

**TEKFEN HOLDİNG ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH
INTERIM PERIOD
ENDED 30 JUNE 2010
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT

**CONVENIENCE TRANSLATION OF THE REVIEW REPORT AND
THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

**1 JANUARY – 30 JUNE 2010 INTERIM PERIOD
REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors of
Tekfen Holding Anonim Şirketi

Introduction

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

Scope of Review

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

Conclusion

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

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

As explained in detail on the audited consolidated financial statements of 31 December 2009, 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.

İstanbul, 25 August 2010

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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010**

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

ASSETS	Notes	Reviewed 30 June 2010	Audited 31 December 2009
Current Assets		1.793.868	1.709.760
Cash and cash equivalents		622.276	561.360
Trade receivables		377.277	334.010
Other receivables	7	9.398	12.327
Inventories	8	262.653	280.426
Receivables from ongoing construction contracts	9	452.840	446.171
Other current assets		55.579	63.379
		1.780.023	1.697.673
Assets classified as held for sale		13.845	12.087
Non Current Assets		1.089.773	1.064.063
Trade receivables		50.118	38.376
Other receivables	7	8.196	13.546
Financial investments		77.712	51.256
Investments valued by equity method		155.813	151.264
Investment property	10	107.818	96.778
Property, plant and equipment	10	627.293	634.700
Intangible assets	10	3.186	2.778
Deferred tax assets		17.726	35.508
Other non current assets		41.911	39.857
TOTAL ASSETS		2.883.641	2.773.823

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010**

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

LIABILITIES	Notes	Reviewed 30 June 2010	Audited 31 December 2009
Current Liabilities		1.224.259	1.231.268
Financial debts	14	515.316	471.680
Trade payables		433.315	469.170
Other payables		23.916	28.127
Current tax liability		10.272	7.415
Ongoing construction progress payments	9	41.993	41.128
Provisions	11	20.850	18.288
Employee benefits	13	29.875	31.561
Other short term liabilities		148.722	163.899
Non Current Liabilities		82.750	98.647
Financial debts	14	19.606	40.646
Trade payables		1.375	2.807
Other payables		1.669	603
Employee benefits	13	31.057	29.120
Deferred tax liabilities		29.043	25.471
SHAREHOLDERS' EQUITY	5	1.576.632	1.443.908
Equity Attributable To Owners Of The Parents		1.557.184	1.424.998
Paid in capital		370.000	370.000
Capital structure adjustments		3.475	3.475
Premiums in capital stock		301.839	301.839
Revaluation growth funds		59.428	38.059
Currency translation reserve		69.304	45.765
Restricted profit reserves		53.602	40.834
Retained earnings		592.948	555.682
Net profit for the period		106.588	69.344
Non-controlling Interests		19.448	18.910
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2.883.641	2.773.823

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

	Notes	Reviewed 1 January- 30 June 2010	Unaudited 1 April- 30 June 2010	Reviewed 1 January- 30 June 2009	Unaudited 1 April- 30 June 2009
- Revenue		1.103.344	501.331	1.203.220	559.235
- Cost of revenue (-)		(876.788)	(411.232)	(1.077.425)	(547.902)
GROSS PROFIT		226.556	90.099	125.795	11.333
- Marketing, selling and distribution expenses (-)		(46.482)	(20.282)	(36.551)	(15.029)
- General administrative expenses (-)		(42.398)	(18.787)	(44.855)	(21.064)
- Research and development expenses (-)		(60)	(24)	(212)	(78)
- Other operating income		9.662	5.291	16.247	9.690
- Other operating expenses		(11.176)	(3.674)	(13.077)	(9.764)
OPERATING PROFIT / (LOSS)		136.102	52.623	47.347	(24.912)
- Share on profit / (loss) of investments valued using equity method		5.501	1.815	8.162	3.248
- Financial income	17	89.946	53.060	108.841	70.269
- Financial expense	17	(93.717)	(53.947)	(144.805)	(53.081)
PROFIT BEFORE TAXATION / (LOSS)		137.832	53.551	19.545	(4.476)
Tax (expense) / income		(31.356)	(13.845)	(7.076)	11.209
- Tax expense for the period		(11.940)	(7.367)	(13.654)	(5.677)
- Deferred tax (expense) / income		(19.095)	(6.144)	6.238	17.175
- Currency translation reserve		(321)	(334)	340	(289)
NET PROFIT FOR THE PERIOD		106.476	39.706	12.469	6.733
Distribution of Profit For The Period					
Non-controlling Interests		(112)	(72)	(125)	(66)
Owners of the parent		106.588	39.778	12.594	6.799
Earnings Per Share	16	0,288	0,108	0,034	0,018

