J.V. " Tekfen TML J.V."	Construction	Libya	67	67	Contracting
Overseas Int. Constructors GmbH "OIC J.V."(*)	Construction	Switzerland	50	50	Contracting
North Caspian Constructors B.V. "NCC J.V." (*)	Construction	Netherlands	50	50	Contracting
Azfen Birge Müessesesi "Azfen J.V." (*)	Construction	Azerbaijan	40	40	Contracting
H-T Fidecilik (*)	Agriculture	Turkey	50	50	Agriculture

(*) Companies are joint ventures in terms of their operations; however, they are established as equity companies in terms at their legal structure.

When a member of the Group's operations carried out under joint venture regulations, Group's proportion of the joint ventures assets and liabilities are included in the respective Group member's financial statements and classified based on its nature. Liabilities and expenses derived from jointly managed assets are accounted on accrual basis. In the accompanying consolidated financial statements Group's share in the income provided from the use or sale of joint ventures' assets are recognized when and if the related economic benefits are likely to favor the Group and that this is measurable in a reliable way.

Joint venture management regulations consisting the establishment of another firm are described as joint ventures. Group has accounted its shares in joint ventures using rational consolidation method in the accompanying consolidated financial statements. Group's share in assets, liabilities, inflows and outflows that are from joint ventures are paired one on one with items found in consolidated financial statements.

Unrealized profit and losses derived from the transactions between the Group and its joint ventures are eliminated at the rate of Group's share in that joint venture.

2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period financial statements are restated. In current year, changes in IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates" and IFRS 3 "Bussiness Combinations" do not affect the Group's consolidated financial statements and consolidated income statement.

2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current year, there are not any errors and changes in accounting estimates of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these consolidated financial statements. Details of other standards and interpretations adopted in these consolidated financial statements but that have had no material impact on the consolidated financial statements are set out in the next sections.

(a) New and revised standards affecting Group's presentation and disclosure

There are not any new and revised standards affecting Group's presentation and disclosure.

(b) Standards and Interpretations that are effective in 2010 with no impact on the Group's consolidated financial statements, revisions and interpretations to existing standards

IFRS 3 (2008) Business Combinations

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investments In Associates", and IAS 31, "Interests In Joint Ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impacts of the adoption are as follows:

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

Group does not apply this standard since there is no business combinations.

IAS 27 (2008) Consolidated and Separate Financial Statements

The application of IAS 27 (2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries. Since there are not any changes in ownership interests of the Group, there is not any material impact on the Group's consolidated financial statement.

IAS 28 (revised in 2008) Investments in Associates

The principle adopted under IAS 28 that significant influence over an associate is lost, the Group measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss. Since there is no change in the capital shares of the associates, there is not any material impact on the Group's consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(b) Standards and Interpretations that are effective in 2010 with no impact on the Group's consolidated financial statements, revisions and interpretations to existing standards (cont'd)

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

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

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

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

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

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

(c) Standards and Interpretations that are issued but not yet effective and have not been early adopted by the Group, revisions and interpretations to existing standards

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

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

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(c) Standards and Interpretations that are issued but not yet effective and have not been early adopted by the Group, revisions and interpretations to existing standards (cont'd)

IFRS 7 ***Financial Instruments: Disclosures***

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

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

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

IAS 12 ***Income Taxes***

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

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

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group considers that there is not any material impact of this amendment on the consolidated financial statement.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

(c) Standards and Interpretations that are issued but not yet effective and have not been early adopted by the Group, revisions and interpretations to existing standards (cont'd)

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

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

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

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group considers that there is not any material impact of this amendment on the consolidated financial statement.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations;* IFRS 7 *Financial Instruments: Disclosures*; IAS 1 *Presentation of Financial Statements;* IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes.* With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. The Group considers that there is not any material impact of this amendment on the consolidated financial statement.

2.5 Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods:

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group transfers the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service revenue:

Insurance commission income is recognized as during the life of the insurance policy in accrual basis.

Dividend and interest revenue:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized in consolidated financial statements when the shareholders' rights to receive payment have been established.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Rental income:

Rental income from investment properties is recognized on an accrual basis over the term of the relevant lease.

Construction Contracts:

In contracts where third parties undertake the management, control and coordination of the construction activities are referred to as service contracts and they are only recognized as revenues when they are presented to third parties.

When the outcome of a construction contract can be estimated reliably, contract revenue associated with the construction contract shall be recognized by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is measured by the proportion of the contract costs incurred for work performed to date divided by the estimated total contract costs. This calculation does not apply if the stage of completion cannot be measured reliably. Changes in construction contract, additional receivable claims and incentive payments are included in the project revenue in accordance with the consent of the employer.
Construction contract costs consist of indirect costs such as; all raw materials and direct labour expenses, indirect labour costs related with contract performance, equipment, maintenance, and depreciation expenses. Selling and general administration expenses are expanded when they occur. Provision for cost of estimated loss of incomplete contracts is provided for immediately in the year, which such loss is forecasted. Business efficiency, business conditions, provisions for contract penalties and changes in estimated profitability arising from final contract arrangements because a revision in costs incurred and revenues obtained at the end of the project. Impact of these revisions is accounted for in the year, which such revision is made.

Receivables from ongoing construction contracts indicates the revenue recognized on construction contracts in excess of billings, and ongoing construction progress payments indicate the billings in excess of the revenue recognized on construction contracts.

Group management does not recognize the additional receivables under compensation outside the scope of the contract that may be subject to litigation as income, unless negotiations have reached to an advanced stage such that it is probable that the customer will accept the claim and the amount that is probable will be accepted by the customer can be measured reliably.

Retention Receivables from Contractors

The Group's interim progress billings from its employee are subject to retention deductions, which vary, based on the individual agreements. These balances are collected from the employee upon successful completion of the contract at the end of the warranty period. Retention receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

Retention Payables to Subcontractors

The Group's interim progress billings to its sub-contractors are subject to retention deductions, which vary, based on the individual agreements. These payables are paid to subcontractors after they successfully complete the guarantee periods. Retention payables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

Cost of materials that have been delivered to contract site or set aside for use in a contract but not yet installed are included in the cost of project if the materials have been made specially for the contract.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Property plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment purchased through financial lease is depreciated same as the property, plant and equipment with the shorter of expected useful life and financial lease term.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasing Operations

Leasing – the Group as Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Leasing – the Group as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Impairment of Assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of income/ (loss) in the period in which they are incurred.

Financial Instruments

Financial assets

Financial investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss", "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (con'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated to TRY at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value subsequently stated at fair value and subsequently stated at the fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The net gain or loss recognised in profit or loss compass the interest paid for financial liability.

Other financial liabilities

Other financial liabilities including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Earnings Per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Subsequent Events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) will be explained in the relevant note.

The Group restates its consolidated financial statements if such subsequent events arise.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions of warranty costs are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Group's obligation.

Reporting of Financials According to Segments

The Group has four operating segments which are Contracting, Agriculture, Real Estate and Other including information in order to monitor performance and to allocate resources. These segments of the risk and benefits in terms of different economical environments and influences from different geographical locations are managed separately.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Government Grants and Incentives

Government contributions are recorded at fair value once the sets and conditions of the Group on using these contributions are met. They are accounted for at their fair values.

Government contributions related to cost are consistently accounted as revenue; where they are paired with the relevant costs during the period.

Government contributions provided for property, plant and equipment are classified under non-current debt as government contributions and are recorded in the statement of income. They are amortized over their useful life using straight-line depreciation method.

Investment Property

Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is 5-50 years with exception of land that have indefinite useful life.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Corporate Income Tax

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

Tax expense represents the sum of the period tax expense and deferred tax income / (expense).

Controlled Foreign Corporation Income:

Turkish CFC regime was introduced in 2006 by Turkish Corporate Income Tax Act. Due to CFC regulations, Turkish Corporate income tax payer which manages their investments via foreign subsidiaries will need to declare and pay corporate income tax in Turkey under certain conditions regardless of whether or not the income generated through foreign subsidiaries is transferred to Turkey. In other words to gain the profit is forced to be free from the distribution of the generated profit. Corporations which are established in foreign companies directly or indirectly controlled by a Turkish individual or corporation which holds (separately or together) at least 50 percent of their capital, dividend or voting rights which will be deemed as CFC. The other conditions of CFC are; 25% or more of the income of the foreign subsidiary should be passive income (such as rent, dividend, intrest), the foreign subsidiary should be subject to less than 10% effective tax burden over its corporate income and the gross revenue of foreign company should exceed the foreign currency equivalent of TRY 100.000.

Current tax

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Corporate Income Tax (cont'd)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

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

Current and deferred tax for the period

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

Assets Held For Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per revised IAS 19 *Employee Benefits* ("IAS 19").

The retirement benefit liability recognized in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses through the consolidated statement of income.

The Company and its subsidiaries are liable to pay retirement benefit for its qualified personnel. In addition to this, according to Group's retirement benefit policy, the Group pays retirement benefits to its retirees.

The Group and its consolidated subsidiaries, regarding the retirement benefits of its personnel employed abroad, is subject to laws and regulations of the countries its personnel is located within. Regarding the laws mentioned, required provision has been provided for in the consolidated financial statements.

Statements of Cash Flows

Current period statements of cash flows are categorized and reported as operating, investing and financing.

Cash flows from operating activities show that cash flows provided from Group's operating activivites.

Cash flows from investing activities summarize the Group's cash flows used in or generated from investing activities (fixed and financial investments).

Cash flows from financing activities summarize the Group's cash flows from liabilities and the repayments of these liabilities benefited in financing needs of the Group.

Capital and Dividends

Common stocks are classified as equity. Dividends paid per common stocks are recognized by deducting the paid amount from retained earnings in the period of the Board's dividend payment decision.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In the process of applying accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

Net realizable value of inventories

Inventories are stated at the lower of cost and net realizable value. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimate made by the Group management has determined that the cost of the inventories is higher than their net realizable value as of 31 December 2010 and the cost of inventories was reduced by 845 (31 December 2009: 862) and prior year allowance balance of 43 is accounted for as reversal of unnecessary provisions (31 December 2009: 78.116) (Note 10).

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. In the subsidiaries of the Group, there are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the assessment made, the Group has recognized deferred tax assets in certain entities because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in those entities.

Change in contract fee

Changes in contract fees are recognized in the consolidated financial statements to the extent that those changes are likely to be approved by the customers, based on the percentage of completion method of the construction projects' estimates on the collection of those changes are made based on the Group management's past experiences, the related contract terms and the related legislation.

Percentage of completion

The Group uses the percentage of completion method in accounting for its construction contracts. Use of the percentage of completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed.

