TEKFEN HOLDİNG ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL
STATEMENTS WITH THE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR
ENDED 31 DECEMBER 2009

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2009 – 31 DECEMBER 2009

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 2009, 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 notes.

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.

Translated into English from the report originally issued Turkish

Deloitte.

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 2009, 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 matter:

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.

Istanbul, 8 April 2010

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

Ömer Tanrıöver
Partner

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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

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

ASSETS	Notes	Current Period 31 December 2009	Prior Period 31 December 2008
Current Assets		**1,709,760**	**1,929,818**
Cash and cash equivalents	5	561,360	506,364
Trade receivables	8	334,010	451,549
Other receivables	9	12,327	14,929
Inventories	10	280,426	392,338
Receivables from ongoing construction contracts	11	446,171	473,223
Other current assets	20	63,379	79,572
		1,697,673	1,917,975
Assets classified as held for sale	28	12,087	11,843
Non-Current Assets		**1,064,063**	**1,066,426**
Trade receivables	8	38,376	18,484
Other receivables	9	13,546	10,373
Financial investments	6	51,256	37,587
Investments valued by equity method	12	151,264	94,678
Investment property	13	96,778	100,006
Property, plant and equipment	14	634,700	690,952
Intangible assets	15	2,778	3,824
Deferred tax assets	29	35,508	38,523
Other non-current assets	20	39,857	71,999
TOTAL ASSETS		**2,773,823**	**2,996,244**

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED BALANCED SHEET AS AT 31 DECEMBER 2009

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

LIABILITIES	Notes	Current Period 31 December 2009	Prior Period 31 December 2008
Current Liabilities		**1,231,268**	**1,530,471**
Financial debts	7	471,680	552,143
Trade payables	8	469,170	604,289
Other payables	9	28,127	31,535
Current tax liability	29	7,415	8,440
Ongoing construction progress payments	11	41,128	5,842
Provisions	17	18,288	23,093
Employee benefits	19	31,561	37,155
Other short term liabilities	20	163,899	267,974
Non-Current Liabilities		**98,647**	**123,050**
Financial debts	7	40,646	65,716
Trade payables	8	2,807	2,014
Other payables	9	603	1,031
Employee benefits	19	29,120	29,242
Deferred tax liabilities	29	25,471	25,047
SHAREHOLDERS' EQUITY		**1,443,908**	**1,342,723**
Equity Attributable To Owners of the Parents		**1,424,998**	**1,323,472**
Paid in capital	21	370,000	296,775
Capital structure adjustments	21	3,475	3,475
Premiums in capital stock		301,839	301,839
Revaluation growth funds	21	38,059	18,682
Currency translation reserve	21	45,765	31,302
Restricted profit reserves	21	40,834	24,490
Retained earnings	21	555,682	555,877
Net profit for the year		69,344	91,032
Minority Interests		**18,910**	**19,251**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,773,823**	**2,996,244**

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

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Current Period 1 January- 31 December 2009	Prior Period 1 January- 31 December 2008
- Revenue	22	2,348,094	2,517,891
- Cost of revenue (-)	22	(2,069,629)	(2,201,901)
GROSS PROFIT		**278,465**	**315,990**
- Marketing, selling and distribution expenses (-)	23	(79,256)	(76,129)
- General administrative expenses (-)	23	(83,253)	(82,136)
- Research and development expenses (-)	23	(473)	(859)
- Other operating income	25	23,227	19,714
- Other operating expenses (-)	25	(23,683)	(18,086)
OPERATING PROFIT		**115,027**	**158,494**
- Share of profit / (loss) of investments valued using equity method	12	10,427	11,533
- Financial income	26	151,713	201,177
- Financial expenses (-)	27	(178,755)	(237,977)
PROFIT BEFORE TAXATION		**98,412**	**133,227**
Tax expense	29	**(29,257)**	**(42,372)**
- Tax expense for the year		(27,534)	(50,291)
- Deferred tax income / (expense)		(1,224)	5,865
- Currency translation reserve		(499)	2,054
NET PROFIT FOR THE YEAR		**69,155**	**90,855**
Distribution of Profit For The Year			
Minority Interests		(189)	(177)
Owners of the parent		69,344	91,032
Earnings Per Share	30	0.187	0.246

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Current Period 1 January- 31 December 2009	Prior Period 1 January- 31 December 2008
NET PROFIT FOR THE YEAR	**69,155**	**90,855**
Other Comprehensive Income / (Expense):		
Change in fair value reserve of financial assets	13,523	(21,651)
Change in currency translation reserve	14,418	78,376
Share on other comprehensive income of investments valued using equity method	6,530	(3,310)
Tax income / (expense) based on other comprehensive income	(676)	1,083
COMPREHENSIVE INCOME AFTER TAX	**33,795**	**54,498**
TOTAL COMPREHENSIVE INCOME	**102,950**	**145,353**
Distribution of Total Comprehensive Income For The Year		
Minority Interests	(234)	3,487
Owners of the parent	103,184	141,866

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

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

				Other comprehensive income							
				Revaluation growth funds							
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Property, plant and equipment revaluation fund	Fair value reserve of financial assets	Foreign currency translation reserve	Legal reserves	Net profit for the year	Retained earnings	Minority interests	Total
Opening balances as of 1 January 2008	296,775	3,475	301,839	585	41,975	(43,410)	8,173	279,257	312,671	15,764	1,217,104
Total comprehensive income	-	-	-	1,470	(25,348)	74,712	-	91,032	-	3,487	145,353
Transfers to retained earnings	-	-	-	-	-	-	-	(279,257)	279,257	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	16,317	-	(16,317)	-	-
Payment of dividends	-	-	-	-	-	-	-	-	(19,734)	-	(19,734)
Balance as of 31 December 2008	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	-	-	-	222	19,155	14,463	-	69,344	-	(234)	102,950
Effect of change in minority interests	-	-	-	-	-	-	-	-	-	(107)	(107)
Capital increase from retained earnings	73,225	-	-	-	-	-	-	-	(73,225)	-	-
Transfers to retained earnings	-	-	-	-	-	-	-	(91,032)	91,032	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	16,344	-	(16,344)	-	-
Payment of dividends	-	-	-	-	-	-	-	-	(1,658)	-	(1,658)
Balance as of 31 December 2009	370,000	3,475	301,839	2,277	35,782	45,765	40,834	69,344	555,682	18,910	1,443,908

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Current Period 1 January- 31 December 2009	Prior Period 1 January- 31 December 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		69,344	91,032
Adjustments to reconcile net profit for the year to cash provided by operating activities:			
Share of minority in profit / (loss)		(189)	(177)
Change in minority interest		(107)	-
Depreciation of tangible assets	14	80,209	83,968
Amortization of inangible assets	15	1,719	2,743
Depreciation of investment property	13	3,217	3,219
Other employee benefits	19	(2,460)	5,577
Reversal of unnecessary provisions	8,10,17	(88,139)	(1,705)
Provision for litigation	17	5,502	7,887
Discount on trade and notes receivables	27	2,731	3,672
Discount on trade and notes payables	26	(2,949)	(1,880)
Provision for retirement pay provision	19	10,403	12,107
Provision for bonuses	19	5,666	6,258
Income accruals	9	(323)	(2,138)
Expense accruals	9	11,076	(8,176)
Group's share on net assets of investments in associates accounted by equity method	12	(11,578)	(11,533)
Gain / (loss) on sale of tangible asset (net)	25	(179)	(4,802)
Allowances for doubtful receivables	8	9,151	4,230
Impairment provision for inventory	10	879	78,116
Changes in available for sale investments	6	(146)	1,283
Changes in assets classified as held for sale	28	(244)	(2,075)
Interest income	26	(51,155)	(75,265)
Finance income on sales	26	(2,883)	(3,611)
Interest income from legally approved claims	26	-	(9,961)
Interest expense	27	38,570	42,267
Dividend income	26	(5,085)	(5,038)
Allowance for taxation	29	29,257	42,372
Cash generated by operating activities before movements in working capital		102,287	258,370

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed in thousands of New TurkishLira ("TRY") unless otherwise stated.