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

	Reviewed 1 January- 30 June 2010	Unaudited 1 April- 30 June 2010	Reviewed 1 January- 30 June 2009	Unaudited 1 April- 30 June 2009
NET PROFIT FOR THE PERIOD	106.476	39.706	12.469	6.733
Other Comprehensive Income / (Expense):				
Change in fair value reserve of financial assets	26.233	(24.385)	5.763	2.955
Change in currency translation reserve	24.189	16.651	19.405	(32.936)
Share on other comprehensive income of investments valued using equity method	(3.552)	(1.135)	4.987	3.308
Tax (expense) / income based on other comprehensive income	(1.312)	1.219	(288)	(148)
COMPREHENSIVE INCOME / (LOSS) AFTER TAX	45.558	(7.650)	29.867	(26.821)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	152.034	32.056	42.336	(20.088)
Distribution of Total Comprehensive Income / (Loss) For The Period				
Non-controlling Interests	538	397	1	(1.690)
Owners of the parent	151.496	31.659	42.335	(18.398)

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

	Other comprehensive income										Total
	Revaluation growth funds										
	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	Net profit for the period	Retained earnings	Non controlling interest	
Opening balances as of 1 January 2009	296.775	3.475	301.839	2.055	16.627	31.302	24.490	91.032	555.877	19.251	1.342.723
Total comprehensive income	-	-	-	970	9.492	19.279	-	12.594	-	1	42.336
Capital increase from retained earnings	73.225	-	-	-	-	-	-	-	(73.225)	-	-
Transfers to retained earnings	-	-	-	-	-	-	-	(91.032)	91.032	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	11.687	-	(11.687)	-	-
Temettül dağıtımı	-	-	-	-	-	-	-	-	(1.658)	-	(1.658)
Balance as of 30 June 2009	370.000	3.475	301.839	3.025	26.119	50.581	36.177	12.594	560.339	19.252	1.383.401
Opening balances as of 1 January 2010	370.000	3.475	301.839	2.277	35.782	45.765	40.834	69.344	555.682	18.910	1.443.908
Total comprehensive income	-	-	-	(1.158)	22.527	23.539	-	106.588	-	538	152.034
Transfers to retained earnings	-	-	-	-	-	-	-	(69.344)	69.344	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	12.768	-	(12.768)	-	-
Payment of dividends	-	-	-	-	-	-	-	-	(19.310)	-	(19.310)
Balance as of 30 June 2010	370.000	3.475	301.839	1.119	58.309	69.304	53.602	106.588	592.948	19.448	1.576.632

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

Notes	Reviewed 1 January - 30 June 2010	Reviewed 1 January - 30 June 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	106,588	12,594
Adjustments to reconcile net profit for the period to cash provided by operating activities:		
Change in non-controlling interests	(112)	(125)
Depreciation and amortization of tangible and intangible assets	10 36,257	43,642
Depreciation of investment property	10 1,709	1,641
Changes in provisions	11,13 8,228	8,554
Group's share on net assets of investments in associates valued by equity method	(6,649)	(9,313)
Gain on sale of tangible asset (net)	10 (1,889)	(1,097)
Changes in financial investments	(223)	(139)
Changes in assets classified as held for sale	3,364	(173)
Changes in allowance for impairment on inventory	8 3	6,311
Reversal of unnecessary provisions	8,11 (134)	(82,479)
Net interest income	17 (24,902)	(23,983)
Net interest expense	17 16,212	29,732
Gains from subsidiaries	(4,088)	(4,739)
Allowance for taxation	31,356	7,076
Changes in expense accruals	(8,813)	1,059
Changes in income accruals	786	674
Foreign currency translation reserve (net)	31,037	4,661
Cash generated by / (used in) operating activities before changes in working capital	188,730	(6,104)
Changes in working capital	18 (69,974)	95,542
Interest received	24,044	23,609
Payments	18 (29,330)	(48,125)
Cash generated by / (used in) operating activities	113,470	64,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Effect of investments in associates subsidiaries valued by equity method	(1,452)	(38,481)
Acquisition of tangible and intangible assets	10 (23,190)	(12,272)
Proceeds from sale of tangible and intangible assets	10 5,823	3,472
Acquisition of investment property	10 (12,900)	-
Dividend income	4,088	4,739
Cash used in investing activities	(27,631)	(42,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(19,310)	(1,658)
Proceeds from borrowings	299,953	267,732
Repayments of borrowings	(289,974)	(241,648)
Finance lease paid	(16,450)	(24,633)
Cash used in financing activities	(25,781)	(207)
CHANGE IN CASH AND CASH EQUIVALENTS	60,058	22,173
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	561,360	506,364
Interest accrual on cash and cash equivalents	858	374
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	622,276	528,911

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

(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, Berker and Gökyiğit families. The Company and its subsidiaries are referred as "the Group" in the accompanying condensed consolidated financial statements.

As of 30 June 2010, the Group has 11.143 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.

The Company shares are being publicly traded in Istanbul Stock Exchange Market since 23 November 2007.

Changes in the subsidiaries of the Company as of 30 June 2010:

Tekfen Dış Ticaret A.Ş., whose capital is participated by 100% by the Group and whose operations are classified as discontinued in the consolidated financial statements dated 31 December 2009 is merged under Tekfen Endüstri ve Ticaret A.Ş. whose capital is participated by 100% by the Group as of 30 June 2010.