Construction costing estimates

The Group calculates "the remaining costs to complete on construction projects" through its internally developed projections. Factors such as escalations in material prices, labor costs and other costs are included in these projections based on best estimate as of the balance sheet dates. Any unanticipated escalation in the subsequent periods will require the reassessment of the remaining costs.

Non current retention receivables

Non current retentions receivable and payable are stated at their fair value each period end by discounting the Group's effective deposit and borrowing rates respectively, which management considers to be the appropriate discount rates for these assets and liabilities.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

3. JOINT VENTURES

Group's significant partnerships subject to joint ventures are described in Note 2.

Condensed financial information related to these joint ventures are as follows:

	31 December 2010	31 December 2009
Current assets	356.150	350.678
Non current assets	61.924	65.924
Short term liabilities	390.604	378.606
Long term liabilities	16.979	14.167
Shareholders' equity	10.491	23.829

	1 January-31 December 2010	1 January-31 December 2009
Revenue	327.193	417.983
Cost of revenue	(304.003)	(337.701)
Net profit / (loss)	(11.610)	53.094

In 2010, joint ventures distributed dividend amounting to 3.104.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

4. SEGMENTAL REPORTING

a) Segmental results

	1 January-31 December 2010					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.111.152	1.026.530	53.520	70.502	-	2.261.704
Intra-segment sales	200.352	16.217	38	136	(216.743)	-
Inter-segment sales	64	668	255	2.763	(3.750)	-
TOTAL REVENUE	1.311.568	1.043.415	53.813	73.401	(220.493)	2.261.704
Cost of revenue (-)	(970.005)	(794.641)	(50.123)	(44.557)	-	(1.859.326)
GROSS PROFIT	**141.147**	**231.889**	**3.397**	**25.945**	-	**402.378**
Marketing, selling and distribution expenses (-)	(463)	(83.505)	(17)	(7.944)	-	(91.929)
General administrative expenses (-)	(47.304)	(15.884)	(1.935)	(20.134)	-	(85.257)
Research and development expenses (-)	-	(119)	-	-	-	(119)
Other operating income	10.900	7.557	1.869	3.178	-	23.504
Other operating expenses (-)	(9.453)	(7.251)	(1.082)	(14.006)	-	(31.792)
OPERATING PROFIT / (LOSS)	**94.827**	**132.687**	**2.232**	**(12.961)**	-	**216.785**
Share on profit / (loss) of investments valued using equity method	-	-	-	9.143	-	9.143
Financial income	44.069	85.484	4.765	48.213	-	182.531
Financial expenses (-)	(77.125)	(72.324)	(3.075)	(15.671)	-	(168.195)
PROFIT BEFORE TAXATION	**61.771**	**145.847**	**3.922**	**28.724**	-	**240.264**
Tax expense	(22.486)	(29.372)	(926)	(9.250)	-	(62.034)
NET PROFIT FOR THE PERIOD	**39.285**	**116.475**	**2.996**	**19.474**	-	**178.230**

The Group has 57.758 of revenue and 25.903 of operating income from terminal operations classified as agricultural operation in 2010.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

4. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 January-31 December 2009					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.341.099	882.865	62.607	63.455	-	2.350.026
Intra-segment sales	294.173	19.225	19	71	(313.488)	-
Inter-segment sales	644	776	284	3.276	(4.980)	-
TOTAL REVENUE	1.635.916	902.866	62.910	66.802	(318.468)	2.350.026
Cost of revenue (-)	(1.204.166)	(771.146)	(52.881)	(41.436)	-	(2.069.629)
GROSS PROFIT	**136.933**	**111.719**	**9.726**	**22.019**	**-**	**280.397**
Marketing, selling and distribution expenses (-)	(652)	(71.650)	-	(6.954)	-	(79.256)
General administrative expenses (-)	(48.088)	(15.303)	(614)	(19.248)	-	(83.253)
Research and development expenses (-)	-	(473)	-	-	-	(473)
Other operating income	1.877	8.965	-	10.453	-	21.295
Other operating expenses (-)	(8.547)	(7.707)	(287)	(7.142)	-	(23.683)
OPERATING PROFIT / (LOSS)	**81.523**	**25.551**	**8.825**	**(872)**	**-**	**115.027**
Share on profit / (loss) of investments valued using equity method	-	-	-	10.427	-	10.427
Financial income	30.740	61.958	5.315	53.700	-	151.713
Financial expenses (-)	(68.688)	(74.359)	(5.750)	(29.958)	-	(178.755)
PROFIT BEFORE TAXATION	**43.575**	**13.150**	**8.390**	**33.297**	**-**	**98.412**
Tax expense	(18.241)	(60)	(1.446)	(9.510)	-	(29.257)
NET PROFIT FOR THE PERIOD	**25.334**	**13.090**	**6.944**	**23.787**	**-**	**69.155**

The Group has 53.063 of revenue and 22.400 of operating income from terminal operations classified as agricultural operation in 2009.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

4. SEGMENTAL REPORTING (cont'd)

b) As of 31 December 2010 and 2009 segmental assets and liabilities are as follow:

	31 December 2010				
Balance sheet	Contracting	Agriculture	Real Estate	Other	Total
Total Assets	1.307.118	939.089	34.769	784.905	3.065.881
Current and Non-current Liabilities	950.569	330.960	19.267	82.406	1.383.202
Equity Attributable To Owners Of The Parents	269.853	150.731	1.551	1.241.590	1.663.725
Non-controlling Interests	15.293	3.609	134	(82)	18.954

	31 December 2009				
Balance sheet	Contracting	Agriculture	Real Estate	Other	Total
Total Assets	1.290.396	738.377	31.713	713.337	2.773.823
Current and Non-current Liabilities	977.831	249.247	18.063	84.774	1.329.915
Equity Attributable To Owners Of The Parents	229.253	29.784	(40)	1.166.001	1.424.998
Non-controlling Interests	15.207	3.631	192	(120)	18.910

c) Segmental information related to property, plant and equipment, intangible assets and investment property for the year ended 31 December 2010 and 2009 are follows:

	1 January-31 December 2010				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	30.034	10.198	214	13.489	53.935
Depreciation and amortization expense for the period (**)	53.814	14.170	475	4.980	73.439

	1 January-31 December 2009				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	26.481	15.272	689	886	43.328
Depreciation and amortization expense for the period (**)	61.545	17.656	392	4.895	84.488

(*) Fixed assets purchases through financial lease are also included.
(**) Depreciation expense of 1.088 is added to the cost of inventory (31 December 2009: 657).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

4. SEGMENTAL REPORTING (cont'd)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-31 December 2010)	1.343.722	288.682	144.750	633.073	71.970	(220.493)	2.261.704
Total assets (31 December 2010)	3.583.874	626.455	216.646	601.675	156.764	(2.119.533)	3.065.881
Capital expenditures (1 January - 31 December 2010)(*)	35.300	4.619	471	13.397	148	-	53.935

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-31 December 2009)	1.253.047	232.956	237.469	834.591	110.431	(318.468)	2.350.026
Total assets (31 December 2009)	3.033.514	470.045	193.667	512.610	333.427	(1.769.440)	2.773.823
Capital expenditures (1 January - 31 December 2009)(*)	21.901	711	3.114	17.439	163	-	43.328

(*) Fixed assets purchases through financial lease are also included.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

5. CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Cash on hand	1.541	1.801
Cash at banks		
Demand deposits	59.400	67.785
Time deposits with maturity of three months or less	690.334	483.996
Overdue cheques	757	696
Other cash equivalents	6.522	7.082
	758.554	561.360

Risk characteristics and levels in cash and cash equivalents have been disclosed in Note 31.

6. FINANCIAL INVESTMENTS

	31 December 2010	31 December 2009
Available for sale financial investments	127.900	51.256

Details of available for sale financial assets are as follow:

Details	Share %	31 December 2010	Share %	31 December 2009
Traded (*)				
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	10,79	125.250	10,79	49.140
Tümteks Tekstil Sanayi ve Ticaret A.Ş.	7,45	1.721	7,45	2.705
Türkiye Sınai Mali Kalkınma Bankası A.Ş.	<1	887	<1	479
Akçansa Çimento Sanayi ve Ticareti A.Ş.	<1	42	<1	62
Turcas Petrolcülük A.Ş.	<1	16	<1	18
		127.916		52.404
Non traded				
Sınai ve Mali Yatırımlar Holding A.Ş.	<1	2.536	<1	2.536
Mersin Serbest Bölge İşleticisi A.Ş.	9,56	898	9,56	898
Other		1.959		1.571
		5.393		5.005
Less: Allowance for diminution in value of available for sale investment				
Sınai ve Mali Yatırımlar Holding A.Ş.		(2.536)		(2.536)
Tümteks Tekstil Sanayi ve Ticaret A.Ş.		(1.721)		(2.705)
Other		(1.152)		(912)
		(5.409)		(6.153)
		127.900		51.256

(*) Traded Financial Investments carried at market value; other Financial Investments are carried at cost less any impairment loss in the accompanying consolidated financial statements.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

6. FINANCIAL INVESTMENTS (cont'd)

Traded available for sale financial assets actively are carried at quoted market prices. The positive difference of 106.284 (31 December 2009: 33.639) in the fair value of the available for sale financial assets traded in active markets is directly recognized in equity. There is not any negative difference in the fair value of the available for sale financial assets traded in active markets is directly recognized in the consolidated statement of income (31 December 2009: 315 negative).

1.705 (31 December 2009: 1.557) of the above available for sale financial assets that do not have a quoted market value and their fair values cannot be reliably measured as the range of reasonable fair value estimates is significant and the probabilities of the various estimates can not be reasonably assessed. For this reason they are stated at cost less provision for diminution in value, if any.

Risk characteristics and levels in financial investments have been disclosed in Note 31.

7. FINANCIAL DEBTS

	31 December 2010	31 December 2009
Short-term bank loans	430.977	435.823
Short-term bank loans obtained from related parties (Note: 30)	3	2
Short-term portion of long-term bank loans' and interest payments	548	264
Short term obligation under finance leases	16.056	35.591
Total short-term financial debts	447.584	471.680
Long-term bank loans	15.988	16.306
Long term obligation under finance leases	11.712	24.340
Total long-term financial debts	27.700	40.646
Total financial debts	475.284	512.326

Bank loans are as follows:

	Weighted average interest rate %		31 December 2010	
Original currency	Short term	Long term	Short term	Long term
US Dollars	2,90	3,13	415.778	15.460
EUR	2,60	2,53	11.427	165
TRY	8,23	7,25	4.323	363
			431.528	15.988

	Weighted average interest rate %		31 December 2009	
Original currency	Short term	Long term	Short term	Long term
US Dollars	4,24	3,13	428.340	15.985
EUR	4,38	6,50	5.672	321
TRY	10,19	-	2.077	-
			436.089	16.306

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

7. FINANCIAL DEBTS (cont'd)

Repayment schedule of bank loans is as follows:

	31 December 2010	31 December 2009
Within 1 year	431.528	436.089
Within 1-2 year	15.988	1.084
Within 2-3 year	-	15.197
Within 3-4 year	-	25
	447.516	452.395

For its bank loans; as of 31 December 2010 Group has given 36.020 thousands US Dollars (55.687) and 158 thousands EUR (324) worth of letters of guarantees and 750 worth of mortgage. (31 December 2009: 126.175 thousand US Dollars (189.982) worth of letters of guarantees, 228 thousand EUR (493) and 3.955 worth of mortgage).