	Notes	Current Period 1 January 31 December 2009	Prior Period 1 January 31 December 2008
MOVEMENTS IN WORKING CAPITAL			
Changes in trade receivables	8	105,681	(126,593)
Changes in inventories	10	205,070	(237,942)
Changes in trade payables	8	(138,197)	265,945
Changes in other short term liabilities	20	(104,075)	67,608
Changes in other receivables	9	2,925	(3,136)
Changes in receivables from ongoing construction contracts	11	27,052	(218,399)
Changes in provision	17	702	2,031
Changes in due to related parties	8.31	6,027	1,292
Changes in other current assets	20	16,193	(3,827)
Changes in due from related parties	8.31	3,722	5,009
Changes in other payables	9	(14,484)	7,548
Changes in ongoing construction progress payments	11	35,286	(30,420)
Changes in long term other payables	9	(428)	(8,623)
Changes in long term trade receivables	8	(19,892)	(6,446)
Changes in long term other receivables	8	793	512
Changes in long term other assets	9	(3,173)	1,150
Changes in non-current other assets	20	32,142	(7,806)
Changes in long term other liabilities	20	-	(38,349)
		155,344	(330,446)
Cash generated by / (used in) operating activities		257,631	(72,076)
Interest received		51,982	85,249
Interest paid		(38,635)	(40,246)
Tax paid	29	(28,559)	(64,633)
Penalty of litigation paid	17	(4,114)	(972)
Premiums paid	19	(4,745)	(7,610)
Retirement pay provision paid	19	(14,806)	(9,162)
Cash generated by / (used in) operating activities		218,754	(109,450)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Current Period 1 January- 31 December 2009	Prior Period 1 January- 31 December 2008
CASH FLOWS FROM INVESTING ACTIVITIES			
Effect of investments in associates subsidiaries accounted by equity method		(38,481)	(2,173)
Acquisition of tangible assets	14	(42,656)	(81,130)
Acquisition of intangible assets	15	(672)	(1,734)
Proceeds from sale of tangible assets	14	3,088	42,023
Proceeds from sale of intangible assets	15	-	99
Dividend income from subsidiaries	26	5,085	5,038
Cash used in investing activities		(73,636)	(37,877)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		631,969	633,348
Repayments of borrowings		(665,114)	(528,957)
Finance lease paid		(48,175)	(40,705)
Dividends paid		(1,658)	(19,734)
Cash (used in)/ generated by financing activities		(82,978)	43,952
CHANGE IN CASH AND CASH EQUIVALENTS		62,140	(103,375)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		506,364	521,653
Translation reserve (net)		(9,200)	84,498
Accrued interest on cash and cash equivalents		2,056	3,588
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		561,360	506,364

(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, Feyyaz 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 2009, the Group has 11,366 employees (31 December 2008: 16,799) 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 2009 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 % 2009	2008	Business Segment
Tekfen İnşaat ve Tesisat A.Ş. "Tekfen İnşaat"	Construction	Turkey	100	100	Contracting
Toros Tarım Sanayi ve Ticaret A.Ş. "Toros Tarım"	Agriculture-Shipping Agent	Turkey	100	100	Agriculture
Tekfen Endüstri ve Ticaret A.Ş. "Tekfen Endüstri"	Trading	Turkey	100	99	Other
Tekfen Mühendislik A.Ş. "Temaş"	Engineering	Turkey	100	100	Contracting
Tekfen İmalat ve Mühendislik A.Ş. "Timaş"	Manufacturing	Turkey	100	100	Contracting
Petrofertil Shipping S.A. "Petrofertil Shipping"	Service	Panama	100	100	Agriculture/ Contracting/ Other
TST Inv. Holding S.A. "TST Holding"	Investment	Luxembourg	100	100	Other
HMB Hallesche Mitteldeutsche Bau-Aktiengesellschaft, Halle "HMB"	Trading	Germany	100	100	Contracting
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
Toros Adana Yumurtalık Serbest Bölgesi Kur. ve İşleticisi A.Ş. Tayseb"	Service	Turkey	100	100	Agriculture
Papfen Joint Stock Company "Papfen"	Textile	Uzbekistan	90	85	Other
Tekfen Sigorta Aracılık Hizmetleri A.Ş. "Tekfen Sigorta"	Insurance Service	Turkey	100	100	Other
Belediye Tüketim Malları İthalat İhracat Ticaret ve Pazarlama A.Ş. "Belpa"	Trade	Turkey	95	95	Real Estate
Tekfen Kültür Sanat Ürünleri Yapım ve Yayın San. Tic. A.Ş. "Tekfen Kültür"	Cultural activities	Turkey	100	100	Other
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
TST Int. Fin. S.A. "TST Finance" (*)	Investment	Luxembourg	100	100	Other
TST International Trading Limited "TST Trading"	Trading	Ireland	100	100	Agriculture
TST International Limited "TST Ltd."	Trading	United Kingdom	100	100	Agriculture

(*) Merged under TST Investment Holding S.A. as of 2 March 2009.

(Amounts are expressed in thousands of New TurkishLira ("TRY") unless otherwise stated.)

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

Registered Name of Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2009	2008	Business Segment
Industrial Supply and Trading Company Limited "Industrial Supply"	Trading	United Kingdom	100	100	Agriculture
Toros Terminal Servisleri A.Ş. "Toros Terminal"	Service	Turkey	100	100	Agriculture
Tekfen International Limited "Tekfen International Ltd"	Investment	United Kingdom	100	100	Contracting
Toros Gemi Acenteliği ve Ticaret A.Ş. " Toros Gemi"	Shipping Agent	Turkey	100	100	Agriculture
Petrofertil Trd. Ltd "Petrofertil Trading"	Trading	United Kingdom	100	100	Agriculture
Türk Arap Gübre A.Ş. "Türk Arap Gübre"	Manufacturing	Turkey	80	80	Agriculture
Tekfen Cons. and Inst. Co. Ltd. "Tekfen Construction"	Construction	Ireland	100	100	Contracting
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
Cenub Tikinti Servis ASC. "Cenub Tikinti"	Construction	Azerbaijan	66	65	Contracting
Tekfen Dış Ticaret A.Ş. "Tekfen Dış Ticaret"	"Discontinued operation"	Turkey	100	100	Other

As of 31 December 2009, 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. Nature of business of Group companies is summarized below:

Contracting Group

Contracting group undertakes infrastructure and industrial construction projects in Turkey, Saudi Arabia, Azerbaijan, Kazakhstan, Morocco, Qatar, UAE, Bulgaria, Oman 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 project, electricity and telecommunication systems, residential and trading centers , stadium and sport complex 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, harbour 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 segment.

Dividend payments:

Board of Directors has offered to pay bonus dividends to its shareholders out of the current year profit in the amount of 0.04879 on 8 April 2010. 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 18,052 and the cash dividend amount to be paid to dividend right certificate owners is 1,259.

Approval of consolidated financial statements:

Consolidated financial statements approved by the Board of Directors and have been granted authorization to be published on the date of 8 April 2010. The Board reserves its 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 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:29 "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 accompanying consolidated financial statements have been prepared in accordance with IFRS and comply with CMB's decree announce on 17 April 2009 and 9 January 2009 regarding the format of the financial statements and footnotes since at the date of the issuance of these financial statements the differences of IAS/ IFRS accepted by the European Union are not declared by the TASB. Accordingly, some reclassifications are made in the prior year financial statements.

All financial statements have been prepared on cost basis principal. 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 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/loss arising from the translation is recognized in the foreign 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 Turkish Central Bank as of 31 December 2009 is; 1 USD=1.5057 TRY, 1 EUR=2.1603 TRY, 1 MAD=0.19152 TRY, 1 SAR=0.40262, 1 QAR=0.41545 TRY (On 31 December 2008; 1 USD=1.5123 TRY, 1 EUR=2.1408 TRY, 1 MAD=0.190 TRY, TRY, 1 SAR=0.403 TRY, 1 QAR=0.414 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 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:

- "Other Receivables" balance of 1,597 found in "Other short term receivables" is shown in "Other cash equivalents" found in "Cash and cash equivalents" (31 December 2007: None).
- "Due from related parties" balance of 506 found in "Trade receivables" is presented by netting off with "Due to related parties" found in "Trade payables". (31 December 2007: 582).
- "Investment property" balance of 7,496 shown "Property, plant and equipment" (31 December 2007: 6,833), "Property, plant and equipment" balance of 727 is shown in "Intangible asset" (31 December 2007: 719).
- "Expense accruals" balance of 6,214 found in "Other short term liabilities" is shown in "Other payables" (31 December 2007: 12,064). "Other provisions" balance of 2,326 found in "Expense accruals" is shown in "Provision"(31 December 2007: 295).
- "Legal reserves" balance of 12,136 (31 December 2007: 3,449) found in "Retained earnings" is shown in "Legal reserves".
- "Consultancy Expenses" balance of 3,167 found in "General Administrative expense" is shown in "Cost of revenue"
- "Reversal of litigation provision" balance of 1,292 found in "Other expense" is shown in "Reversal of litigation provision" found in "Other operating income"

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

(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)

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.

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.

Minority shares in net assets of the consolidated subsidiaries are disclosed separately within the Group's shareholders' equity. Minority shares are the total of changes in minority shares found in equity. Except for the possibility to act as a provision for liabilities and to provide additional investments in order to make amends to any losses that may incur, losses that belong to minority shares exceeding their shares in the subsidiaries' equities are disbursed to Group's shares.