Approval of condensed consolidated financial statements:

After the approval of Board of Directors, the condensed consolidated financial statements are published on 25 August 2010.

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the accounting principles in line with the Turkish Commercial Code ("TCC") and Tax Legislation. Subsidiaries those are registered in foreign countries maintain their books of account and prepare their statutory financial statements 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 such 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.

As the differences between the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report, the accompanying condensed consolidated financial statements and condensed notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB on 17 April 2008 and 9 January 2009.

CMB allows the publicly-traded companies to present the financial statements in full set or condensed presentation in accordance with IAS 34 "Interim Financial Reporting" standard. The Group has preferred to disclose its interim consolidated financial statements as of 30 June 2010 in condensed format.

Based on the notification, the descriptions and disclosures which are needed in the financial statements annually are summarized appropriately in accordance with IAS/IFRS or not mentioned. The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2009 and the related disclosures. Interim periods' financial statements cannot be the sole indicator of the year-end results by themselves.

The Group continues to apply the same accounting policies and accounting estimates which are mentioned in the consolidated financial statements as of 31 December 2009.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

3. ADOPTION OF NEW AND REVISED STANDARDS

In the current period, the Group does not have any new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") that are relevant to its operations and effective for accounting periods beginning on 1 January 2010.

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

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

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

This is not currently applicable to the Group as the Group does not have bussiness combinations.

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

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

3. ADOPTION OF NEW AND REVISED STANDARDS (cont’d)

New standards, new interpretations and amendments to standards and interpretations have been issued but are not effective and have not been early adopted by the Group

The following standards and interpretations have been issued but are not effective on the approval date of the condensed consolidated financial statements:

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. The Group does not expect any impact of the adoption of this new standard on the financial statements.

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 does not expect any impact of the adoption of this new standard on the financial statements.

IAS 24 (2009) Related Party Disclosures

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

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, these amendments require 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 does not expect any impact of the adoption of this amendment on the financial statements.

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

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

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

3. ADOPTION OF NEW AND REVISED STANDARDS (cont’d)

New standards, new interpretations and amendments to standards and interpretations have been issued but are not effective and have not been early adopted by the Group (cont’d)

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/interpretations as follow: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements; IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments are allowed.

4. EVENTS AND TRANSACTIONS AFFECTING CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY LEVEL OF SIGNIFICANCE

Due to the strike in the months of April and May in 2009, low sales tonnages in the six month interim period ended 30 June 2009 and the higher cost of inventories than the sales prices in 2009, the gross profit of the Agriculture segment of the Group is lower than the gross profit of the same segment for the six month interim period ended 30 June 2010.

The revenue of the Real Estate segment of the Group for the six month interim period ended 30 June 2009 is higher than the revenue for the six month interim period ended 30 June 2010 due to the hotel sales revenue in amounting 28.800 in Bodrum Yalıkavak project in 2009.

The Group has reclassified certain “Property” (land and buildings), having total net book value of 5.123 to the “assets classified as held for sale”.

5. SIGNIFICANT CHANGES IN SHAREHOLDERS’EQUITY

Fair Value Reserve of Financial Investments:

The positive change of 24.921 and negative change of 2.394 in the fair values of the Financial Investments which have been traded in the Stock Exchange Market have been directly recognized in equity (30 June 2009 – positive change: 9.492 and negative change: none).

Restricted Profit Reserves:

In accordance with the resolutions taken during the General Meetings of Group Companies as of 30 June 2010, 12.768 of restricted reserves were transferred from retained earnings at the condensed consolidated financial statements (30 June 2009: 11.687).

Dividends Paid:

Upon the decision taken in the Ordinary General Assembly held on 30 April 2010, profit shares of 18.052 and 1.258 were distributed to owners of the Parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share, respectively.

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6. SEGMENTAL REPORTING

a) Segmental results

	1 January-30 June 2010					
	Contracting	Agriculture	Estate	Other	Eliminations	Total
Revenue	515.168	526.500	25.755	35.921	-	1.103.344
Intra-segment sales	109.138	7.951	20	883	(117.992)	-
Inter-segment sales	-	244	121	446	(811)	-
TOTAL REVENUE	624.306	534.695	25.896	37.250	(118.803)	1.103.344
Cost of revenue	(443.246)	(388.048)	(23.933)	(21.561)	-	(876.788)
GROSS PROFIT	71.922	138.452	1.822	14.360	-	226.556
Marketing, selling and distribution expenses (-)	(146)	(42.274)	-	(4.062)	-	(46.482)
General administrative expenses (-)	(23.616)	(8.276)	(419)	(10.087)	-	(42.398)
Research and development expenses (-)	-	(60)	-	-	-	(60)
Other operating income	4.147	3.700	283	1.532	-	9.662
Other operating expenses (-)	(1.479)	(3.365)	(776)	(5.556)	-	(11.176)
OPERATING PROFIT / (LOSS)	50.828	88.177	910	(3.813)	-	136.102
Share on profit / (loss) of investments valued using equity method	-	-	-	5.501	-	5.501
Financial income	23.842	40.257	2.864	22.983	-	89.946
Financial expenses (-)	(52.400)	(33.739)	(2.020)	(5.558)	-	(93.717)
PROFIT BEFORE TAXATION	22.270	94.695	1.754	19.113	-	137.832
Tax expense	(6.486)	(19.535)	(440)	(4.895)	-	(31.356)
NET PROFIT FOR THE PERIOD	15.784	75.160	1.314	14.218	-	106.476