Group's bank loans; as of 31 December 2010 in the amounts of 278.410 thousands US Dollars (430.421), 5.897 thousands EUR (12.083) and 3.172 are subject to fixed interest rates and expose the Group to fair value interest risk (31 December 2009: 292.431 thousands US Dollars (440.314), 2.565 thousands EUR (5.541), 2.077 thousands). Other bank loans are arranged at floating interest rates thus exposing the Group's cash flow interest rate risk.

Risk characteristics and levels in financial debts have been disclosed in Note 31.

Details of obligation under finance leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Obligations under finance leases				
Within one year	17.552	39.182	16.056	35.591
Within 1-5 year	12.119	26.484	11.712	24.340
	29.671	65.666	27.768	59.931
Less: finance expenses related to following years	(1.903)	(5.735)	-	-
Present value of obligations finance leases:	27.768	59.931	27.768	59.931
Less: Payments within 12 months (in short term payables)			16.056	35.591
Due beyond 12 months			11.712	24.340

It is the Group policy to lease some of its furniture, fixtures and equipments under finance leases. Average lease terms are 4 years (2009: 4 years). For the year ended 31 December 2010 effective weighted average interest is 7.00% (31 December 2009: 7.04%). Financial lease obligations currency type distribution was shown at Note 31. The fair value of the Group's lease obligations approximates their carrying amount.

There are guarantees of the Company on all fixed assets acquired by these finance leases.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at balance sheet date, details of trade receivables of the Group are as follows:

Short term trade receivables	31 December 2010	31 December 2009
Contract receivables	256.355	236.749
Receivables from Agriculture group operations	95.994	65.072
Other trade receivables	23.050	32.054
Provision for doubtful receivables	(11.329)	(11.695)
Retention receivables (Note: 11)	4.247	4.205
Due from related parties (Note: 30)	10.736	7.431
Other	9	194
	379.062	334.010

Long term trade receivables	31 December 2010	31 December 2009
Retention receivables (Note: 11)	47.762	28.499
Contract receivables	4.595	5.430
Other	121	4.447
	52.478	38.376

Average maturity date varies between the segments. Average maturity date for Contracting segment, for projects in abroad 64 days (2009: 58 days), domestic 69 days (2008: 63 days), for Agriculture segment 30 days (2009: 30 days) and for other segments 59 days (2009: 58 days).

Amount of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered. As of 31 December 2010, short term receivables of 36.596 (31 December 2009: 22.665) is provided provision for in the amount of 11.329 (31 December 2009: 11.695).

The movement of the Group's provision for doubtful receivables is as follows:

	2010	2009
Provision as at 1 January	(11.695)	(15.765)
Charge for the year	(1.056)	(9.151)
Collected	103	3.829
Write off of bad debt	1.314	9.475
Currency translation effect	5	(83)
Provision as at 31 December	(11.329)	(11.695)

Charged for the year of 133 (2009:2.121) has been charged to cost of revenue and 923 (2009:7.030) to general administration expenses.

Risk characteristics and levels in trade receivables have been disclosed in Note 31.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

8. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

As at balance sheet date, details of trade payables of the Group are as follows:

Short term trade payables	31 December 2010	31 December 2009
Contract payables	233.030	241.738
Trade payables from Agriculture group operations	243.984	198.520
Due to related parties (Note: 30)	3.666	8.444
Retention payables	7.077	3.596
Other trade payables	24.394	16.872
	512.151	469.170

Long term trade payables	31 December 2010	31 December 2009
Retention payables	1.155	2.557
Contract payables	132	250
	1.287	2.807

Average payable period for Group's trade payables changes according to the segments. For Agriculture segment, average payable period for import purchases is 120 days (31 December 2009: 153 days), for domestic purchases is 57 days (31 December2009: 54 days). Moreover, average payable periods for Contracting and other segments are 99 days and 41 days respectively (31 December 2009: 85 days and 63 days respectively).

Risk characteristics and levels in trade payables have been disclosed in Note 31.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other short term receivables	31 December 2010	31 December 2009
Other receivables	4.033	4.700
Credit card receivables with maturity longer than three months	2.546	1.216
Income accruals	1.165	2.601
Deposits and guarantees given	573	2.062
Finance lease receivables	-	1.748
Other doubtful receivables	571	571
Other doubtful receivable provision (-)	(571)	(571)
	8.317	12.327

Other long term receivables		
Deposits and guarantees given	7.429	4.643
Blocked deposits	1.193	1.036
Finance lease receivables	-	7.867
Other doubtful receivables	742	726
Provision for other doubtful receivables	(742)	(726)
	8.622	13.546

Financial lease receivables are are follows:		
Gross rent receivables	-	9.962
Less (unearned interest income)	-	(347)
	-	9.615

b) Other Payables:

Other short term payables	31 December 2010	31 December 2009
Expense accruals	16.012	14.964
Taxes and funds payable	7.675	7.605
Deposits and guarantees received	4.379	2.508
Social security witholdings	2.600	2.237
Other payables	659	813
	31.325	28.127

Other long term payables		
Deposits and guarantees received	568	509
Other	1.049	94
	1.617	603

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

10. INVENTORIES

	31 December 2010	31 December 2009
Raw materials	32.737	22.769
Work in progress	39.092	23.757
Finished goods	31.216	22.418
Trading goods	37.599	80.317
Goods in transit	45.822	25.924
Inventory at construction sites	92.581	83.177
Other inventories	25.079	22.926
Allowance for impairment on inventory (-)	(845)	(862)
	303.281	280.426

Movement of allowance for impairment on inventory	2010	2009
Provision as of 1 January	(862)	(78.116)
Charge for the period	(3)	(879)
Currency translation effect	(23)	17
Provision released	43	78.116
Provision as of 31 December	(845)	(862)

Impairment on inventory included in cost of revenue.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

11. CONSTRUCTION CONTRACTS

	31 December 2010	31 December 2009
Cost incurred on uncompleted contracts	3.783.441	3.371.865
Recognised gain less losses (net)	453.895	378.472
	4.237.336	3.750.337
Less: Billings to date (-)	(3.834.323)	(3.345.294)
	403.013	405.043

Costs and billings incurred on uncompleted contracts in consolidated financial statements are as follows:

	31 December 2010	31 December 2009
From customers under construction contracts	440.280	446.171
To customers under construction contracts	(37.267)	(41.128)
	403.013	405.043

As of 31 December 2010, total retention receivables amount to 52.009 (31 December 2009: 32.704) (Note: 8).

	31 December 2010	31 December 2009
Receivables from uncompleted contracts		
Contracts undersigned abroad	434.212	439.992
Contracts undersigned in Turkey	6.068	6.179
	440.280	446.171
Payables from uncompleted contracts		
Contracts undersigned abroad	(30.117)	(31.595)
Contracts undersigned in Turkey	(7.150)	(9.533)
	(37.267)	(41.128)
	403.013	405.043

The Group has 121.853 of advances received for contracting projects (31 December 2009: 136.071) (Note: 20).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

12. INVESTMENTS VALUED BY EQUITY METHOD

Details of investments valued by equity method as of 31 December 2010 and 2009 are as follows:

Subsidiaries	Location of foundation and operation	Share in capital (%) 31 December 2010	Share in capital (%) 31 December 2009	Power to appoint	Industry
Eurobank Tekfen A.Ş.	İstanbul	29,2437 %	29,2437 %	29,2437 %	Banking
Tekfen Oz Gayrimenkul Geliştirme A.Ş.(**)	İstanbul	16,4000 %	16,4000 %	50,00 %(*)	Real Estate

(*) The Company, despite having 16,40% share in Tefken Oz Gayrimenkul Gelistirme A.Ş., mentioned establishment's Board of Directors is equally represented with the other partner and power to vote is 50,00%.
(**) As of 31 December 2010 Tekfen Oz has transferred one of its projects to Tekfen Emlak which is a consolidated company by the Group.

Details of Group's participations' condensed financial positions are as follows:

Financial Position	31 December 2010 Eurobank Tekfen	Tekfen Oz	Total
Total assets	4.490.497	92.878	4.583.375
Total liabilities	3.979.795	25.948	4.005.743
Net assets	510.702	66.930	577.632
Group's share in net assets of subsidaires	149.348	10.977	160.325

Financial Position	31 December 2009 Eurobank Tekfen	Tekfen Oz	Total
Total assets	4.045.350	68.318	4.113.668
Total liabilities	3.555.759	18.993	3.574.752
Net assets	489.591	49.325	538.916
Group's share in net assets of subsidaires	143.175	8.089	151.264

	1 January-31 December 2010 Eurobank Tekfen	Tekfen Oz	Total
Revenue	497.711	42.038	539.749
Profit for the year	30.351	1.625	31.976
Group's share on subsidiaries' profit/(loss) for the year	8.876	267	9.143

	1 January-31 December 2009 Eurobank Tekfen	Tekfen Oz	Total
Revenue	514.568	3.054	517.622
Profit for the year	36.927	(2.273)	34.654
Group's share on subsidiaries' profit/(loss) for the year	10.799	(372)	10.427

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

13. INVESTMENT PROPERTY

Investment property as at 31 December 2010 and 2009 are as follows:

Cost	Land	Building	Total
Opening balance as at 1 January 2010	3.866	110.977	114.843
Currency translation effect	(209)	-	(209)
Additions	-	12.964	12.964
Transfers to Property, Plant and Equipment	-	(12.659)	(12.659)
Closing balance as at 31 December 2010	3.657	111.282	114.939
Accumulated Depreciation			
Opening balance as at 1 January 2010	-	(19.715)	(19.715)
Charge for the year	-	(3.260)	(3.260)
Transfers to Property, Plant and Equipment	-	2.411	2.411
Closing balance as at 31 December 2010	-	(20.564)	(20.564)
Carrying value as at 31 December 2010	3.657	90.718	94.375

Cost	Land	Building	Total
Opening balance as at 1 January 2009	3.877	110.977	114.854
Currency translation effect	(11)	-	(11)
Closing balance as at 31 December 2009	3.866	110.977	114.843
Accumulated Depreciation			
Opening balance at 1 January 2009	-	(16.682)	(16.682)
Charge for the year	-	(3.033)	(3.033)
Closing balance as at 31 December 2009	-	(19.715)	(19.715)
Carrying value as at 31 December 2009	3.866	91.262	95.128

Investment Property includes buildings over rental income earned and lands that are held for the investment purposes. Useful life of investment property is 50 years.