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 related to assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of 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) are not recognized.

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 2009 are as follows:

Müşterek Yönetime Tabi Ortaklık Ünvanı:	Nature of Business	Country of Origin	Participation Rate % 2009	Participation Rate % 2008	Business Segment
Gate İnşaat Taahhüt San. ve Tic. A.Ş. "Gate J.V." (*)	Construction	Turkey	50	50	Contracting
Azfen Birge Müessesesi "Azfen J.V." (*)	Construction	Azerbaijan	40	40	Contracting
H-T Fidecilik (*)	Agriculture	Turkey	50	50	Agriculture
Tekfen Impresit J.V. "Impresit"	Construction	Turkey	100	100	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
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
Nurol-Tekfen-Yüksel J.V. "NTY J.V."	Construction	Turkey	33	33	Contracting
Tekfen TML J.V. " Tekfen TML J.V."	Construction	Libya	67	67	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

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

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

2.1 The Basis for Presentation (cont'd)

Shares in Joint Ventures (cont'd):

When a member of the Group's operations carried out under joint venture regulations, Group's proportion of the joint venture 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 an efficient 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. 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. There were not any changes in accounting policies of the Group and no accounting error was noted.

2.3 Changes and Errors in Accounting Estimates

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

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 financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements are set out in later parts of this section.

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

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

2.4 Adoption of New and Revised International Financial Reporting Standards

Standards affecting presentation and disclosure in 2009 financial statements

IAS 1 "*Presentation of Financial Statements"(2007)*	IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group presents in the consolidated statement changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.
IFRS 8 "*Operating Segments*"	In 2008, the Group has early adopted the disclosure requirements of IFRS 8, "Operating segments". IFRS 8 "Operating segments" replaces IAS 14, "Segment Reporting". This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The related disclosure is presented in Note 4 to these consolidated financial statements.
Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk (Note 33).

Standards and Interpretations that are effective in 2009 with no impact on the 2009 consolidated financial statements

The following new and revised Standards and Interpretations have also been adopted in these consolidated financial statements. Their adoption has not had any significant impact on the amounts reported in these consolidated financial statements but may impact the accounting for future transactions or arrangements.

Amendments to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*	As part of Improvements to IFRSs (2008), IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.
IAS 23 (as revised in 2007) *Borrowing Costs*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these consolidated financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

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

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

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

Standards and Interpretations that are effective in 2009 with no impact on the 2009 consolidated financial statements (cont'd)

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met
Amendments to IAS 38 *Intangible Assets*	As part of Improvements to IFRSs (2008), IAS 38 has been amended to state that an entity is permitted to recognize a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services
Amendments to IAS 39 *Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures regarding reclassifications of financial assets*	The amendments to IAS 39 permit an entity to reclassify non-derivative financial assets out of the 'fair value through profit or loss' (FVTPL) and 'available-for-sale' (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the reclassification is made.
Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (see above).
Amendments to IAS 40 *Investment Property*	As part of Improvements to IFRSs (2008), IAS 40 has been amended to include within its scope investment property in the course of construction.
Amendments to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

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

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

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

Standards and Interpretations that are effective in 2009 with no impact on the 2009 consolidated financial statements (cont'd)

IFRIC 13 "Customer Loyalty Programmes"	This interpretation describes "Customer Loyalty Programmes"
IFRIC 15 Agreements for the Construction of Real Estate	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized. The requirements have not affected the accounting for the Group's construction activities.
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
IFRIC 18 *Transfers of Assets from Customers* (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 *Revenue.*
Improvements to IFRSs (2008)	In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

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

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

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted

IFRS 3 (as revised in 2008) *Business Combinations*

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be 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.

The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

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.

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. .

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

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

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

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted (cont'd)

IAS 27 (as revised in 2008) *Consolidated and Separate Financial Statements*	IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries. The revised standard requires that ownership decreases or increases that do not result in change in control to be recorded in equity. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
IFRIC 17 *Distributions of Non-cash Assets to Owners*	IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
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.
Amendments related to Annual Improvements to IFRS (2009)	As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010.

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

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 income once the service is performed.

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.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Construction Contracts (cont'd):

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

<u>Leasing – the Group as Lessor</u>

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.

<u>Leasing – the Group as Lessee</u>

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.

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)

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.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

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.

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.

Taxation and Deferred Income Taxes

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.

The corporate earnings of the real persons and corporations that are resident, acquired from their affiliates at abroad that are controlled by them separately or jointly and directly or indirectly, by virtue of having at least 50% of the shares, profit shares or the voting rights, shall be subject to corporate tax in Turkey, distributed or not distributed when all the conditions, that are explained in Turkish Corporate Tax Law article 7, are met.

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation and Deferred Income Taxes (cont'd)

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.

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. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised 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 recognised 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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

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 2,348,094 of Group's sales.

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 back payments of these liabilities benefited in financing needs of the Group.

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.

Capital and Dividends

Common stocks are classified as equity. Dividends paid are recorded at the Board's payment decision date retained earnings balance less the dividend amount paid.

2.6 Critical Accounting Judgment and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

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 financial statements (apart from those involving estimations, which are dealt below).

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 2009 and the cost of inventories was reduced by 862. (31 December 2008: 78,116) and prior year allowance balance of 78,116 is accounted for as reversal of unnecessary provisions (Note 10).

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

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation and Deferred Income Taxes (cont'd)

Current and deferred tax for the period

Current and deferred tax are recognised 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 and Discontinued Operations

Non-current assets (or disposal groups) 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.

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 recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses through 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.

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.

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

2.6 Critical Accounting Judgment and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying the Group's accounting policies (cont'd)

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 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 2009	31 December 2008
Current assets	350,678	377,760
Non current assets	65,924	80,816
Short term liabilities	378,606	458,179
Long term liabilities	14,167	10,802
Shareholders' equity	23,829	(10,405)

	1 January- 31 December 2009	1 January- 31 December 2008
Revenue	417,983	324,083
Cost of revenue	(337,701)	(314,143)
Net profit / (loss)	53,094	(19,458)

In 2009, Joint ventures distributed dividend amount of 16,955.

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

4. SEGMENTAL REPORTING

a) Segmental results

	1 January-31 December 2009					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
External revenue	1,339,167	882,865	62,607	63,455	-	2,348,094
Intra-branch sales	294,173	19,225	19	71	(313,488)	-
Inter-segment sales	644	776	284	3,276	(4,980)	-
TOTAL REVENUE	**1,633,984**	**902,866**	**62,910**	**66,802**	**(318,468)**	**2,348,094**
Cost of revenue (-)	(1,204,166)	(771,146)	(52,881)	(41,436)	-	(2,069,629)
GROSS PROFIT	**135,001**	**111,719**	**9,726**	**22,019**	**-**	**278,465**
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	3,809	8,965	-	10,453	-	23,227
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 YEAR	**25,334**	**13,090**	**6,944**	**23,787**	**-**	**69,155**

The Groups 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)

a) Segmental results (cont'd)

	1 January-31 December 2008					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
External revenue	1,318,909	1,110,777	30,704	57,501	-	2,517,891
Intra-branch sales	205,637	49,818	228	2,637	(258,320)	-
Inter-segment sales	1,516	1,045	2,550	9,074	(14,185)	-
TOTAL REVENUE	**1,526,062**	**1,161,640**	**33,482**	**69,212**	**(272,505)**	**2,517,891**
Cost of revenue (-)	(1,226,043)	(897,643)	(37,376)	(40,839)	-	(2,201,901)
GROSS PROFIT / (LOSS)	**92,866**	**213,134**	**(6,672)**	**16,662**	**-**	**315,990**
Marketing, selling and distribution expenses (-)	(50)	(69,048)	(151)	(6,880)	-	(76,129)
General administrative expenses (-)	(43,819)	(16,432)	(1,189)	(20,696)	-	(82,136)
Research and development expenses (-)	-	(859)	-	-	-	(859)
Other operating income	9,537	8,937	58	1,182	-	19,714
Other operating expenses (-)	(6,438)	(9,879)	(211)	(1,558)	-	(18,086)
OPERATING PROFIT / (LOSS)	**52,096**	**125,853**	**(8,165)**	**(11,290)**	**-**	**158,494**
Share on profit/(loss) of investments valued using equity method	-	-	-	11,533	-	11,533
Financial income	13,820	106,177	2,071	79,109	-	201,177
Financial expenses (-)	(46,628)	(153,861)	(10,655)	(26,833)	-	(237,977)
NET PROFIT / (LOSS) BEFORE TAXATION	**19,288**	**78,169**	**(16,749)**	**52,519**	**-**	**133,227**
Tax (expense) / income	(22,712)	(5,655)	2,982	(16,987)	-	(42,372)
PROFIT / (LOSS) FOR THE YEAR	**(3,424)**	**72,514**	**(13,767)**	**35,532**	**-**	**90,855**

The Groups has 41,886 of revenue and 12,967 of operating income from terminal operations classified as agricultural operation in 2008.