The Group has 28.552 of revenue and 14.014 of operating income from terminal operations classified as agricultural operation in the period of 30 June 2010.

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6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 April -30 June 2010					
	Contracting	Agriculture	Estate	Other	Eliminations	Total
Revenue	281.413	184.576	15.351	19.991	-	501.331
Intra-segment sales	47.823	3.849	11	851	(52.534)	-
Inter-segment sales	-	120	60	(150)	(30)	-
TOTAL REVENUE	329.236	188.545	15.422	20.692	(52.564)	501.331
Cost of revenue	(247.287)	(137.751)	(14.193)	(12.001)	-	(411.232)
GROSS PROFIT	34.126	46.825	1.158	7.990	-	90.099
Marketing, selling and distribution expenses (-)	(40)	(17.945)	-	(2.297)	-	(20.282)
General administrative expenses (-)	(10.064)	(3.647)	(203)	(4.873)	-	(18.787)
Research and development expenses (-)	-	(24)	-	-	-	(24)
Other operating income	2.613	1.771	193	714	-	5.291
Other operating expenses (-)	(804)	(2.263)	(390)	(217)	-	(3.674)
OPERATING PROFIT	25.831	24.717	758	1.317	-	52.623
Share on profit / (loss) of investments valued using equity method	-	-	-	1.815	-	1.815
Financial income	14.795	23.908	1.888	12.469	-	53.060
Financial expenses (-)	(31.283)	(20.918)	(1,433)	(313)	-	(53,947)
PROFIT BEFORE TAXATION	9.343	27.707	1.213	15.288	-	53.551
Tax expense	(4.037)	(6.416)	(262)	(3.130)	-	(13.845)
NET PROFIT FOR THE PERIOD	5.306	21.291	951	12.158	-	39.706

The Group has 15.583 of revenue and 8.342 of operating income from terminal operations classified as agricultural operation in the period of 1 April - 30 June 2010.

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6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 January-30 June 2009					
	Real					
	Contracting	Agriculture	Estate	Other	Eliminations	Total
Revenue	647.106	474.378	48.165	33.571	-	1.203.220
Intra-segment sales	74.599	2.249	11	233	(77.092)	-
Inter-segment sales	478	435	145	825	(1.883)	-
TOTAL REVENUE	722.183	477.062	48.321	34.629	(78.975)	1.203.220
Cost of revenue	(576.932)	(438.626)	(39.646)	(22.221)	-	(1.077.425)
GROSS PROFIT	70.174	35.752	8.519	11.350	-	125.795
Marketing, selling and distribution expenses (-)	(60)	(32.956)	-	(3.535)	-	(36.551)
General administrative expenses (-)	(26.722)	(9.108)	(278)	(8.747)	-	(44.855)
Research and development expenses (-)	-	(212)	-	-	-	(212)
Other operating income	5.744	7.671	575	2.257	-	16.247
Other operating expenses (-)	(7.599)	(3.628)	(910)	(940)	-	(13.077)
OPERATING PROFIT / (LOSS)	41.537	(2.481)	7.906	385	-	47.347
Share on profit / (loss) of investments valued using equity method	-	-	-	-	-	-
Financial income	32.139	41.618	2.911	32.173	-	108.841
Financial expenses (-)	(59.670)	(54.749)	(4.217)	(26.169)	-	(144.805)
PROFIT / (LOSS) BEFORE TAXATION	14.006	(15.612)	6.600	14.551	-	19.545
Tax (expense) / income	(7.056)	5.138	(1.221)	(3.937)	-	(7.076)
NET PROFIT / (LOSS) FOR THE PERIOD	6.950	(10.474)	5.379	10.614	-	12.469

The Group has 24.196 of revenue and 9.445 of operating income from terminal operations classified as agricultural operation in the period of 30 June 2009.