Depreciation expense of 2.900 (2009: 3.003) has been charged to cost of revenue, 360 (2009: 0) to general administrative expenses.

For the year ended 31 December 2010 total rental income earned from investment properties is 14.415 (31 December 2009:12.027). Direct operating expenses arising on the investment properties in the period amounted to 5.102 (31 December 2009: 3.817).

The fair value of the Group's investment property at 31 December 2010 has been arrived based on a valuation carried out at that date by independent expertise not connected with the Group which is one of the accredited independent valuers by Capital Market Board. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair market value of the investment properties as of 31 December 2010 is 388.548 (31 December 2009: 358.803) according to the valuation carried out by independent expert.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
Cost Value								
Opening balance as at 1 January 2010	256.933	293.497	939.050	27.288	41.806	16.048	121.796	1.696.418
Currency translation effect	2.999	(1.630)	8.356	593	4.906	21	23	15.268
Additions	8.323	5.677	10.936	2.389	5.586	7.072	47	40.030
Disposals	(5.919)	(2.569)	(12.506)	(2.551)	(3.145)	-	(662)	(27.352)
Transfers(*)	(3.525)	9.356	17.859	-	25	(17.066)	-	6.649
Closing balance as at 31 December 2010	258.811	304.331	963.695	27.719	49.178	6.075	121.204	1.731.013
Accumulated Depreciation								
Opening balance as at 1 January 2010	(51.468)	(161.321)	(734.964)	(19.654)	(30.867)	-	(61.794)	(1.060.068)
Currency translation effect	(2.307)	2.065	(4.005)	16	(4.645)	-	(524)	(9.400)
Charge for the year	(8.108)	(5.385)	(46.806)	(2.295)	(4.294)	-	(2.875)	(69.763)
Allowance for impairment	-	-	(5.810)	-	-	-	-	(5.810)
Disposals	373	1.577	10.552	2.267	2.666	-	640	18.075
Transfers(*)	-	(1.099)	(870)	-	(19)	-	-	(1.988)
Closing balance as at 31 December 2010	(61.510)	(164.163)	(781.903)	(19.666)	(37.159)	-	(64.553)	(1.128.954)
Carrying value as at 31 December 2010	197.301	140.168	181.792	8.053	12.019	6.075	56.651	602.059

(*) Tangible assets with net book value of 10.248 in "Investment properties" is transferred property, plant and equipment, and tangible assets with net book value of 5.044 and 543 is transferred to "Assets classified as held for sale" and "Intangible assets", respectively.

Property, plant and equipment include fixed assets with carrying value of 76.645 purchased through financial lease.

The amount of mortgage on tangible assets is 750.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
Cost Value								
Opening balance as at 1 January 2009	267.091	287.866	923.944	27.971	45.090	24.915	121.307	1.698.184
Currency translation effect	(1.341)	982	(1.995)	(101)	(92)	(10)	-	(2.557)
Additions	1.647	166	17.923	2.745	4.464	15.222	489	42.656
Diposals	(10.915)	(199)	(4.035)	(3.497)	(7.298)	-	-	(25.944)
Transfers to inventory	-	-	-	-	-	(15.921)	-	(15.921)
Transfers	451	4.682	3.213	170	(358)	(8.158)	-	-
Closing balance as at 31 December 2009	256.933	293.497	939.050	27.288	41.806	16.048	121.796	1.696.418
Accumulated Depreciation								
Opening balance as at 1 January 2009	(52.985)	(153.957)	(687.958)	(18.806)	(32.461)	-	(59.231)	(1.005.398)
Currency translation effect	772	(752)	2.018	154	147	-	349	2.688
Charge for the year	(8.125)	(6.719)	(52.974)	(4.366)	(5.371)	-	(2.838)	(80.393)
Diposals	8.870	107	3.950	3.364	6.818	-	(74)	23.035
Closing balance as at 31 December 2009	(51.468)	(161.321)	(734.964)	(19.654)	(30.867)	-	(61.794)	(1.060.068)
Carrying value as at 31 December 2009	205.465	132.176	204.086	7.634	10.939	16.048	60.002	636.350

Property, plant and equipment include fixed assets with carrying value of 121.306 purchased through financial lease.

The amount of mortgage on tangible assets is 3.955.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Property, plant and equipment are depreciated over the following useful lives:

	Useful life
Land and land improvements	2-50 years
Buildings	5-50 years
Machinery and equipment	2-25 years
Vehicles	2-13 years
Furniture and fixtures	2-15 years
Leasehold improvements	4-50 years

Depreciation expense of 66.220 (2009: 72.595) has been charged to cost of revenue, 97 (2009: 128) to research and development expenses, 914 (2009: 1.392) to marketing, selling and distribution expenses, 1.444 (2009: 5.621) to general administrative expenses and 1.088 (2009: 657) to inventory.

15. INTANGIBLE ASSETS

Cost value	Rights	Other intangible assets	Total
Opening balance as at 1 January 2010	11.378	338	11.716
Currency translation effect	203	(5)	198
Additions	574	367	941
Disposals	(205)	(89)	(294)
Transfers	543	-	543
Closing balance as at 31 December 2010	12.493	611	13.104
Accumulated amortization			
Opening balance as at 1 January 2010	(8.621)	(317)	(8.938)
Currency translation effect	(172)	5	(167)
Charge for the year	(1.501)	(3)	(1.504)
Disposals	203	37	240
Closing balance as at 31 December 2010	(10.091)	(278)	(10.369)
Carrying value as at 31 December 2010	2.402	333	2.735

Cost value	Rights	Other intangible assets	Total
Opening balance as at 1 January 2009	10.740	337	11.077
Currency translation effect	(34)	1	(33)
Additions	672	-	672
Closing balance as at 31 December 2009	11.378	338	11.716
Accumulated amortization			
Opening balance as at 1 January 2009	(6.946)	(307)	(7.253)
Currency translation effect	41	(7)	34
Charge for the year	(1.716)	(3)	(1.719)
Closing balance as at 31 December 2009	(8.621)	(317)	(8.938)
Carrying value as at 31 December 2009	2.757	21	2.778

Intangible assets are amortized over useful lives of rights through 3 to 15 years and useful lives of other intangibles through 3 to 10 years.

Amortization expense of 1.417 (2009: 1.571) has been charged to cost of revenue, 2 (2009: 3) to research and development expenses, 18 (2009: 29) to marketing, selling and distribution expenses and 67 (2009: 116) to general administrative expenses.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

16. GOVERNMENT GRANTS AND INCENTIVES

The Contracting segment has a tax incentive regarding the agreement between Tekfen İnşaat and Tekfen TML J.V. for the construction of Kufra-Tazerbo water channel project in Libya dated 6 June 2006.

The Undersecretaries of Treasury and Foreign Trade of Turkey has given taxes and dues incentive for the contracts undertaken by Tekfen İnşaat and its joint ventures. These contracts are as follows:

- Ankara - Pozantı Highway (Çiftehan - Pozantı Section) Project - extended till 30 December 2011.
- Gaziantep – Birecik Highway Project – Extended until 30 June 2011.

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Provisions	31 December 2010	31 December 2009
Provision for litigation	15.875	15.260
Other provisions	3.173	3.028
	19.048	18.288

Movement of provision for litigation is as follows:

	2010	2009
Provision as of 1 January	15.260	20.767
Provision paid (-)	(321)	(4.114)
Charge for the period	2.805	5.502
Provision released	(1.842)	(6.194)
Currency translation effect	(27)	(701)
Provision as of 31 December	15.875	15.260

b) Contingent Assets and Liabilities

Contractual Obligations:

Defects Liabilities

Based on the agreements signed with customers, the Group's associate Tekfen İnşaat ve Tesisat A.Ş ("Tekfen İnşaat") ensures to maintain its contract operations until the end of guarantee period and undertake the construction, maintenance, and general maintenance of related assets for two years. In case the customer determines any defects subsequent to the provisional acceptance of the contract, Tekfen İnşaat is obliged to remedy the defect.

Penalty of Default

Based on the agreements signed with the customers, if Tekfen İnşaat fails to complete in full or partially its contract operations within the determined period, it shall pay penalty amount for such defaults to its customers.

Tax Inspections

In the Saudi Arabia Branch, the Department of Zakat and Income Tax ("DZIT") has issued its final tax assessment for the years 2003, 2004, and 2005. Based on this assessment, there is an additional tax liability from the Saudi Arabia Branch amounting to 5.324 thousand US Dollars (Saudi Arabia Riyal 19.963.924). Saudi Branch has submitted an objection on this assessment with the Appeal Committee. Management believes that the DZIT's claim is without merit and the Appeal Committee decision will ultimately be to their favour and accordingly, no provision for tax charge was provided in the accompanying consolidated financial statements.

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Contingent Assets and Liabilities (cont'd)

Litigations:

Upon the consultation of legal advisors, as of 31 December 2010, the Management has decided to fund 15.875 (2009: 15.260) of provision for lawsuits that might be filed against the Group which will have a high probability of potential outflow from the Group. Based on the legal prosecution of lawyers, the Group foresees no significant risks regarding 25.149 (2009: 52.958) of lawsuit filed against the Group.

Toros Tarım Samsun Fertilizer Industry

Toros Tarım has acquired all of the public shares of Samsun Fertilizer Industry from the Privatization Administration as at 4 July 2005 and has completed its business combination procedures in November 2005.

Following the re-operation of the plant that belongs to the Municipality, the Municipality's order on the shutdown of the related plant grounding that it has been operating without any license was cancelled for consecutive periods of 6 months based on the Toros Tarım's applications. While Toros Tarım has been trying to gather the required documents, including the plant's revised construction plans, for obtaining the "Business License and Operation Permit" which could not be obtained during the public ownership, the subject land is turned up to be within the scope of Article 2(b) of the Forest Law in the making of the revised construction plans. Since the Municipality cannot proceed with any of the procedures on the construction plan, Toros Tarım could not be able to obtain the "Business/Office Opening License and Operation Permit".

On the other hand, the case filed at the Administrative Court regarding the cancellation of the municipality's shut down order, at first the Court ceased the execution of the decision; however, by the order issued as at 3 June 2008, the Court has overruled the cancellation of the shut down order of Toros Tarım. Toros Tarım has appealed the court decision and the case is still pending at the Council.