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

4. SEGMENTAL REPORTING (cont'd)

b) As of 31 December 2009 and 2008 segmental assets and liabilities are as follow:

	31 December 2009					
Balance sheet	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Assets	1,441,215	808,169	32,761	1,377,591	(885,913)	2,773,823
Liabilities	1,005,036	252,574	19,114	142,237	(89,046)	1,329,915
Shareholders' equity	432,946	549,094	13,647	1,245,088	(815,777)	1,424,998
Minority interests	15,105	3,642	162	1	-	18,910

	31 December 2008					
Balance sheet	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Assets	1,617,622	935,767	33,993	1,343,199	(934,337)	2,996,244
Liabilities	1,197,254	396,803	26,205	136,990	(103,731)	1,653,521
Shareholders' equity	420,368	538,965	7,789	1,206,211	(849,861)	1,323,472
Minority interests	15,432	3,629	145	45	-	19,251

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

4. SEGMENTAL REPORTING (cont'd)

c) Segmental information related to property, plant and equipment, intangible assets and investment property for the year ended 31 December 2009 and 2008 are follows:

	1 January-31 December 2009				
	Contracting	Agriculture	Real Estate	Other	Total
Capital additions (*)	26,481	15,272	689	886	43,328
Depreciation and amortization charge (**)	61,545	18,313	392	4,895	85,145

	1 January-31 December 2008				
	Contracting	Agriculture	Real Estate	Other	Total
Capital additions (*)	88,535	17,269	15,774	11,810	133,388
Depreciation and amortization charge (**)	62,618	21,581	344	5,387	89,930

(*) Fixed assets purchases through financial lease are also included.
(**) Depreciation expense of 657 is added to the cost of inventory (31 December 2008: 5,532).

(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	North Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-31 December 2009)	1,251,115	232,956	237,469	834,591	110,431	(318,468)	2,348,094
Total assets (31 December 2009)	3,033,514	470,045	193,667	512,610	333,427	(1,769,440)	2,773,823
Capital additions to tangible and intangible assets (1 January-31 December 2009)(*)	21,901	711	3,114	17,439	163	-	43,328

	Turkey	CIS	North Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-31 December 2008)	1,464,424	174,043	282,285	707,611	162,033	(272,505)	2,517,891
Total assets (31 December 2008)	2,943,611	539,441	211,104	536,255	520,088	(1,754,255)	2,996,244
Capital additions to tangible and intangible assets (1 January-31 December 2008)(*)	87,913	2,118	11,952	30,043	1,362	-	133,388

(*) 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 EQUIVALANTS

	31 December 2009	31 December 2008
Cash on hand	1,801	1,475
Cash at banks		
Demand deposits	66,631	45,762
Time deposits with maturity of three months or less	483,996	455,523
Overdue cheques	696	345
Other cash equivalents	8,236	3,259
	561,360	506,364

Risk characteristics and levels in cash and cash equivalents have been disclosed in Note 32.

6. FINANCIAL INVESTMENTS

	31 December 2009	31 December 2008
Available for sale financial investments	51,256	37,587

Details of available for sale financial assets are as follow:

Details	Share %	31 December 2009	Share %	31 December 2008
Traded (*)				
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	10.79	49,140	10.79	35,617
Tümteks Tekstil Sanayi ve Ticaret A.Ş.	7.45	2,705	-	-
Other		559		244
		52,404		35,861
Non traded				
Sinai ve Mali Yatırımlar Holding A.Ş.	0.02	2,861	0.02	2,861
Mersin Serbest Bölge İşleticisi A.Ş.	9.56	898	9.56	898
Other		1,603		1,603
		5,362		5,362
Less: Allowance for diminution in value of available for sale investment				
Sinai ve Mali Yatırımlar Holding A.Ş.		(2,861)		(2,861)
Tümteks Tekstil Sanayi ve Ticaret A.Ş.		(2,705)		-
Other		(944)		(775)
		(6,510)		(3,636)
		51,256		37,587

(*) Traded Financial Investments were 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 35,782 (31 December 2008: 16,627) in the fair value of the available for sale financial assets traded in active markets is directly recognized in equity. The positive difference of 315 (31 December 2008: 188 negative) in the fair value of the available for sale financial assets traded in active markets is directly recognized in the consolidated statement of income.

1,557 (31 December 2008: 1,726) 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 32.

7. FINANCIAL DEBTS

	31 December 2009	31 December 2008
Short-term bank loans	435.823	478.697
Short-term bank loans obtained from related parties (Note: 31)	2	24.977
Short-term portion of long-term bank loans' interest payments	264	3.525
Short term obligation under finance leases	35.591	44.944
Total short-term financial debts	471.680	552.143
Long-term bank loans	16.306	2.554
Long term obligation under finance leases	24.340	63.162
Total long-term financial debts	40.646	65.716
Total financial debts	512.326	617.859

Bank loans are as follows:

	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

	Weighted average interest rate %		31 December 2008	
Original currency	Short term	Long term	Short term	Long term
US Dollars	6.38	3.53	479,705	1,781
EUR	8.00	6.50	10,223	463
TRY	21.75	18.08	7,406	310
QAR	6.30	-	6,525	-
Dirham	5.50	-	3,340	-
			507,199	2,554

(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 2009	31 December 2008
Within 1 year	436,089	507,199
Within 1-2 year	1,084	2,253
Within 2-3 year	15,197	144
Within 3-4 year	25	127
Over 5 years	-	30
	452,395	509,753

For its bank loans; as of 31 December 2009 Group has given 126,175 thousands US Dollars (189,982) and 228 thousands EUR (493) worth of letters of guarantees and 3,205 worth of mortgage. (31 December 2008: 108,625 thousand US Dollars (164,274) worth of letters of guarantees, 298 thousand EUR (638) and 3,205 worth of mortgage).

Group's bank loans; as of 31 December 2009 in the amounts of 292,431 thousands US Dollars (440,314), 2,565 thousands EUR (5,541), 2,077 are subject to fixed interest rates and exposed the Group to fair value interest risk. (31 December 2008: 312,670 thousands US Dollars (472,852), 4,505 thousands EUR (9,644), 17,553 thousands Dirham (3,340) and 15,748 thousands Qatar Rial (6,525) and 7,716). 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 32.

Details of obligation under finance leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Obligations under finance leases				
Within one year	39,182	51,128	35,591	44,944
Within 1-5 year	26,484	70,225	24,340	63,162
	65,666	121,353	59,931	108,106
Less: finance expenses related to following years	(5,735)	(13,247)	-	-
Present value of obligations finance leases:	59,931	108,106	59,931	108,106
Less: Payments within 12 months (in short term payables)			35,591	44,944
Due beyond 12 months			24,340	63,162

It is the Group policy to lease some of its furniture, fixtures and equipments under finance leases. Average lease terms is 4 years (2008: 4 years). For the year ended 31 December 2009 effective weighted average interest is 9.55% (31 December 2008: 9.43%). Financial lease obligations currency type distribution was shown at Note 32. 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 2009	31 December 2008
Contract receivables	236,349	323,437
Receivables from Agriculture group operations	12,162	19,375
Other trade receivables	28,301	14,414
Notes receivable	57,789	82,974
Provision for doubtful receivables	(12,421)	(16,522)
Retention receivables (Note: 11)	4,205	16,217
Due from related parties (Note: 31)	7,431	11,153
Other	194	501
	334,010	451,549

Long term trade receivables	31 December 2009	31 December 2007
Retention receivables (Note: 11)	28,499	17,317
Contract receivables	5,430	-
Other trade receivables	4,447	1,167
	38,376	18,484

Average maturity date vary between the segments. Average maturity date for Contracting segment, for projects in abroad 58 days (2008: 62 days), domestic 63 days (2008: 40 days), for Agriculture segment 30 days (2008: 25 days) and for other segments 58 days (2008: 64 days).

As of 31 December 2009, short term receivables of 22,665 (31 December 2008: 40,238) is provided provision for in the amount of 12,421 (31 December 2008: 16,522).

Amount of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered.

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

	2009	2008
Provision as at 1 January	(16,522)	(12,928)
Charge for the year	(9,151)	(4,230)
Collected	3,829	413
Write off of bad debt	9,506	1,241
Currency translation effect	(83)	(1,018)
Provision as at 31 December	(12,421)	(16,522)

Charged for the year of 2,121 (2008: None) has been charged to cost of revenue and 7,030 (2008: 4,230) to general administration expenses.

Risk characteristics and levels in trade receivables have been disclosed in Note 32.