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6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 April -30 June 2009				
	Contracting	Agriculture	Estate	Other	Total
Revenue	325.430	173.436	42.166	18.203	559.235
Intra-segment sales	28.803	892	(99)	220	(29.816)
Inter-segment sales	478	435	(409)	111	(615)
TOTAL REVENUE	354.711	174.763	41.658	18.534	559.235
Cost of revenue	(299.595)	(201.770)	(33.884)	(12.653)	(547.902)
GROSS PROFIT / (LOSS)	25.835	(28.334)	8.282	5.550	11.333
Marketing, selling and distribution expenses (-)	(48)	(13.058)	6	(1.929)	(15.029)
General administrative expenses (-)	(15.179)	(2.737)	(163)	(2.985)	(21.064)
Research and development expenses (-)	-	(78)	-	-	(78)
Other operating income	3.746	3.739	243	1.962	9.690
Other operating expenses (-)	(6.216)	(2.303)	(687)	(558)	(9.764)
OPERATING PROFIT / (LOSS)	8.138	(42.771)	7.681	2.040	(24.912)
Share on profit / (loss) of investments valued using equity method	-	-	-	3.248	3.248
Financial income	26.318	20.574	2.757	20.620	70.269
Financial expenses (-)	(28.811)	(17.394)	(950)	(5.926)	(53.081)
PROFIT / (LOSS) BEFORE TAXATION	5.645	(39.591)	9.488	19.982	(4.476)
Tax (expense) / income	(5.308)	19.659	(1.747)	(1.395)	11.209
NET PROFIT / (LOSS) FOR THE PERIOD	337	(19.932)	7.741	18.587	6.733

The Group has 13.144 of revenue and 6.136 of operating income from terminal operations classified as agricultural operation in the period of 1 April - 30 June 2009.

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6. SEGMENTAL REPORTING (cont'd)

b) As of 30 June 2010 and 31 December 2009 segmental assets and liabilities are as follows:

	30 June 2010				Total
	Contracting	Agriculture	Real Estate	Other	
Balance sheet					
Total assets	1.315.426	817.469	30.035	720.711	2.883.641
Total liabilities	968.401	248.700	15.231	74.677	1.307.009
Shareholders' equity	266.188	110.430	100	1.180.466	1.557.184
Non-controlling interests	15.697	3.634	155	(38)	19.448
	31 December 2009				Total
Balance sheet	Contracting	Agriculture	Real Estate	Other	
Total assets	1.290.396	738.377	31.713	713.337	2.773.823
Total liabilities	977.831	249.247	18.063	84.774	1.329.915
Shareholders' equity	229.253	29.784	(40)	1.166.001	1.424.998
Non-controlling interests	15.207	3.631	192	(120)	18.910

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6. SEGMENTAL REPORTING (cont'd)

c) Segmental information related to property, plant and equipment, intangible assets and investment property for the periods ended 30 June 2010 and 30 June 2009 are follows:

	1 January-30 June 2010				
	Contracting	Real			Total
		Agriculture	Estate	Other	
Capital expenditures (*)	17.571	5.242	166	13.111	36.090
Depreciation and amortization expense for the period (**)	27.926	7.384	216	2.482	38.008
	1 April - 30 June 2010				
	Contracting	Real			Total
	Agriculture	Estate	Other		
Capital expenditures (*)	13.325	1.311	145	92	14.873
Depreciation and amortization expense for the period	12.918	3.772	109	1.192	17.991
	1 January-30 June 2009				
	Contracting	Real			Total
	Agriculture	Estate	Other		
Capital expenditures (*)	8.506	2.990	209	567	12.272
Depreciation and amortization expense for the period (**)	33.798	9.192	188	2.438	45.616
	1 April - 30 June 2009				
	Contracting	Real			Total
	Agriculture	Estate	Other		
Capital expenditures (*)	1.362	1.042	107	484	2.995
Depreciation and amortization expense for the period	15.679	4.599	96	1.169	21.543

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

(**) Depreciation expense of 42 is capitalized within the cost of inventory (30 June 2009: 333).

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6. SEGMENTAL REPORTING (cont'd)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-30 June 2010)	673.622	136.367	54.445	319.307	43.116	(123.513)	1.103.344
Total assets (30 June 2010)	3.371.694	611.936	177.797	588.846	327.616	(2.194.248)	2.883.641
Capital expenditures (1 January - 30 June 2010)(*)	28.431	285	80	7.165	129	-	36.090
				Middle Eastern Countries			
Revenue (1 April-30 June 2010)	260.140	67.540	29.386	184.615	16.924	(57.274)	501.331
Capital expenditures (1 April - 30 June 2010)(*)	9.795	235	36	4.859	74	-	14.999
				Middle Eastern Countries			
Revenue (1 January-30 June 2009)	723.028	67.178	138.289	302.988	50.712	(78.975)	1.203.220
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 - 30 June 2009)(*)	7.882	348	1.324	2.605	113	-	12.272
				Middle Eastern Countries			
Revenue (1 April-30 June 2009)	322.881	24.398	66.044	157.403	18.940	(30.431)	559.235
Capital expenditures (1 April - 30 June 2009)(*)	2.495	251	280	-	63	-	3.089