Also, Toros Tarım has informed the Local Government Headquarters about the related issues and lawsuits and, accordingly as at 6 May 2008, the Local Administration of the General Directorate of the Ministry of Internal Affairs communicated a written statement to the Samsun Governor's Office, referring to the Legal Counsels of the Ministry of Internal Affairs' consultation feedback which was presented to the Ministry on 2 May 2008. The Statement cited that it would be best for the public interest if Toros Tarım is given a "interim license" under the "Office Opening License and Operating Permit" Regulations subject to the condition that all the required documents for the business license to operate shall be completed subsequent to the ongoing judicial process and the final decision will be made depending on the outcome of the related lawsuit.

In regards to the plant which has been continuing its operations in accordance with the legal advice of the Local Administration of the General Directorate of the Ministry of Internal Affairs, Toros Tarım has made an application to the Metropolitan Municipality of Samsun for the issuance of Business/Office Opening License and Operation Permit by obtaining all the required documents, except for the "plan of site" and "transit permit", in compliance with the Legal Counsels of the Ministry of Internal Affairs' consultation feedback as at 20 October 2008. However, the 31 October 2008 dated written response of the Metropolitan Municipality of Samsun states that its application cannot be assessed. Toros Tarım Management's administrative appeals and legal disputes against the decision have been still continuing.

As of the date of this report, the uncertainty over the legal process is still in progress, since the Group Management's administrative appeal and legal disputes before the Council over the court the decision is pending. Therefore, the Group's accompanying financial statements do not contain any relevant provisions concerning the subject matter.

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Contingent Assets and Liabilities (cont'd)

Rights and Commitments Based on Share Purchase - Sale Agreement:

Call option to Eurobank EFG Holding (Luxembourg) SA; put option to Tekfen Holding given pursuant to share purchase-sale agreement, which was signed in 16 March 2007 between the Company and Eurobank EFG Holding (Luxembourg) SA.

At any time between the seventh (7^{th}) anniversary and the tenth (10^{th}) anniversary of the signing of this Agreement, Eurobank EFG Holding (Luxembourg) SA Shareholders will have the right to exercise, by delivery of a written notice ("Call Notice"), a call option to purchase at the Exercise Price, in one transaction, all of the shares then by all the Company ("Call Shares"). The Exercise Price applicable to the sale of Call Shares shall be paid in US Dollars.

At any time between the fifth anniversary and the tenth anniversary of the signing of this Agreement, the Company shall be entitled to sell at the Exercise Price, in one transaction, all of the Shares then held by all the Company ("the Put Shares"), to the Eurobank EFG Holding (Luxembourg) SA Shareholders, by delivery of a written notice stating their intent to exercise such entitlement (a "Put Option"), such sale to be in accordance with this Section. The exercise Price applicable to the sale of the Put Shares shall be determined pursuant to the awards above and shall be paid in cash in US Dollars.

Furthermore, based on Share Purchase–Sale Agreement in Share Transfer Article it is stated that the shareholders shall not sell their shares to third parties by way of public offering or special purpose sale for the five years from the agreement date however, it is excluded that one of the shareholder or both can sell or transfer whole amount or a portion of their shares to a subsidiary of the Group.

Other:

The financial, economic, and social policies of the foreign countries in which the Group has operations may affect the Group's profitability.

National and international commodity market price volatility may affect the Group operations and profitability.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

18. COMMITMENTS AND OBLIGATIONS

Guarantee, pledge and mortgage position of the Group as of December 31, 2010 and 2009 are as follows:

31 December 2010	Equivalant of Thousands TRY	*Thousands US Dollars*	*Thousands of EUR*	*Other (Equivalant of Thousands TRY)*
A. GPM given on behalf of its own legal entity	149.348	-	-	149.348
-Guarantee	-	-	-	-
-Pledge	*149.348*	-	-	*149.348*
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.185.610	604.597	38.927	171.138
-Guarantee	*1.184.860*	*604.597*	*38.927*	*170.388*
-Pledge	-	-	-	-
-Mortgage	*750*	-	-	*750*
C. GPM given in order to guarantee third parties' debts for the routine trade operations	1.731	-	-	1.731
-Guarantee	*1.731*	-	-	*1.731*
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given				
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 December 2010	1.336.689	604.597	38.927	322.217

31 December 2009	Equivalant of Thousands TRY	*Thousands US Dollars*	*Thousands of EUR*	*Other (Equivalant of Thousands TRY)*
A. GPM given on behalf of its own legal entity	146.361	-	-	146.361
-Guarantee	-	-	-	-
-Pledge	*143.156*	-	-	*143.156*
-Mortgage	3.205	-	-	3.205
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.278.676	659.157	50.532	177.019
-Guarantee	*1.277.926*	*659.157*	*50.532*	*176.269*
-Pledge	-	-	-	-
-Mortgage	*750*	-	-	*750*
C. GPM given in order to guarantee third parties' debts for the routine trade operations	-	-	-	-
D. Total amounts of other GPM given				
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 December 2009	1.425.037	659.157	50.532	323.380

Since there are not any GPMs mentioned in D item, the ratio to the total equity is not presented.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

19. EMPLOYEE BENEFITS

	31 December 2010	31 December 2009
Short term employee benefits:		
Retirement pay provision	1.667	2.880
Unused vacation pay liability provision	9.018	9.638
Premium provision	9.294	7.468
Wages and other employee benefits	15.496	11.575
	35.475	31.561
Long term employee benefits:		
Retirement pay provision	34.344	29.120

The retirement pay provision calculated consists of one month worth salary limited to a maximum of 2.623 TRY (31 December 2009: 2.427 TRY) for each period of service as of 31 December 2010.

	31 December 2010	31 December 2009
Short term retirement pay provision	1.667	2.880
Long term retirement pay provision	34.344	29.120
	36.011	32.000

Retirement pay provision:

Retirement pay provision for Turkish personnel employed in Turkey;

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable to the employee consists of one month worth salary limited to a maximum of 2.517,01 TRY (31 December 2009: 2.365,16 TRY) for each period of service as of 31 December 2010.

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

Retirement pay provision regarding Turkish employees located abroad:

The Group are liable to pay retirement benefit for its qualified personnel. In addition to this, according to Group's retirement benefit policy, the Group pays retirement benefits to its retirees.

The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees (not applicable for employees who are working in construction projects). IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

19. EMPLOYEE BENEFITS (cont'd)

Retirement pay provision (cont'd):

Retirement pay provision regarding Turkish employees located abroad (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2010, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,10% and a discount rate of 10%, resulting in a real discount rate of approximately 4,66% (31 December 2009: 5,92%). The anticipated TRY rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2.623,23 effective from January 1, 2011 has been taken into consideration in calculation of provision from employment termination benefits.

As of 31 December 2010, the amount payable consists of one month worth salary limited to the maximum ceiling or under the related ceiling.

Retirement pay provision of employees located abroad:

The Group and its consolidated subsidiaries are subject to regulations where they operate in. Provisional amounts for the subject matter laws have been provided in the consolidated financial statements.

Retirement pay provision for subcontractor employee:

The Group and the subcontractor companies are conjointly responsible for the retirement pay provision of subcontractor employee at the construction project. In order to guarantee subcontractors commitment, the Group provides deductions from subcontractor's progress billings and letter of guarantee. Retirement pay provision calculation for subcontractor's personnel is subject to regulations where they operate in and the agreements between the Group and the subcontractors.

	Retirement Pay Provision	Premium Provision
Opening balance as of 1 January 2010	32.000	7.468
Currency translation effect	193	50
Service expense	9.042	8.968
Interest expense	1.430	-
Provision paid (-)	(7.670)	(7.192)
Actuarial loss	1.016	-
Closing balance as of 31 December 2010	36.011	9.294
Opening balance as of 1 January 2009	36.149	6.575
Currency translation effect	254	(28)
Service expense	8.074	5.666
Interest expense	1.468	-
Provision paid (-)	(14.806)	(4.745)
Actuarial loss	861	-
Closing balance as of 31 December 2009	32.000	7.468

9.296 of current year retirement pay provision (2009: 7.238) has been included in cost of revenue and 2.192 has been included in general administrative expenses (2009: 3.115 general administrative expenses, 50 marketing, selling and distribution expenses).

1.720 of current year premium provision (2009: 1.595) and 7.248 (2009: 4.071) have been included in cost of revenue and in general administrative expenses respectively.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

20. OTHER CURRENT/NON CURRENT ASSETS AND OTHER SHORT/LONG TERM LIABILITIES

Other Current Assets	31 December 2010	31 December 2009
Advances paid for construction projects	19.988	24.552
VAT receivables	14.058	21.085
Prepaid taxes and funds	7.205	8.041
Prepaid expenses	3.925	4.369
Order advances given	2.310	2.931
Witholding tax of ongoing construcion contracts	1.054	608
Business advances given	953	722
Other current assets	841	1.071
	50.334	63.379

Other Non Current Assets	31 December 2010	31 December 2009
VAT receivables	30.411	29.870
Witholding tax of ongoing construcion contracts	9.940	9.019
Prepaid expenses	801	968
	41.152	39.857

Other Short Term Liabilities	31 December 2010	31 December 2009
Advances received for construction projects (Note: 11)	121.853	136.071
Order advances received	55.652	21.930
Income relating to future months	5.358	4.501
VAT Calculated	3.170	1.213
Other	228	184
	186.261	163.899

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

21. SHAREHOLDERS' EQUITY

a) Share Capital / Interrelated Subsidiary Capital Adjustments

The structure of the paid in capital as of 31 December 2010 and 2009 is as follows:

Shareholders	(%)	31 December 2010	(%)	31 December 2009
Akçağlılar family	19,30%	71.426	19,30%	71.426
Berker family	19,30%	71.426	19,30%	71.426
Gökyiğit family	19,30%	71.426	19,30%	71.426
Other (*)	4,23%	15.593	7,60%	28.073
Publicly traded	37,87%	140.129	34,50%	127.649
Paid in capital	100,00%	370.000	100,00%	370.000
Capital structure adjustments		3.475		3.475
Restated capital		373.475		373.475

(*) Indicates the total of owners with shares less than 5%.

Registered and issued capital comprises 370.000.000 shares at 1 TRY par value (31 December 2009: 370.000.000). All these shares consist of bearer common shares.

The Company, reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. From the remaining statutory profit, 30% of the paid capital is distributed as first dividend to the holders on the condition that rates and amounts are not less then rates and amounts applied by CMB. Also at most 3% of remaining profit is distributed to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which has redeemed share.

b) Revaluation Growth Funds

	31 December 2010	31 December 2009
Property, plant and equipment revaluation fund	975	2.277
Fair value reserve of financial investments (Note: 6)	107.027	35.782
	108.002	38.059

Property, Plant and Equipment Revaluation Fund:

Property, plant and equipment revaluation funds are derived from the revaluation of land and buildings. In the event of the disposition of a revalued land or a building, revalued portion and the sale proceed difference is directly transferred to retained earnings.