(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 2009	31 December 2008
Contract payables	239,638	276,448
Trade payables from Agriculture group operations	198,119	292,082
Other trade payables	16,818	13,498
Retention payables	3,596	11,234
Notes payables	2,501	8,228
Due to related parties (Note: 31)	8,444	2,417
Other payables	54	382
	469,170	604,289

Long term trade payables	31 December 2009	31 December 2008
Retention payables	2,557	1,199
Contract payables	250	762
Trade payables	-	53
	2,807	2,014

Average payable period for Group's trade payables changes according to the segments. For Agriculture segment, average payable period of import purchases 153 days (31 December 2008: 98 days), domestic purchases 54 days (31 December2008: 19 days). Moreover, average payable period for Contracting and other segments are 85 days and 63 days respectively (31 December 2008: 68 days and 63 days respectively).

Risk characteristics and levels in trade payables have been disclosed in Note 32.

(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 2009	31 December 2008
Other receivables	4,700	6,535
Income accruals	2,601	2,278
Deposits and guarantees given	2,062	3,523
Finance lease receivables	1,748	1,229
Blocked deposits	1,216	7,202
Provision for blocked deposits (*)	-	(6,146)
Other doubtful receivable	571	-
Other doubtful receivable provision	(571)	-
VAT receivable arising from export sales	-	308
	12,327	14,929

Other long term receivables	31 December 2009	31 December 2008
Finance lease receivables	7,867	9,616
Deposits and guarantees given	5,679	757
	13,546	10,373

(*) At the time of sale of its subsidiary Eurobank Tekfen, the Group has invested 6,146 blocked deposit to Eurobank Tekfen in return of liabilities of Eurobank Tekfen's long term security Tümteks Tekstil Sanayi ve Ticaret A.Ş. ("Tümteks") to Eurobank Tekfen. According to "Cash Commitment Agreement" between Eurobank Tekfen and the Company, dated 30 May 2007, it is agreed that in case of Tümteks's bankruptcy, it's exclusion from İstanbul Stock Exchange's quotation, cancellation of Tümteks's stock operations on İstanbul Stock Exchange for an indefinite period or any loss of Eurobank Tekfen regarding Tümteks stocks provided that the loss does not exceed 6,146, the total amount of incurred loss will be collected by Eurobank Tekfen A.Ş. from blocked deposit account. However, in accordance with the decision of Board of Directors' meeting dated at December 4, 2009, in the sale of 70% of the shares of Eurobank Tekfen to Eurobank EFG Holding SA, within the commitment as an attachment of share purchase-sales agreement signed on March 16,2007 between the Group and TST International Finance SA Luxemburg and Eurobank EFG Holding SA, 6,145,845 units of Tümteks share in Eurobank Tekfen portfolio are going to be purchased by the Group the nominal value per share over 6,146 and according to this process as it mentioned above 6,146 amount of cash guarantee refunds are going to be provided.

Details of finance lease receivables are as follow:

	31 December 2009	31 December 2008
Gross rent receivables	9,962	11,354
Less (unearned interest income)	(347)	(509)
	9,615	10,845
Within 1 year	1,748	1,229
Within 2-5 years	7,867	9,616
	9,615	10,845

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

9. OTHER RECEIVABLES AND PAYABLES (cont'd)

b) Other Payables:

Other short term payables	31 December 2009	31 December 2008
Expense accruals	14,964	3,888
Due to Privatization Office (*)	-	12,503
Taxes and funds payable	7,605	9,883
Social security witholdings	2,237	3,141
Deposits and guarantees received	2,508	878
Other payables	813	1,242
	28,127	31,535

Other long term payables	31 December 2009	31 December 2008
Deposits and guarantees received	509	1,031
Other	94	-
	603	1,031

(*) Group's payable to Privatization Office is associated with the acquisition of Samsun Gubre Sanayi A.Ş.

10. INVENTORIES

	31 December 2009	31 December 2008
Raw materials	22,769	54,678
Work in progress	23,757	101,008
Finished goods	22,418	39,511
Trade goods	80,317	104,617
Goods in transit	25,924	66,851
Inventory on Contruction site	83,177	73,947
Other inventories	22,926	29,842
Allowance for impairment on inventory (-) (Note: 22)	(862)	(78,116)
	280,426	392,338

Movement of allowance for impairment on inventory	2009	2008
Provision as at 1 January	(78,116)	-
Charge for the year	(879)	(78,116)
Currency translation effect	17	-
Provision released	78,116	-
Provision as at 31 December	(862)	(78,116)

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

11. CONSTRUCTION CONTRACTS

	31 December 2009	31 December 2008
Cost incurred on uncompleted contracts	3,371,865	2,994,668
Recognised gain less losses (net)	378,472	374,729
	3,750,337	3,369,397
Less: Billings to date (-)	(3,345,294)	(2,902,016)
	405,043	467,381

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

	31 December 2009	31 December 2008
From customers under construction contracts	446,171	473,223
To customers under construction contracts	(41,128)	(5,842)
	405,043	467,381

As of 31 December 2009, total retention receivables amount to 32,704 (31 December 2008: 33,354) (Note: 8).

	31 December 2009	31 December 2008
Receivables from uncompleted contracts		
Contracts undersigned abroad	439,992	466,376
Contracts undersigned in Turkey	6,179	6,847
	446,171	473,223
Payables from uncompleted contracts		
Contracts undersigned abroad	(31,595)	-
Contracts undersigned in Turkey	(9,533)	(5,842)
	(41,128)	(5,842)
	405,043	467,381

The Group has 136,071 of advances received for contracting projects (31 December 2008: 250,338) (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 2009 and 2008 are as follows:

		Share in capital (%)			
	Location of foundation and operation	31 December 2009	31 December 2008	Power to appoint	Industry
Subsidiaries					
Eurobank Tekfen A.Ş.	İstanbul	29.2437%	29.1300%	29.2437 % (**)	Banking
Tekfen Oz Gayrimenkul Geliştirme A.Ş.	İstanbul	16.4000%	16.4000%	50.00 %(*)	Real Estate

(*) The Company, despite having 16.4000% share in Tefken Oz Gayrimenkul Gelistirme A.S., mentioned establishment's Board of Directors is equally represented with the other partner and power to vote is 50.00%.
(**) The Group, also using its right of priority, participated in increasing its Eurobank Tekfen investment capital of which valued by equity method, from 230,000 to 380,000 by paying 36,841 on 21 January 2009 and increased its shares to 29.2437 % to 29.1300 %.

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

	31 December 2009		
Financial Position	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

	31 December 2008		
Financial Position	Eurobank Tekfen	Tekfen Oz	Total
Total assets	3,587,408	49,306	3,636,714
Total liabilities	3,281,866	14,709	3,296,575
Net assets	305,542	34,597	340,139
Group's share in net assets of subsidaires	89,004	5,674	94,678

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

12. INVESTMENTS VALUED BY EQUITY METHOD (cont'd)

	1 Januray-31 December 2009		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	514,568	3,054	517,622
Profit/(loss) for the year	36,927	(2,273)	34,654
Group's share on subsidiaries' profit/(loss) for the year	10,799	(372)	10,427

	1 Januray-31 December 2008		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	538,141	975	539,116
Profit/(loss) for the year	40,269	(1,210)	39,059
Group's share on subsidiaries' profit/(loss) for the year	11,731	(198)	11,533

13. INVESTMENT PROPERTY

Investment property as at 31 December 2009 and 2008 are as follows:

	Land and land improvements	Building	Total
Cost			
Opening balance as at 1 January 2009	3,877	115,926	119,803
Currency translation effect	(11)	-	(11)
Closing balance as at 31 December 2009	3,866	115,926	119,792
Accumulated Depreciation			
Opening balance as at 1 January 2009	-	(19,797)	(19,797)
Charge for the year	-	(3,217)	(3,217)
Closing balance as at 31 December 2009	-	(23,014)	(23,014)
Carrying value as at 31 December 2009	3,866	92,912	96,778

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

13. INVESTMENT PROPERTY (cont'd)

	Land and land Improvements	Building	Total
Cost			
Opening balance as at 1 January 2008	3,181	115,926	119,107
Currency translation effect	696	-	696
Closing balance as at 31 December 2008	3,877	115,926	119,803
Accumulated Depreciation			
Opening balance at 1 January 2008	-	(16,578)	(16,578)
Charge for the year	-	(3,219)	(3,219)
Closing balance as at 31 December 2008	-	(19,797)	(19,797)
Carrying value as at 31 December 2008	3,877	96,129	100,006

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 2,943 (2008: 2,941) has been charged to cost of revenue, 5 (2008: 5) to research and development expenses, 54 (2008: 44) to marketing, selling and distribution expenses and 215 (2008: 229) to general administrative expenses.

For the year ended 31 December 2009 total rental income earned from investment properties is 9,611 (31 December 2008: 6,631). Direct operating expenses arising on the investment properties in the period amounted to 3,033 (31 December 2008: 2,380).