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

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7. OTHER RECEIVABLES

	30 June 2010	31 December 2009
Other short term receivables		
Other receivables	3.527	4.700
Income accruals	1.814	2.601
Deposits and guarantees given	2.357	2.062
Finance lease receivables	-	1.748
Credit card receivables with maturity longer than three months	1.700	1.216
Other doubtful receivables	571	571
Other doubtful receivable provision (-)	(571)	(571)
	<u>9.398</u>	<u>12.327</u>

	30 June 2010	31 December 2009
Other long term receivables		
Finance lease receivables	-	7.867
Deposits and guarantees given	6.981	4.643
Blocked deposits	1.215	1.036
	<u>8.196</u>	<u>13.546</u>

	30 June 2010	31 December 2009
Gross rent receivables	-	9.962
Less (unearned interest income)	-	(347)
	<u>-</u>	<u>9.615</u>

The financial receivable of the Group presented on the consolidated financial statements as of 31 December 2009 is sold for 9.672 during the period.

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8. INVENTORIES

	30 June 2010	31 December 2009
Raw materials	23.382	22.769
Work in progress	39.438	23.757
Finished goods	19.298	22.418
Trading goods	16.985	80.317
Goods in transit	47.539	25.924
Inventory at construction sites	92.824	83.177
Other inventories	24.089	22.926
Allowance for impairment on inventory (-)	(902)	(862)
	<u>262.653</u>	<u>280.426</u>

<u>Movement of allowance for impairment on inventory</u>	<u>2010</u>	<u>2009</u>
Provision as of 1 January	(862)	(78.116)
Charge for the period	(3)	(6.311)
Currency translation effect	(37)	(2)
Provision released	-	78.113
Provision as of 30 June	<u>(902)</u>	<u>(6.316)</u>

Impairment on inventory is accounted in the cost of revenue.

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9. CONSTRUCTION CONTRACTS

	30 June 2010	31 December 2009
Cost incurred on uncompleted contracts	3.410.118	3.371.865
Recognised gain less losses (net)	339.887	378.472
	<u>3.750.005</u>	<u>3.750.337</u>
Less: Billings to date (-)	(3.339.158)	(3.345.294)
	<u>410.847</u>	<u>405.043</u>

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

	30 June 2010	31 December 2009
From customers under construction contracts	452.840	446.171
To customers under construction contracts	(41.993)	(41.128)
	<u>410.847</u>	<u>405.043</u>

	30 June 2010	31 December 2009
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	444.840	439.992
Contracts undersigned in Turkey	8.000	6.179
	<u>452.840</u>	<u>446.171</u>
<u>Payables from uncompleted contracts</u>		
Contracts undersigned abroad	(41.273)	(31.595)
Contracts undersigned in Turkey	(720)	(9.533)
	<u>(41.993)</u>	<u>(41.128)</u>
	<u>410.847</u>	<u>405.043</u>

As of 30 June 2010, total retention receivables amount to 51.517 (31 December 2009: 32.704).

The Group has 133.045 of advances received for contracting projects that is accounted in other short term liabilities (31 December 2009: 136.071).

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10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY

	Property, plant and equipment	Intangible assets	Investment property
Cost Value			
Opening balance as of 1 January 2010	1,689,996	11,716	119,792
Currency translation effect	22,997	336	(151)
Additions	22,507	683	12,900
Diposals	(12,458)	(274)	-
Transfers	(6,078)	543	-
Closing balance as of 30 June 2010	<u>1,716,964</u>	<u>13,004</u>	<u>132,541</u>
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2010	(1,055,296)	(8,938)	(23,014)
Currency translation effect	(7,905)	(261)	-
Charge for the period	(35,425)	(874)	(1,709)
Disposals	8,543	255	-
Transfers	412	-	-
Closing balance as of 30 June 2010	<u>(1,089,671)</u>	<u>(9,818)</u>	<u>(24,723)</u>
Carrying value as of 30 June 2010	<u>627,293</u>	<u>3,186</u>	<u>107,818</u>

	Property, plant and equipment	Intangible assets	Investment property
Cost Value			
Opening balance as of 1 January 2009	1,691,762	11,077	119,803
Currency translation effect	8,532	126	26
Additions	11,968	304	-
Diposals	(4,849)	-	-
Transfers	(15,921)	-	-
Closing balance as of 30 June 2009	<u>1,691,492</u>	<u>11,507</u>	<u>119,829</u>
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2009	(1,000,810)	(7,253)	(19,797)
Currency translation effect	(3,004)	(61)	-
Charge for the period	(42,837)	(1,138)	(1,641)
Disposals	2,474	-	-
Closing balance as of 30 June 2009	<u>(1,044,177)</u>	<u>(8,452)</u>	<u>(21,438)</u>
Carrying value as of 30 June 2009	<u>647,315</u>	<u>3,055</u>	<u>98,391</u>

Property, plant and equipment includes fixed assets with carrying value of 115.386 purchased through financial lease (30 June 2009: 138.706).

The amount of mortgage on buildings given against to the financial borrowings is 3.205 (30 June 2009: 3.205). These mortgages are completely annulled after the balance sheet date.