Revaluation fund comprise revaluation of property, plant and equipment funds of Eurobank Tekfen.

Fair Value Reserve of Financial Investments:

Fair value reserve of financial investments consists of changes in fair value of securities held for sale. In the event of the disposition of a revalued financial asset at fair value, revalued portion and the sale proceed difference is directly accounted in profit or loss. In case of a revalued at fair value financial assets impairment, amount impaired is accounted in period profit or loss.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

21. SHAREHOLDERS' EQUITY (cont'd)

c) Currency Translation Reserve

Functional and reporting currency of the Group's contracting segment is US Dollars and consolidated reporting currency of the Group is TRY. In accordance with IAS 21 ("The Effects of Changes in Foreign Exchange Rates"), balance sheet items are translated into TRY with the US Dollars rates prevailing at the balance sheet date and revenue, expenses and cash flows are translated with the exchange rates at the transaction date (historical rates) or yearly average rate. Gain or loss arising from the translation is recognized in the foreign currency translation reserve under equity which is 55.279 (31 December 2009: 45.765).

d) Restricted Profit Reserves

	31 December 2010	31 December 2009
Legal reserves	53.390	40.834

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

However, in accordance with the Communiqué Series: XI, No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted profit reserves" and "Premium in capital stock" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Communiqué should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in capital" and not added to capital;

- "Retained earnings/ accumulated loss", if such differences are arising from "Restricted profit reserves" and "Premium in capital stock" and has not been subjected to profit distribution or capital increase.

Other equity items are carried at the amounts that are valued based on the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital.

21. SHAREHOLDERS' EQUITY (cont'd)

d) Restricted Profit Reserves (cont'd)

Profit Distribution:

In accordance with the Capital Markets Board's (the "Board") Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies , and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:IV,No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

Resources That Can Be Subject To Profit Distribution:

Within the frame of Communiqué Series: XI, No: 29, amount disclosed in notes to financial statements based on the Board decision dated 9 January 2009; following the deduction of companies' retained earnings, total of remaining profit for the period and other resources that may apply to profit distribution is 703.042 (31 December 2009: 681.043) for Tekfen Holding A.Ş. 384.133 portion of this amount belongs to shares issued and 354.909 portion of this amount belongs to bonus shares issued (31 December 2009: shares issued 326.163, bonus shares issued 354.880).

e) Premiums in Capital Stock

Group has done public offering (22,50%) of issued 66.775 shares by increased capital on 23 November 2007. The income from this public offering 380.618 is accounted as premium in capital stock in shareholder's equity after 12.859 expense directly related to the public offering deducted.

f) Retained Earnings

As of 31 December 2010 Group's retained earnings of 594.015 consists of 59.385 inflationary adjustments on equity, 75.604 extraordinary reserves and 459.026 accumulated profit. (31 December 2009: 556.537 consist of 59.385 inflationary adjustments on equity, 75.604 extraordinary reserves and 421.548 accumulated profit).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

22. REVENUE AND COST OF REVENUE

a) Revenue

	1 January- 31 December 2010	1 January 31 December 2009
Domestic goods and merchandise sales	1.040.635	919.766
Export goods and merchandise sales	29.818	7.401
Contract revenue – domestic	92.040	110.888
Contract revenue – abroad	688.621	774.192
Joint ventures – domestic	41.061	64.136
Joint ventures – abroad	289.430	391.883
Textile products revenue	17.751	13.378
Other	69.758	80.122
Sales returns (-)	(3.103)	(4.379)
Sales discount (-)	(4.058)	(4.938)
Other sales discount (-)	(249)	(2.423)
	2.261.704	2.350.026

b) Cost of Revenue

	1 January- 31 December 2010	1 January- 31 December 2009
Cost of raw materials used	(1.023.275)	(1.189.955)
Employee benefits expenses	(237.242)	(280.087)
Subcontractor expenses	(183.787)	(219.315)
Depreciation expenses	(70.537)	(77.199)
Machinery, vehicle and other rent expenses	(56.835)	(60.615)
Office and administration expenses	(36.930)	(33.112)
Energy and fuel expenses	(33.434)	(30.209)
Cost of merchandises sold	(26.782)	(23.960)
Maintenance expenses	(24.087)	(26.338)
Transportation expenses	(19.649)	(22.981)
Consultancy expense	(17.558)	(25.512)
Engineering expenses	(15.583)	(14.601)
External services received	(9.830)	(10.843)
Custom expenses	(9.637)	(4.244)
Insurance expenses	(7.108)	(5.241)
Consumable and other material expenses	(6.996)	(36.230)
Allowance for impairment on inventory (Note: 10)	40	77.237
Other	(80.096)	(86.424)
	(1.859.326)	(2.069.629)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

23. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2010	1 January- 31 December 2009
Research and development expenses (-)	(119)	(473)
Marketing, selling and distribution expenses (-)	(91.929)	(79.256)
General administrative expenses (-)	(85.257)	(83.253)
	(177.305)	(162.982)

a) Detail of Research and Development Expenses	1 January- 31 December 2010	1 January- 31 December 2009
Payroll expenses and fringe benefits	(3)	(141)
Depreciation and amortization expenses	(99)	(131)
Consultancy expenses	-	(60)
Maintenance expenses	(2)	(63)
Energy and fuel expenses	(3)	(50)
Other expenses	(12)	(28)
	(119)	(473)
b) Detail of Marketing, Selling and Distribution Expenses		
Transportation expenses	(71.206)	(60.185)
Payroll expenses and fringe benefits	(8.010)	(7.871)
Depreciation and amortization expenses	(932)	(1.421)
Office and administration expenses	(443)	(1.261)
Rent expenses	(721)	(1.198)
Energy and fuel expenses	(871)	(482)
Maintenance expenses	(862)	(455)
Duties, charges and ıther tax expenses	(812)	(1.318)
Traveling expenses	(480)	(499)
Other expenses	(7.592)	(4.566)
	(91.929)	(79.256)
c) Detail of General Administrative Expenses		
Payroll expenses and fringe benefits	(56.041)	(51.015)
Consultancy expenses	(5.166)	(6.169)
Office and administration expenses	(6.663)	(7.211)
Provision for doubtful receivables	(923)	(7.030)
Depreciation and amortization expenses	(1.871)	(5.737)
Traveling expenses	(2.172)	(2.362)
Duties, charges and ıther tax expenses	(1.598)	(862)
Bank and notary expenses	(1.185)	(1.120)
Maintenance expenses	(897)	(348)
Rent expenses	(805)	(799)
Energy and fuel expenses	(288)	(422)
Reversal of unnecessary provisions	103	3.829
Other expenses	(7.751)	(4.007)
	(85.257)	(83.253)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

24. QUALITATIVE EXPENSES

	1 January-31 December 2010	1 January-31 December 2009
Transportation expenses	(71.206)	(60.185)
Payroll expenses and fringe benefits	(64.054)	(59.027)
Office and administration expenses	(7.106)	(8.472)
Depreciation and amortization expenses	(2.902)	(7.289)
Provision for doubtful receivables	(923)	(7.030)
Consultancy expenses	(5.166)	(6.229)
Traveling expenses	(2.652)	(2.861)
Duties, charges and ıther tax expenses	(2.410)	(2.180)
Rent expenses	(1.526)	(1.997)
Bank and notary expenses	(1.185)	(1.120)
Energy and fuel expenses	(1.162)	(954)
Maintenance expenses	(1.761)	(866)
Reversal of unnecessary provision	103	3.829
Other expenses	(15.355)	(8.601)
	(177.305)	(162.982)

25. OTHER OPERATING INCOME AND EXPENSE

Other Operating Income	1 January-31 December 2010	1 January-31 December 2009
Gain on sale of fixed asset	6.667	471
Government grants and incentives income	1.914	1.048
Reversal of litigation provision (Note:17)	1.842	6.194
Scrap sale income	1.227	394
Reversal of other unnecessary provisions	1.209	5.236
Indemnity income	769	1.705
Rent expenses	438	715
Other income	9.438	5.532
	23.504	21.295

Other Operating Expenses		
Other provision expenses	(8.759)	(2.902)
Loss of fixed asset impairment (Note:14)	(5.810)	-
Litigation provision (Note: 17)	(2.805)	(5.502)
Additional tax expense	(1.517)	(1.584)
Loss on sale of fixed assets	(548)	(292)
Impairment on investment	(239)	(6.146)
Penalty and damages paid	(100)	(167)
Damages subject to litigation	(16)	(751)
Rent expense	(1)	(351)
Technological agriculture wastage provisions	-	(2.910)
Other expenses	(11.997)	(3.078)
	(31.792)	(23.683)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

26. FINANCIAL INCOME AND FINANCIAL EXPENSE

Financial Income:

	1 January-31 December 2010	1 January-31 December 2009
Interest income	51.531	54.038
Foreign exchange gains	125.337	87.279
Dividend income	5.238	5.085
Other	425	5.311
	182.531	151.713

Financial Expense:

	1 January-31 December 2010	1 January-31 December 2009
Finance expense	(37.206)	(56.497)
Foreign exchange losses	(130.989)	(122.258)
	(168.195)	(178.755)

27. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale consist of Group's buildings and land.

	31 December 2010	31 December 2009
Assets classified as held for sale	16.718	12.087
	16.718	12.087

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability:	31 December 2010	31 December 2009
Corporate tax provision	45.533	27.534
Less: Prepaid taxes and funds	(27.840)	(20.119)
	17.693	7.415

Tax expense comprises as follows:	1 January-31 December 2010	1 January-31 December 2009
Current tax provision	45.533	27.534
Deferred tax expense / (income)	16.286	1.224
Currency translation effect	215	499
	62.034	29.257

Tax legislation in Turkey:

Corporate Tax:

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2010 is 20% (2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2010 is 20% (2009: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1-25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Since 75% of sale proceeds from subsidiary and fixed asset acquisitions, to the extent that they are at hand less than two years, are included in capital in for five years, they are exempt from tax.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

The rate of income withholding tax is 10% between 24 April 2003 and 22 July 2006. This rate was changed to 15% commencing from 22 July 2006 with the Cabinet Decision 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Income Withholding Tax (cont'd):

However, 19,8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities. The investments without investment incentive certificates do not qualify for tax allowance.