The fair value of the Group's investment property at 31 December 2009 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 is 359,748 (31 December 2008: 356,938) 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 2009	267,225	287,921	929,147	27,987	50,350	24,915	104,217	1,691,762
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	257,067	293,552	944,253	27,304	47,066	16,048	104,706	1,689,996
Accumulated Depreciation								
Opening balance as at 1 January 2009	(47,363)	(152,729)	(710,084)	(19,089)	(27,882)	-	(43,663)	(1,000,810)
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)	-	(2,654)	(80,209)
Disposals	8,870	107	3,950	3,364	6,818	-	(74)	23,035
Closing balance as at 31 December 2009	(45,846)	(160,093)	(757,090)	(19,937)	(26,288)	-	(46,042)	(1,055,296)
Carrying value as at 31 December 2009	211,221	133,459	187,163	7,367	20,778	16,048	58,664	634,700

Property, plant and equipment include fixed assets with carrying value of 121,306 purchased through financial lease.
The amount of mortgage on buildings is 3,205.

(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 2008	228,248	235,851	1,003,570	31,866	71,789	41,282	114,778	1,727,384
Written off fully depreciate fixed assets and reclassifications	5,290	28,485	(270,674)	(9,573)	19,709	(13,058)	(3,065)	(242,886)
Currency translation effect	38,534	17,539	132,610	6,869	18,441	(3,207)	(7,971)	202,815
Additions	12,823	8,906	21,877	6,807	5,216	25,058	443	81,130
Tangible assets acquired through finance leases	-	-	50,524	-	-	-	-	50,524
Diposals	(17,881)	(6,937)	(27,209)	(8,722)	(65,129)	(1,303)	(24)	(127,205)
Transfers	211	4,077	18,449	740	324	(23,857)	56	-
Closing balance as at 31 December 2008	267,225	287,921	929,147	27,987	50,350	24,915	104,217	1,691,762
Accumulated depreciation								
Opening balance as at 1 January 2008	(38,207)	(132,517)	(818,229)	(25,537)	(61,629)	-	(51,891)	(1,128,010)
Written off fully depreciate fixed assets and reclassifications	(817)	(2,378)	237,396	10,026	(3,409)	-	2,068	242,886
Currency translation effect	(3,109)	(5,716)	(93,722)	(5,423)	(22,519)	-	8,787	(121,702)
Charge for the year	(8,699)	(14,853)	(49,003)	(3,967)	(4,819)	-	(2,627)	(83,968)
Diposals	3,469	2,735	13,474	5,812	64,494	-	-	89,984
Closing balance as at 31 December 2008	(47,363)	(152,729)	(710,084)	(19,089)	(27,882)	-	(43,663)	(1,000,810)
Carrying value as at 31 December 2008	219,862	135,192	219,063	8,898	22,468	24,915	60,554	690,952

Property, plant and equipment include fixed assets with carrying value of 150,672 purchased through financial lease.
The amount of mortgage on buildings is 3,205.

(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	3-40 years
Vehicles	3-13 years
Furniture and fixtures	3-20 years
Leasehold improvements	4-50 years

Depreciation expense of 72,683 (2008: 71,141) has been charged to cost of revenue, 123 (2008: 131) to research and development expenses, 1,339 (2008: 1,148) to marketing, selling and distribution expenses, 5,407 (2008: 6,016) to general administrative expenses and 657 (2008: 5,532) to inventory.

15. INTANGIBLE ASSETS

	Rights	Other intangible assets	Total
Cost value			
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

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

15. INTANGIBLE ASSETS (cont'd)

	Rights	Other intangible assets	Total
Cost value			
Opening balance as at 1 January 2008	8,704	278	8,982
Currency translation effect	943	51	994
Additions	1,725	9	1,734
Disposals	(632)	(1)	(633)
Closing balance as at 31 December 2008	10,740	337	11,077
Accumulated amortization			
Opening balance as at 1 January 2008	(4,076)	(102)	(4,178)
Currency translation effect	(986)	120	(866)
Charge for the year	(2,417)	(326)	(2,743)
Disposals	533	1	534
Closing balance as at 31 December 2008	(6,946)	(307)	(7,253)
Carrying value as at 31 December 2008	3,794	30	3,824

Intangible assets are amortized over the following useful lives:

	Useful life
Rights	3-15 years
Other intangible assets	3-10 years

Amortization expense of 1,573 (2008: 2,504) has been charged to cost of revenue, 3 (2008: 4) to research and development expenses, 28 (2008: 37) to marketing, selling and distribution expenses and 115 (2008: 198) to general administrative expenses.

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 December 2010.
- Bursa Light Rail System – Extended till April 2010.
- Gaziantep – Birecik Highway Project – Extended until December 2010.

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

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Provisions	31 December 2009	31 December 2008
Provision for litigation	15,260	20,767
Other provisions	3,028	2,326
	18,288	23,093

Movement of provision for litigation is as follows:

	2009	2008
Provision as at 1 January	20,767	14,358
Provision paid (-)	(4,114)	(972)
Charge for the year	5,502	7,887
Provision released	(6,194)	(1,292)
Currency translation effect	(701)	786
Provision as at 31 December	15,260	20,767

b) Contingent Assets and Liabilities

Contractual Obligations:

Defects Liabilities

Based on the agreements signed with customers, the Group 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, the Group 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 2009, the Management has decided to fund 15,260 (2008: 20,767) 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 52,958 (2008: 40,135) of lawsuit filed against the Group.

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

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.

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

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

b) Contingent Assets and Liabilities (cont'd)

Rights and Commitments Based on Share Purchase Agreement:

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

At any time between the seventh (7^{th}) anniversary and the tenth (10^{th}) anniversary of the signing of this Agreement, EFG 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 EFG 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 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.

18. COMMITMENTS AND OBLIGATIONS

Guarantees –Pledge-Mortgage ("GPM")

Guarantee, pledge and mortgage position of the Group as of December 31, 2009 and December 31,2008 are as follows:

Guarantees/Pledge/Mortgage given by the group	31 December 2009	31 December 2008
A. Total amounts of GPM given on behalf of its own legal entity	146,361	146,397
B. Total amounts of GPM given on behalf of subsidiaries that are included in full consolidation	1,334,668	1,164,697
C. Total amounts of GPM given in order to guarantee third parties debts for 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	1,481,029	1,311,094

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

19. EMPLOYEE BENEFITS

Short term employee benefits:

	31 December 2009	31 December 2008
Retirement pay provision	2,880	6,907
Unused vacation pay liability	9,638	11,371
Premium provision	7,468	6,575
Other employee benefits provisions	11,575	12,302
	31,561	37,155

Long term employee benefits:

	31 December 2009	31 December 2008
Retirement pay provision	29,120	29,242

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 2,365.16 TRY (31 December 2008: 2,173.19 TRY) for each period of service at 31 December 2009.

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):

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 2009, 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 4.80% and a discount rate of 11%, resulting in a real discount rate of approximately 5.92% (31 December 2008: 6.26%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2.427,04 effective from January 1, 2010 has been taken into consideration in calculation of provision from employment termination benefits.

As of 31 December 2009, 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.

Movement of retirement pay provision is as follows:

	2009	2008
Provision as at 1 January	36,149	28,802
Currency translation effect	254	4,402
Service expense	8,074	10,990
Interest expense	1,468	1,356
Provision paid (-)	(14,806)	(9,162)
Actuarial gain/ loss	861	(239)
Provision as at 31 December	32,000	36,149

7,238 of total liability (2008: 10,324) has been included in cost of sales and 3,115 (2008: 1,783) has been included in general administration expenses and 50 (2008: None) has been included to marketing, selling and distribution expenses.

Movement of Group's premium provision is as follows:

	2009	2008
Provision as at 1 January	6,575	7,610
Provision paid	(4,745)	(7,610)
Charge for the year	5,666	6,258
Currency translation effect	(28)	317
Provision as at 31 December	7,468	6,575

1,595 of total liability (2008: 1,762) and 4,071 (2008: 4,496) have been included in cost of revenue and in general administration 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 2009	31 December 2008
Prepaid taxes and funds	8,041	22,239
Business advances given	5,801	17,699
VAT receivables	21,085	16,765
Witholding tax of ongoing construcion contracts	608	10,205
Order advances given	22,405	6,347
Prepaid expenses	4,369	5,753
Other current assets	1,070	564
	63,379	79,572

Other Non Current Assets	31 December 2009	31 December 2008
VAT carried forward	29,870	63,563
Witholding tax of ongoing construcion contracts	9,019	7,472
Prepaid expenses	968	964
	39,857	71,999

Other Short Term Liabilities	31 December 2009	31 December 2008
Advances received for construction projects (Note: 11)	136,071	250,338
Order advances received	21,930	13,858
Income relating to future months	4,501	3,778
VAT Calculated	1,213	-
Other	184	-
	163,899	267,974

(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 2009 and 2008 is as follows:

Shareholders	(%)	31 December 2009	(%)	31 December 2008
Akçağlılar family	19.30%	71,426	19.30%	57,289
Berker family	19.30%	71,426	19.30%	57,289
Gökyiğit family	19.30%	71,426	19.30%	57,289
Other (*)	7.60%	28,073	7.60%	22,521
Publicly traded	34.50%	127,649	34.50%	102,387
Paid in capital	100.00%	370,000	100.00%	296,775
Capital structure adjustments		3,475		3,475
Restated capital		373,475		300,250

(*) Indicates the total of owners with shares less than 5%. 2.26 % of this non traded shares are become ready for sales by the owner.