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11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	30 June 2010	31 December 2009
Provision for litigation	15.511	15.260
Other provisions	5.339	3.028
	20.850	18.288

Movement of provision for litigation is as follows:

	2010	2009
Provision as of 1 January	15.260	20.767
Provision paid (-)	(103)	(718)
Charge for the period	498	798
Provision released	(134)	(4.366)
Currency translation effect	(10)	(567)
Provision as of 30 June	15.511	15.914

Litigations:

Upon the consultation of legal advisors, as of 30 June 2010, the management has decided to accrue 15.511 (31 December 2009: 15.260) of provision for lawsuits that might have high probability of potential outflow from the Group. Based on the legal advice of lawyers, the Group foresees no significant risks regarding 25.764 (31 December 2009: 52.958) of lawsuit filed against the Group. The Group's subsidiary, Tekfen İnşaat ve Tesisat A.Ş. has won a legal case as a defendant amounting to 26.770 without any resource allocation.

As explained in detail in the notes of the audited consolidated financial statements as of 31 December 2009, the uncertainty about the outcome of the legal process of the closure of Samsun Gübre facility with the written petition dated 6 December 2007 of Samsun Municipality is still ongoing.

12. COMMITMENTS AND OBLIGATIONS

The guarantee, pledge and mortgage position tables of the Group as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
A. GPM given on behalf of its own legal entity	148.538	146.361
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.254.486	1.334.668
C. GPM given in order to guarantee third parties debts for 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	1.403.024	1.481.029

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13. EMPLOYEE BENEFITS

	30 June 2010	31 December 2009
Short term employee benefits:		
Retirement pay provision	338	2,880
Unused vacation pay liability provision	13,606	9,638
Premium provision	4,013	7,468
Other employee benefits provisions	11,918	11,575
	<u>29,875</u>	<u>31,561</u>
Long term employee benefits:		
Retirement pay provision	31,057	29,120

The amount payable to employee calculated by one month salary is limited to a maximum TRY 2.517 (31 December 2009: TRY 2.427) as of 30 June 2010.

	30 June 2010	31 December 2009
Short term retirement pay provision	338	2.880
Long term retirement pay provision	31.057	29.120
	<u>31.395</u>	<u>32.000</u>

	Retirement Pay Provision	Premium Provision
Opening balance as of 1 January 2010	32,000	7,468
Currency translation effect	90	(2)
Service expense	2,937	4,057
Interest expense	736	-
Provision paid (-)	(4,368)	(7,510)
Closing balance as of 30 June 2010	<u>31,395</u>	<u>4,013</u>
Opening balance as of 1 January 2009	36,149	6,575
Currency translation effect	88	(25)
Service expense	4,370	1,303
Interest expense	715	-
Provision paid (-)	(6,195)	(5,108)
Closing balance as of 30 June 2009	<u>35,127</u>	<u>2,745</u>

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

14. FINANCIAL DEBTS

The Company's short term financial debts, utilized to finance its working capital flow are reclassified as long term whose maturities passed 30 June 2011 according to their opening dates. Annual weighted average interest rate of loans borrowed during the period in term of US Dollars is 3,45% (31 December 2009: 4,24%).

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

According to IAS 24, the shareholders, Group companies and their subsidiaries, management and other related parties are classified as related parties.

4 office floor located at Tekfen Tower Building which is 4.180 square meters have been purchased from Eurobank Tekfen A.Ş., an investment that is accounted by equity method with respect to the agreement between the Company and Eurobank Tekfen A.Ş. dated 16 March 2007. It is recorded at a value of 12.886 as of 18 January 2010.

Group has a total deposit of 503.603 in Eurobank Tekfen A.Ş. as of 30 June 2010 (31 December 2009: 380.895) classified in cash and cash equivalents. 16.151 (30 June 2009: 20.444) of interest income is earned within the six month interim period ended 30 June 2010.

For the interim period, there isn't any extraordinary transaction occurred besides the transactions with related parties and trade relations. Transactions with related parties are distinct measurable.

16. EARNINGS PER SHARE

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Earnings per share				
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the Parent (thousands TRY)	106.588	39.778	12.594	6.799
Earnings per share from operations (TRY)	0,288	0,108	0,034	0,018

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010**

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

17. FINANCIAL INCOME AND FINANCIAL EXPENSE**Financial Income:**

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Interest income	24.902	13.668	23.983	16.650
Foreign exchange gains	59.511	35.835	77.315	51.341
Other	5.533	3.557	7.543	2.278
	<u>89.946</u>	<u>53.060</u>	<u>108.841</u>	<u>70.269</u>

Financial Expense:

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Interest expense	(16.212)	(7.144)	(29.732)	(12.972)
Foreign exchange losses	(77.505)	(46.803)	(115.073)	(40.109)
	<u>(93.717)</u>	<u>(53.947)</u>	<u>(144.805)</u>	<u>(53.081)</u>