Taxation of Foreign Subsidiaries and Operations:

Subsidiaries and operations included in consolidation in the accompanying consolidated financial statements are subject to corporate tax and withholding tax effective in the relevant country. Effective tax rates in those countries in which the Group operates are summarized below:

Countries	Corporate Tax Rate %	Witholding Tax Rate %
Azerbaijan	22%	10% -14%
Bulgaria	10%	0% - 10%
Kazakhstan	20%	15% - 20%
Uzbekistan	9% - 15%	10% - 20%
Germany	15% - 33%	0% - 25%
Saudi Arabia	20%	5% - 15%
Luxembourg	%29	0% - 15%
Ireland	12,5% - 25%	20%
United Kingdom	28%	20%
Morocco	30%	10%
Kuwait	0% - 55%	0%
Libya	0%	5% - 10%
Oman	0% - 30%	10%
United Arab Emirates	0%	0%
Qatar	0% - 35%	0%

Withholding tax rates in Kazakhstan, Germany, and Saudi Arabia vary according to the nature of the business. Since the Group, operations in Luxembourg are only related to the investments to subsidiaries and providing loans to these investments, these activities are not subject to corporate tax in 2010. However, these activities will be subject to corporate tax as of 1 January 2011. The Group's construction project in Libya is not subject to corporate tax.

Exception of Foreign Branch Earnings:

In accordance with private judgement related with overseas construction earnings in Corporate Tax Law's Article 5/1-h: "Earnings, which are provided from overseas construction, maintenance, installation or technical services, are transferred to income statement in Turkey" are excepted from corporate tax. According to the judgement, the only requirement is transferring of these earnings to income statement in Turkey. It is not obligatory that the earnings to be brought in Turkey.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and shown below. Tax rate used in calculating deferred tax assets and liabilities is 20% (2009: 20%).

Due to entities in Turkey are not allowed to declare consolidated tax returns, subsidiaries titled to deferred assets may not be netted of with their subsidiaries titled to deferred tax liabilities; hence are required to declare separately.

Components of deferred tax (assets)/liabilities bases:	31 December 2010	31 December 2009
Restatement and depreciation / amortization differences of tangible and intangible assets	41.325	29.821
Provision for retirement benefits and vacation liability	(22.181)	(19.096)
Impairment provision for inventory	(3)	(43)
Contract costs and progress billings (net)	7.245	(10.809)
Undistributed profits of joint ventures	40.250	36.615
Provision for doubtful receivables	(7.924)	(9.728)
Effect of income accruals	1.056	(417)
Tax losses carried forward	(625)	(74.401)
Provision for litigation	(13.434)	(6.105)
Available for sale investments	111.878	35.409
Provision for premium payments	(3.960)	(6.449)
Other	(15.918)	(5.746)
Deferred tax liabilities / (assets)	137.709	(30.949)

Components of deferred tax (assets)/liabilities:	31 December 2010	31 December 2009
Restatement and depreciation / amortization differences of tangible and intangible assets	3.812	6.861
Provision for retirement benefits and vacation liability	(4.435)	(3.815)
Impairment provision for inventory	(1)	(9)
Contract costs and progress billings (net)	6.948	(2.186)
Undistributed profits of joint ventures	8.050	7.323
Provision for doubtful receivables	(1.585)	(1.946)
Effect of income accruals	223	498
Tax losses carried forward	(137)	(14.900)
Provision for litigation	(2.687)	(1.221)
Available for sale investments	5.593	1.770
Provision for premium payments	(792)	(1.290)
Other	(3.228)	(1.122)
Deferred tax liabilities / (assets)	11.761	(10.037)

Deferred tax assets	(19.689)	(35.508)
Deferred tax liabilities	31.450	25.471
	11.761	(10.037)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Movement of deferred tax assets and liabilities for the years ended 31 December 2010 and 2009 are as follows:

Movement of deferred tax liabilities / (assets)	2010	2009
Opening balance as at 1 January	(10.037)	(13.476)
Deferred tax expense	16.286	1.224
Effect of available for sale investments in comprehensive income	3.823	676
Currency translation effect	1.689	1.539
Closing balance as at 31 December	11.761	(10.037)

Reconciliation of tax expense for the year with the profit for the year:

Reconciliation of taxation:	1 January-31 December 2010	1 January-31 December 2009
Profit before tax	240.264	98.412
Expected taxation (*)	58.958	23.768
Reconciliation of expected tax to actual tax:		
- Undeductable expenses	9.403	12.931
- Dividend and other non taxable income	(7.293)	(6.898)
- Carry forward tax losses deducted in current year	102	(5.109)
- Effects of unrealizable tax (losses) / income (net)	(1.180)	7.535
- Effects of joint ventures	3.831	-
-Tax exemption from subsdiary	-	(2.396)
- Tax commitments fall out as a result the sale	(542)	-
- Effect of change in tax rates and consolidation adjustments	(1.038)	(4.119)
- Other	(207)	3.545
Income tax expense recognized in statement of income	62.034	29.257

(*) Different rates are applied for different countries where the foreign companies and joint ventures are located.

29. EARNINGS PER SHARE

Calculation of earnings per share for the current period is made in accordance with IAS 33 considering the effects of shares and bonus shares issued.

As of 31 December 2010 and 2009, the Group's weighted average number of shares and computation of earnings per share (which corresponds to per share amounting to TRY 1) set out here are as follows:

	1 January-31 December 2010	1 January-31 December 2009
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net profit for the period attributable to owners of the Parent (thousands TRY)	178.580	69.344
Earnings per share from operations (TRY)	0,483	0,187

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

30. RELATED PARTY TRANSACTIONS

The Group has various transactions with related parties during the course of its operations. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note.

Due from and due to balances are unsecured and will be settled in cash. No bad debt provision is made for balances due from related parties in the current year.

Details of transactions between the Group and other parties related through common ownership are disclosed below.

Deposits in Eurobank Tekfen A.Ş.	31 December 2010	31 December 2009
Demand deposits	430	2.095
Time deposits	354.350	378.800
	354.780	380.895
Loans obtained from Eurobank Tekfen A.Ş. (Note:7)	3	2

Detail of the Group's loans obtained from related parties as of 31 December 2010 and 2009 are as follows:

31 December 2010 Loans obtained from related parties:	Original currency	Maturity	Weighted average interest rate %	Short term financial debts
Eurobank Tekfen A.Ş.	TRY	Spot	-	3
				3

31 December 2009 Loans obtained from related parties:	Original currency	Maturity	Weighted average interest rate %	Short term financial debts
Eurobank Tekfen A.Ş.	TRY	Spot	-	2
				2

	31 December 2010		31 December 2009	
	Due from	Due to	Due from	Due to
Balances with related parties	Short term	Short term	Short term	Short term
Subsidiaries				
Eurobank Tekfen	1.375	397	825	-
Tekzen	1.139	88	783	-
Tekfen Oz	3.550	9	3.872	-
Diğer	307	64	70	-
Immediate Family and upper management	43	39	33	22
Joint ventures	4.322	3.069	1.848	8.422
	10.736	3.666	7.431	8.444

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

30. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2010							
Transactions with related parties	Purchases	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other expense
Subsidiaries								
Tekfen Oz	-	39.393	66	-	1.148	15	2.106	881
Eurobank Tekfen	-	1.990	31.502	-	-	-	443	8
Akmerkez Lokantacılık	-	-	-	-	497	-	-	-
Tekzen	-	2.793	-	-	-	-	-	-
Üçgen Bakım	-	57	-	-	76	-	-	-
Akmerkez Gayrimenkul	-	-	-	-	3.281	-	-	-
Tekfen Vakfı	-	19	-	-	-	1	-	-
Other	-	39	-	-	235	1	-	-
Immediate Family and upper management	-	163	-	-	-	1	-	-
Joint ventures	75	18.234	2.783	-	-	-	-	-
	75	62.688	34.351	-	5.237	18	2.549	889

	1 January - 31 December 2009							
Transactions with related parties	Purchases	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other expense
Subsidiaries								
Tekfen Oz	-	16.703	-	-	1.624	-	91	-
Eurobank Tekfen	-	242	26.212	4	-	239	-	290
Akmerkez Lokantacılık	-	-	-	-	270	-	-	-
Tekzen	-	1.535	-	-	-	-	-	1
Üçgen Bakım	-	26	-	-	72	-	16	29
Akmerkez Gayrimenkul	-	-	-	-	4.404	-	-	156
Tekfen Vakfı	-	-	-	-	-	-	20	-
Other	-	-	-	-	339	-	-	-
Immediate Family and upper management	-	115	-	-	-	-	16	-
Joint ventures	87	19.083	5.082	-	-	2.361	-	-
	87	37.704	31.294	4	6.709	2.600	143	476

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

30. RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel:

The remuneration of directors and other members of key management during the year are as follows:

	31 December 2010	31 December 2009
Salaries and other short term benefits	8.624	7.862
	8.624	7.862

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt equity attributable to equity holders of the parent, comprising paid in capital, issue premium reserves and retained earnings..

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management provides services to the business, coordinates access to domestic and international markets, monitors, and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk.

The Group is not associated with any kind of financial instruments trading, including those of which derivative financial instruments for speculative purposes.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management

Credit risk exposure based on financial instrument categories	Receivables			
	Trade Receivables		Other Receivables	
31 December 2010	Related Party	Third Party	Third Party	Bank Deposit
Minimum credit risk exposure at balance sheet date (*)	10.736	420.804	16.939	749.734
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	65.838	-	-
A. Net book value of not due or not impaired financial assets	10.439	395.834	15.271	749.734
B. Net book value of assets that are due but not impaired	297	24.970	1.668	-
- Secured portion via guarantee or etc.	-	-	-	-
C. Net book value of impaired assets	-	-	-	-
- Over due (gross book value)	-	11.329	1.313	-
- Impairment (-)	-	(11.329)	(1.313)	-
- Secured net value via guarantee or etc.	-	-	-	-
31 December 2009				
Minimum credit risk exposure at balance sheet date (*)	7.431	364.955	25.873	551.781
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	38.461	-	-
A. Net book value of not due or not impaired financial assets	7.431	354.711	24.600	551.781
B. Net book value of assets that are due but not impaired	-	10.244	1.273	-
- Secured portion via guarantee or etc.	-	223	-	-
C. Net book value of impaired assets	-	-	-	-
- Over due (gross book value)	-	11.695	1.297	-
- Impairment (-)	-	(11.695)	(1.297)	-
- Secured net value via guarantee or etc.	-	-	-	-

(*) In determining the amounts, elements providing increase in loan credibility such as warrants received are not considered.
(**) Warrants consist of collateral bills, letters of guarantees and mortgages.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

31 December 2010	Trade Receivables	Other Receivables	Total
Overdue by 1-30 days	2.475	-	2.475
Overdue by 1-3 months	397	-	397
Overdue by 3-12 months	8.354	13	8.367
Overdue 1-5 years	21.584	2.397	23.981
Overdue by more than 5 years	3.786	571	4.357
Total overdue receivables	36.596	2.981	39.577
Total provision provided	(11.329)	(1.313)	(12.642)
Secured portion via guarantee or etc.	-	-	-

31 December 2009	Trade Receivables	Other Receivables	Total
Overdue by 1-30 days	824	-	824
Overdue by 1-3 months	747	-	747
Overdue by 3-12 months	1.781	-	1.781
Overdue 1-5 years	18.587	1.297	19.884
Overdue by more than 5 years	726	1.273	1.999
Total overdue receivables	22.665	2.570	25.235
Total provision provided	(12.421)	(1.297)	(13.718)
Secured portion via guarantee or etc.	223	-	223

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Collaterals held for the trade receivables that are past due as at the balance sheet date but not impaired are as follow:

	31 December 2010	31 December 2009
Guarantees received	-	223
	-	223

As at the balance sheet date, there are no collaterals held for the trade receivables that are past due and are impaired.