Registered and issued capital comprises 370,000,000 shares at 1 TRY par value (31 December 2008: 296,775,000). All these shares consist of bearer common shares.

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 2009	31 December 2008
Property, plant and equipment revaluation fund	2,277	2,055
Fair value reserve of financial assets (Note: 6)	35,782	16,627
	38,059	18,682

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

21. SHAREHOLDERS' EQUITY (cont'd)

b) Revaluation Growth Funds (cont'd)

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 Assets:

Fair value reserve of financial assets 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.

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 45,765 (2008: 31,302).

d) Restricted Profit Reserves

	31 December 2009	31 December 2008
Legal reserves	40,834	24,490

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.

21. SHAREHOLDERS' EQUITY (cont'd)

d) Restricted Profit Reserves (cont'd)

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.

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 (December 31, 2008: 20%), 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 629,403 for Tekfen Holding A.Ş..

e) Retained Earnings

As of 31 December 2009 Group's retained earnings of 555,682 is consist of 59,385 inflationary adjustment on equity, 75,604 extraordinary reserves and 420,693 accumulated profit. (31 December 2008: 555,877 is consist of 59,385 inflationary adjustment on equity, 75,604 extraordinary reserves and 420,888 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 2009	1 January 31 December 2008
Domestic goods and merchandise sales	996,943	1,177,154
Export goods and merchandise sales	7,401	17,740
Contract revenue – domestic	108,956	97,760
Contract revenue – abroad	774,192	882,185
Contract revenue from joint ventures – domestic	64,136	91,775
Contract revenue from joint ventures – abroad	391,883	241,625
Textile products revenue	13,378	10,397
Other	2,945	6,381
Sales returns (-)	(4,379)	(4,378)
Sales discount (-)	(4,938)	(2,107)
Other sales discount (-)	(2,423)	(641)
	2,348,094	2,517,891

b) Cost of Revenue

	1 January- 31 December 2009	1 January- 31 December 2008
Cost of raw materials used	(880,312)	(1,015,550)
Employee benefits expenses	(280,217)	(283,869)
Subcontractor expenses	(219,315)	(274,085)
Depreciation expenses	(77,199)	(76,586)
Allowance for impairment on inventory (Note: 10)	77,237	(78,116)
Machinery, vehicle and other rent expenses	(60,615)	(78,896)
Manufacturing overheads	(39,132)	(30,516)
Energy and fuel expenses	(30,209)	(37,416)
Maintanance expenses	(26,338)	(19,144)
Consultancy expense	(25,512)	(11,264)
Transportation expenses	(22,851)	(21,910)
Changes in work in progress (Note: 10)	(77,251)	75,586
Changes in finished goods (Note: 10)	(17,093)	19,762
	(1,678,807)	(1,832,004)
Cost of merchandises sold	(335,068)	(267,023)
Cost of services sold	(25,657)	(21,601)
Cost of other sales	(30,097)	(81,273)
	(2,069,629)	(2,201,901)

(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 2009	1 January-31 December 2008
Research and development expenses (-)	(473)	(859)
Marketing, selling and distribution expenses (-)	(79,256)	(76,129)
General administrative expenses (-)	(83,253)	(82,136)
	(162,982)	(159,124)

a) Detail of Research and Development Expenses	1 January-31 December 2009	1 January-31 December 2008
Payroll expenses and fringe benefits	(141)	(274)
Depreciation and amortization expenses	(131)	(140)
Consultancy expenses	(60)	(129)
Maintenance expenses	(63)	(108)
Energy and fuel expenses	(50)	(48)
Other expenses	(28)	(160)
	(473)	(859)

b) Detail of Marketing, Selling and Distribution Expenses	1 January-31 December 2009	1 January-31 December 2008
Transportation expenses	(60,185)	(58,595)
Payroll expenses and fringe benefits	(7,871)	(7,427)
Depreciation and amortization expenses	(1,421)	(1,229)
Office and administration expenses	(1,261)	(1,081)
Rent expenses	(1,198)	(549)
Energy and fuel expenses	(482)	(371)
Traveling expenses	(499)	(223)
Other expenses	(6,339)	(6,654)
	(79,256)	(76,129)

(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 (cont'd)

c) Detail of General Administrative Expenses	1 January- 31 December 2009	1 January- 31 December 2008
Payroll expenses and fringe benefits	(51,015)	(43,654)
Consultancy expenses	(6,169)	(7,527)
Office and administration expenses	(7,211)	(9,347)
Provision for doubtful receivables	(7,030)	(4,230)
Depreciation and amortization expenses	(5,737)	(6,443)
Traveling expenses	(2,362)	(1,632)
Bank and notary expenses	(1,120)	(2,202)
Rent expenses	(799)	(932)
Energy and fuel expenses	(422)	(567)
Reversal of unnecessary provisions	3,829	413
Other expenses	(5,217)	(6,015)
	(83,253)	(82,136)

24. QUALITATIVE EXPENSES

	1 January- 31 December 2009	1 January- 31 December 2008
Transportation expenses	(60,185)	(58,595)
Payroll expenses and fringe benefits	(59,027)	(51,355)
Office and administration expenses	(8,472)	(10,428)
Depreciation and amortization expenses	(7,289)	(7,812)
Provision for doubtful receivables	(7,030)	(4,230)
Consultancy expenses	(6,229)	(7,656)
Traveling expenses	(2,861)	(1,855)
Rent expenses	(1,997)	(1,481)
Bank and notary expenses	(1,120)	(2,202)
Energy and fuel expenses	(954)	(986)
Maintenance expenses	(63)	(108)
Reversal of unnecessary provision	3,829	413
Other expenses	(11,584)	(12,829)
	(162,982)	(159,124)

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

25. OTHER OPERATING INCOME AND EXPENSES

Details of other operating income and expenses for the year ended 31 December 2009 and 2008 are as follows:

Other Operating Income	1 January-31 December 2009	1 January-31 December 2008
Reversal of litigation provision	6,194	1,292
Reversal of other unnecessary provisions	5,236	3,330
Rent expenses	2,647	5,001
Indemnity income	1,705	446
Government grants and incentives income	1,048	1,107
Gain on sale of fixed asset	471	5,629
Scrap sale income	394	932
Other income	5,532	1,977
	23,227	19,714

Other Operating Expenses	1 January-31 December 2009	1 January-31 December 2008
Impairment on investment	(6,146)	-
Litigation provision	(5,502)	(7,887)
Other provision expenses	(2,902)	-
Technological agriculture wastage provisions	(2,910)	-
Additional tax expense	(1,584)	-
Damages subject to litigation	(751)	(611)
Commision expense	(369)	-
Rent expense	(351)	(1,754)
Loss on sale of fixed assets	(292)	(827)
Penalty and damages paid	(167)	(1,067)
Write off VAT receivable	(191)	(992)
Tender expenses	-	(625)
Other expenses	(2,518)	(4,323)
	(23,683)	(18,086)

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

26. FINANCIAL INCOME

	1 January-31 December 2009	1 January-31 December 2008
Interest income:		
Bank deposits interest income	51,155	75,265
Finance income on sales	2,883	3,611
Interest income from legally approved claims	-	9,961
Dividend income	5,085	5,038
Foreign exchange gains	87,279	104,780
Marketable securities sale profit	47	144
Rediscount income	2,949	1,880
Other	2,315	498
	151,713	201,177

27. FINANCIAL EXPENSES

	1 January-31 December 2009	1 January-31 December 2008
Foreign exchange loans	(122,258)	(186,101)
Bank loans interest expenses	(33,436)	(33,507)
Leasing finance interest expenses	(5,134)	(8,760)
Rediscount expenses	(2,731)	(3,672)
Other	(15,196)	(5,937)
	(178,755)	(237,977)

28. ASSETS CLASSIFIED AS HELD FOR SALE

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

	31 December 2009	31 December 2008
Assets classified as held for sale	12,087	11,843
	12,087	11,843

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

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

Current tax liability:	31 December 2009	31 December 2008
Corporate tax provision	27,534	50,291
Less: Prepaid taxes and funds	(20,119)	(41,851)
	7,415	8,440

Tax expense comprises as follows:	1 January- 31 December 2009	1 January- 31 December 2008
Current tax provision	27,534	50,291
Deferred tax expense / (income)	1,224	(5,865)
Currency translataion effect	499	(2,054)
	29,257	42,372

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 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 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.