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18. ADDITIONAL INFORMATION REGARDING STATEMENT OF CASH FLOWS

Details regarding the information presented on the condensed consolidated statements of cash flows for the six month interim periods ended 30 June 2010 and 2009:

Changes in working capital

	1 January- 30 June 2010	1 January- 30 June 2009
Changes in trade receivables	(35.869)	(7.280)
Changes in due from related parties	(7.398)	475
Changes in inventories	17.775	179.546
Changes in receivables from ongoing construction contracts	(6.669)	30.938
Changes in other receivables	2.143	824
Changes in other current assets	7.800	32.475
Changes in long term trade receivables	(11.742)	(17.555)
Changes in other long term receivables	5.350	1.050
Changes in other long term assets	(2.054)	23.438
Changes in trade payables	(29.963)	(93.551)
Changes in due to related parties	(5.892)	369
Changes in other payables	4.602	(4.400)
Changes in ongoing construction progress payments	865	(3.741)
Changes in provisions	2.311	2.268
Changes in employee benefits	4.310	1.322
Changes in other short term liabilities	(15.177)	(50.701)
Changes in long term trade payables	(1.432)	105
Changes in other long term liabilities	1.066	(40)
Cash generated by / (used in) operating activities	<u>(69.974)</u>	<u>95.542</u>

Payments

	1 January- 30 June 2010	1 January- 30 June 2009
Interest paid	(8.263)	(24.746)
Tax paid	(9.086)	(11.358)
Penalty of litigation paid	(103)	(718)
Premiums paid	(7.510)	(5.108)
Retirement pay provision paid	(4.368)	(6.195)
	<u>(29.330)</u>	<u>(48.125)</u>

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

19. FOREIGN CURRENCY POSITION

30 June 2010	Equivalent of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TRY)
1. Trade Receivables	95.817	18.471	25.354	20	17.958
2. Monetary Financial Assets	142.641	79.454	5.241	6	7.438
3. Other	57.087	32.319	709	55	4.701
4. CURRENT ASSETS	295.545	130.244	31.304	81	30.097
5. Trade Receivables	1.724	-	466	-	828
6. Monetary Financial Assets	4.314	-	17	-	4.281
7. Other	99	63	-	-	-
8. NON CURRENT ASSETS	6.137	63	483	-	5.109
9. TOTAL ASSETS	301.682	130.307	31.787	81	35.206
10. Trade Payables	250.860	124.537	12.827	438	29.063
11. Financial Liabilities	81.177	43.304	5.638	-	2.151
12. Monetary Other Liabilities	50.802	4.682	6.446	-	31.041
12b. Non Monetary Other Liabilities	25.718	16.292	33	-	-
13. CURRENT LIABILITIES	408.557	188.815	24.944	438	62.255
14. Trade Payables	449	-	-	-	449
15. Financial Liabilities	923	225	119	-	340
16. Monetary Other Liabilities	8.266	863	-	-	6.907
17. NON CURRENT LIABILITIES	9.638	1.088	119	-	7.696
18. TOTAL LIABILITIES	418.195	189.903	25.063	438	69.951
19. Net foreign currency assets/(liabilities) position	(116.513)	(59.596)	6.724	(357)	(34.745)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(147.981)	(75.686)	6.048	(412)	(39.446)
21. Export	41.425	33.454	273	-	-
22. Import	295.973	177.493	12.699	1.986	-

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19. FOREIGN CURRENCY POSITION (cont'd)

31 December 2009	Equivalent of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent 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	49.785	1.351	5.996	-	33.799
12b. Non Monetary Other Liabilities	25.715	12.153	80	-	7.243
13. CURRENT LIABILITIES	396.309	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	406.979	194.361	16.338	801	76.121
19. Net foreign currency assets/(liabilities) position	(91.504)	(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)	(83.150)	(65.930)	22.017	(381)	(29.532)
21. Export	77.991	50.032	315	-	-
22. Import	708.305	363.449	51.360	7.626	-

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19. FOREIGN CURRENCY POSITION (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to 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 items and adjusts their translation at the six month interim period end for a 10% change in foreign currency rates. This sensitivity analysis excludes the foreign currency denominated items presented on the balance sheet of the Group companies whose functional currency is other than TRY. A positive number indicates an increase in profit or loss.

	30 June 2010	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	Profit / Loss	
	If US Dollars 10% appreciated vs TRY	
US Dollars net assets / liabilities	(9.385)	9.385
	If Euro 10% appreciated vs TRY	
Euro net assets / liabilities	1.292	(1.292)
	If Other foreign currencies 10% appreciated vs TRY	
Other foreign currency net assets / liabilities	(3.558)	3.558
TOTAL	(11.651)	11.651
	31 December 2009	
	Profit / Loss	
	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	(3.708)	3.708
TOTAL	(9.150)	9.150

20. EVENTS AFTER BALANCE SHEET DATE

As of 25 August 2010, there is a negative change of 4.064 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı, whose shares are publicly traded.

Mortgages on buildings given against to the financial borrowings are completely annulled after the balance sheet date.