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk table:

31 December 2010

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Financial liabilities					
Bank loans	447.516	452.241	272.620	163.633	15.988
Finance lease obligations	27.768	29.671	1.251	16.301	12.119
Trade payables (due to related parties included)	513.438	514.105	276.270	236.548	1.287
Other payables	32.942	32.942	24.884	6.441	1.617
Total liabilities	1.021.664	1.028.959	575.025	422.923	31.011

31 December 2009

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Financial liabilities					
Bank loans	452.395	459.825	213.630	229.835	16.360
Finance lease obligations	59.931	65.666	5.356	33.826	26.484
Trade payables (due to related parties included)	471.977	472.913	344.522	125.497	2.894
Other payables	28.730	28.730	26.947	1.180	603
Total liabilities	1.013.033	1.027.134	590.455	390.338	46.341

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section b.3.1) and interest rates (refer to section b.3.2).

There has been no change to the Group's exposure to market risks or the manner which it manages and measures the risk.

b.3.1) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities as of balance sheet date are shown below.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2010	Equivalant of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalant of Thousands of TRY)
1. Trade Receivables	134.701	25.215	20.197	-	54.334
2. Monetary Financial Assets	212.036	101.692	5.473	143	43.264
3. Other	54.236	29.679	1.821	27	4.556
4. CURRENT ASSETS	400.973	156.586	27.491	170	102.154
5. Trade Receivables	1.537	-	459	-	596
6. Monetary Financial Assets	4.888	-	17	-	4.853
7. Other	94	61	-	-	-
8. NON CURRENT ASSETS	6.519	61	476	-	5.449
9. TOTAL ASSETS	407.492	156.647	27.967	170	107.603
10. Trade Payables	352.894	151.879	18.684	1.252	76.814
11. Financial Liabilities	69.547	37.174	5.581	-	640
12. Monetary Other Liabilities	73.271	2.480	3.658	-	61.941
12b. Non Monetary Other Liabilities	4.384	2.783	40	-	-
13. CURRENT LIABILITIES	500.096	194.316	27.963	1.252	139.395
14. Trade Payables	405	47	-	-	332
15. Financial Liabilities	1.383	787	81	-	-
16. Monetary Other Liabilities	8.312	247	-	-	7.930
17. NON CURRENT LIABILITIES	10.100	1.081	81	-	8.262
18. TOTAL LIABILITIES	510.196	195.397	28.044	1.252	147.657
19. Net foreign currency assets/(liabilities) position	(102.704)	(38.750)	(77)	(1.082)	(40.054)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(152.650)	(65.707)	(1.858)	(1.109)	(44.610)
21. Export	93.577	61.513	273	-	-
22. Import	779.961	404.254	27.719	2.538	112.320

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2009	Equivalant of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalant of Thousands of TRY)
1. Trade Receivables	92.226	10.014	28.508	2	15.558
2. Monetary Financial Assets	187.388	103.311	9.145	418	11.079
3. Other	17.269	4.621	4.031	94	1.378
4. CURRENT ASSETS	296.883	117.946	41.684	514	28.015
5. Trade Receivables	6.566	2.953	605	-	812
6. Monetary Financial Assets	11.934	-	17	-	11.898
7. Other	92	61	-	-	-
8. NON CURRENT ASSETS	18.592	3.014	622	-	12.710
9. TOTAL ASSETS	315.475	120.960	42.306	514	40.725
10. Trade Payables	232.424	125.432	7.568	801	25.297
11. Financial Liabilities	88.385	54.608	2.545	-	664
12. Monetary Other Liabilities	48.785	1.351	5.996	-	33.799
12b. Non Monetary Other Liabilities	25.715	12.153	80	-	7.243
13. CURRENT LIABILITIES	395.309	193.544	16.189	801	67.003
14. Trade Payables	1.987	-	-	-	1.987
15. Financial Liabilities	959	423	149	-	-
16. Monetary Other Liabilities	7.724	394	-	-	7.131
17. NON CURRENT LIABILITIES	10.670	817	149	-	9.118
18. TOTAL LIABILITIES	405.979	194.361	16.338	801	76.121
19. Net foreign currency assets/(liabilities) position	(90.504)	(73.401)	25.968	(287)	(35.396)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(82.150)	(65.930)	22.017	(381)	(29.532)
21. Export	77.991	50.032	315	-	-
22. Import	708.305	363.449	51.360	7.626	-

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollars and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss.

	31 December 2010	
	Profit / Loss	
	Appreciaition of foreign currencies	Depreciaition of foreign currencies
	If US Dollars 10% appreciated vs TRY	
US Dollars net assets / liabilities	(5.991)	5.991
	If Euro 10% appreciated vs TRY	
Euro net assets / liabilities	(16)	16
	If Other foreign currencies 10% appreciated vs TRY	
Other foreign currency net assets / liabilities	(4.263)	4.263
TOTAL	(10.270)	10.270

	31 December 2009	
	Profit / Loss	
	Appreciaition of foreign currencies	Depreciaition of foreign currencies
	If US Dollars 10% appreciated vs TRY	
US Dollars net assets / liabilities	(11.052)	11.052
	If Euro 10% appreciated vs TRY	
Euro net assets / liabilities	5.610	(5.610)
	If Other foreign currencies 10% appreciated vs TRY	
Other foreign currency net assets / liabilities	(3.608)	3.608
TOTAL	(9.050)	9.050

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.2) Interest rate risk management

Interest rate sensitivity

Detail of the Group's financial instruments exposed to interest rate sensitivity is as follows:

Interest Position Table

	31 December 2010	31 December 2009
Financial liabilities - Fixed Interest Rate Instruments	473.445	507.863
Financial liabilities - Floating Interest Rate Instruments	1.839	4.463

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. The Group management does not expect any significant changes in interest rates.

At 31 December 2010 if the TRY denominated interest rate had been 50 basis points higher/lower and all other variables held constant, profit before tax and minority interest would decrease/increase by 9 (31 December 2009: 22).

b.3.3) Other price risks

Equity pricing sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks for stock.

At reporting date, if variable valuation methods had been 10% higher/lower and all other variables held constant:

- As at 31 December 2010, unless stock investments are disposed of and if are not subject to any impairment and as long as classified as assets held for sale, they will have no effect over net profit/loss.
- There will be an increase/decrease of 11.983 (31 December 2009: 4.668 increase/decrease) in other equity funds. This is mainly caused as a result of changes in fair values of.stocks classified as held for sale.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

32. FINANCIAL INSTRUMENTS

31 December 2010	Loans and receivables (including cash and cash equivalents)	Available for sale investments	Financial liabilities at amortized cost	Carrying value(*)	Note
Financial assets					
Cash and cash equivalents	758.554	-	-	758.554	5
Trade receivables (due from related parties included)	431.540	-	-	431.540	8,31
Financial investments	-	127.900	-	127.900	6
Other current and non current assets	16.939	-	-	16.939	9
Financial liabilities					
Financial debts	-	-	475.284	475.284	7,31
Trade payables (due to related parties included)	-	-	513.438	513.438	8,31
Other short and long term liabilities	-	-	32.942	32.942	9

31 December 2009					
Financial assets					
Cash and cash equivalents	561.360	-	-	561.360	5
Trade receivables (due from related parties included)	372.386	-	-	372.386	8,31
Financial investments	-	51.256	-	51.256	6
Other current and non current assets	25.873	-	-	25.873	9
Financial liabilities					
Financial debts	-	-	512.326	512.326	7,31
Trade payables (due to related parties included)	-	-	471.977	471.977	8,31
Other short and long term liabilities	-	-	28.730	28.730	9

(*) The Group believes that the carrying values of its financial instruments reflect their fair values.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

• Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

• Level 2: The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

• Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data

The fair values of financial assets and financial liabilities are as follows:

		Fair value level as of reporting date		
Financial assets	31 December 2010	Level 1	Level 2	Level 3
Asset held for sale financial investments	126.195	126.195	-	-
Total	126.195	126.195	-	-

		Fair value level as of reporting date		
Financial assets	31 December 2009	Level 1	Level 2	Level 3
Asset held for sale financial investments	49.699	49.699	-	-
Total	49.699	49.699	-	-

33. SUBSEQUENT EVENTS

Tekfen-TML Partnership, a joint venture of which 67% is owned by the Group, has ceased its operations in Libya for an indefinite period of time due to recent and unfavorable developments in the country subsequent to the balance sheet date. As of 31 December 2010, the accompanying consolidated financial statements include total assets of 191.848 (USD 124.093 thousand), total debt of 50.120 (USD 32.419 thousand) resulting a net asset of 141.728. In addition, the amount of letters of guarantees given related to such projects to various companies/institutions amounts to 51.167 (USD 33.096 thousand).

Group will make cash payment of 43.866 for capital increase of Eurobank Tekfen A.Ş which is Company's investment that consolidated by equity method.

Tekfen Inşaat signed two contracts worth a total of 973.980 (USD 630 million) in Morocco. The statement details that Tekfen Inşaat will establish a pipe line for the state-owned company Office Cherifien des Phosphates in a 711.160 (USD 460 million) deal. Tekfen İnşaat also signed a 262.820 (USD 170 million) contract to construct two DAP facilities projects. Construction of DAP facility projects will be completed in June 2012.

Tekfen Inşaat agrees with Qatar authorities to construct a 9 km-long highway called "Ceremonial National Day Road". The deal is 115.950 (USD 75 million) and it is expected to be completed in 10 months.

Tekfen Inşaat agrees with Turkmenistan authorities regarding the development of southern Yoloten gas field in this country as a subcontractor. The size of the entire project is 404.124 (USD 261,4 million).