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

Tax legislation in Turkey (cont'd);

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 2003. This rate was changed to 15% commencing from 23 July 2006 with the Cabinet Decision 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Income withholding tax calculated in 2002 and prior years over specific income that are exempt from withholding tax, irrespective of any distribution, are superseded in general. 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.

Investment Incentives

The application of investment incentives is revoked commencing from 1 January 2006. However, companies are allowed to offset their carried forward outstanding allowances as of 31 December 2005 against the 2006, 2007 and 2008's taxable income in cases where they have insufficient taxable profits. Non-deductible investment incentives from the 2008's taxable income cannot be carried forward to following years.

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

Since the Group has not investment incentive, the corporate tax rate has been used 20 % (2008: 20%).

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

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

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	20% - 21%	0% - 15%
Ireland	12.5% - 25%	20%
England	28%	20%
Morocco	30%	10%
Kuwait	0% - 55%	0%
Libya	0%	5% - 10%
Omman	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 2009.However, these activities will be subject to corporate tax as of year 2010. 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.

According to 5520 numbered Corporate Tax Law's Article 33 dated at 1 January 2006, local taxes paid related with these earnings, which are transferred to income statement in Turkey, can be deducted from calculated corporate tax in Turkey. In the applied cases Corporate Tax Law's Article 7, income or corporate tax payment of the foreign participation, can be deducted from corporate tax calculated income tax in Turkey.

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

29. 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% (2008: 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 2009	31 December 2008
Restatement and depreciation / amortization differences of tangible and intangible assets	29,821	23,390
Provision for employment termination benefits and vacation liability	(19,096)	(15,598)
Impairment provision for inventory	(43)	(71,538)
Contract costs and progress billings (net)	(10,809)	(10,242)
Undistributed profits of joint ventures	36,615	25,790
Provision for doubtful receivables	(9,728)	(3,222)
Effect of income accruals	(417)	5,717
Tax losses carried forward	(74,401)	(16,068)
Provision for litigation	(6,105)	(11,253)
Available for sale investments	35,409	21,361
Provision for premium payments	(6,449)	(1,435)
Other	(5,746)	(12,600)
Deferred tax assets	(30,949)	(65,698)

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

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

Deferred tax (cont'd):

Components of deferred tax (assets)/liabilities:	31 December 2009	31 December 2008
Restatement and depreciation / amortization differences of tangible and intangible assets	6,861	8,320
Provision for employment termination benefits and vacation liability	(3,815)	(3,680)
Impairment provision for inventory	(9)	(14,316)
Contract costs and progress billings (net)	(2,186)	(2,576)
Undistributed profits of joint ventures	7,323	5,158
Provision for doubtful receivables	(1,946)	(645)
Effect of income accruals	498	2,248
Tax losses carried forward	(14,900)	(4,524)
Provision for litigation	(1,221)	(2,251)
Available for sale investments	1,770	1,068
Provision for premium payments	(1,290)	(287)
Other	(1,122)	(1,991)
Deferred tax assets	(10,037)	(13,476)
Deferred tax assets	(35,508)	(38,523)
Deferred tax liabilities	25,471	25,047
	(10,037)	(13,476)

Movement of deferred tax assets and liabilities for the years ended 31 December 2009 and 2008 are as follows:

Movement of deferred tax assets	2009	2008
Opening balance as at 1 January	(13,476)	(8,446)
Deferred tax expense / (income)	1,224	(5,865)
Tax effect of available for sale investments	676	(1,083)
Currency translation effect	1,539	1,918
Closing balance as at 31 December	(10,037)	(13,476)

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

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

Deferred tax (cont'd):

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

Reconciliation of taxation:	1 January-31 December 2009	1 January-31 December 2008
Profit before tax	98,412	133,227
Expected taxation (*)	23,768	8,979
Reconciliation of expected tax to actual tax:		
- Undeductable expenses	12,931	13,370
- Dividend and other non taxable income	(6,898)	(1,341)
- Carry forward tax losses deducted in current year	(5,109)	(1,238)
- Effects of unrealizable tax income / (losses) (net)	7,535	13,064
-Tax exemption from subsdiary	(2,396)	-
- Effect of change in tax rates and consolidation adjustments	(4,119)	9,456
- Other	3,545	82
Income tax expense recognized in statement of income	29,257	42,372

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

30. 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 2009 and 2008, 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:

Earnings per share	1 January-31 December 2009	1 January-31 December 2008
Average number of ordinary shares outstanding during the period (in full)	370,000,000	370,000,000
Net profit for the year attributable to owners of the Parent (thousands TL)	69,344	91,032
Earnings per share from operation (TL)	0.187	0.246

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

31. 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 2009	31 December 2008
Demand deposit	2,095	2,438
Time deposit	378,800	383,118
	380,895	385,556
Loans obtained from Eurobank Tekfen A.Ş.	2	24,977

Detail of the Group's loans obtained from related parties as of 31 December 2009 and 2008 are as follows:

31 December 2009 Loans obtained from related parties:	Original Currency	Maturity	Weighted Average Interest Rate %	Short Term Financial Debts
Eurobank Tekfen A.Ş.	TL	Spot	-	2
				2

31 December 2008 Loans obtained from related parties:	Original Currency	Maturity	Weighted Average Interest Rate %	Short Term Financial Debts
Eurobank Tekfen A.Ş.	USD	March 2009	9.68	24,400
Eurobank Tekfen A.Ş.	TRY	Spot	-	577
				24,977

	31 December 2009		31 December 2008	
	Due from	Due to	Due from	Due to
Balances with related parties	Short term	Short term	Short term	Short term
Subsidiaries				
Eurobank Tekfen	825	-	894	-
Tekzen	783	-	973	-
Tekfen Oz	3,872	-	438	-
Other	70	-	498	-
Immediate Family and upper management	33	22	842	36
Joint ventures	1,848	8,422	7,508	2,381
	7,431	8,444	11,153	2,417

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

31. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2009							
Balances with related parties	Purchases	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other expense
Subsidiaries								
Tekfen Oz	-	56	-	-	-	-	91	-
Eurobank Tekfen	-	242	5,215	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	21,057	10,297	4	5,085	2,600	143	476

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

31. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2008							
Balances with related parties	Purchases	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other expense
Subsidiaries								
Tekfen Oz	-	1,794	-	-	-	36	204	-
Eurobank Tekfen	-	1,028	28,661	266	-	165	-	97
Tekzen	-	1,526	-	-	-	526	-	7
Akmerkez Lokantacılık	-	-	-	-	251	-	-	-
Üçgen Bakım	-	21	-	-	58	-	-	-
Akmerkez Gayrimenkul	-	1	-	-	4,729	-	-	-
Tekfen Vakfı	-	-	-	-	-	14	-	-
Immediate Family and upper management	-	11	-	-	-	-	-	-
Joint ventures	-	16,145	170	-	-	1,167	396	-
Other companies managed by the Parent Company	-	77	-	-	-	-	-	-
	-	20,603	28,831	266	5,038	1,908	600	104

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

31. RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel:

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

	31 December 2009	31 December 2008
Salaries and other short term benefits	7,862	7,426
	7,862	7,426

32. 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, which includes the borrowings disclosed in Note 7, equity attributable to equity holders of the parent, comprising paid in capital, reserves and retained earnings.

Group's general strategy has not changed since 2008.

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.

The Group's corporate treasury function 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.)

32. 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 2009	Related Party	Third Party	Third Party	Bank Deposit
Minimum credit risk exposure at Balance Sheet date (*)	7,431	364,955	25,873	550,627
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	223	-	-
A. Net book value of not due or not impaired financial assets	7,431	354,711	24,600	550,627
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)	-	12,421	571	-
- Impairment (-)	-	(12,421)	(571)	-
- 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.)

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

b) Financial Risk Factors (cont'd)

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

Credit risk exposure based on financial instrument categories	Receivables			
	Trade Receivables		Other Receivables	
31 December 2008	Related Party	Third Party	Third Party	Bank Deposit
Minimum credit risk exposure at Balance Sheet date (*)	11,153	458,880	25,302	501,285
- Secured portion of minimum credit risk via guarantee or etc. (**)	210	14,835	-	-
A. Net book value of not due or not impaired financial assets	11,153	435,119	22,892	501,285
B. Net book value of assets that are due but not impaired	-	23,761	2,410	-
- Secured portion via guarantee or etc.	-	12,963	-	-
C. Net book value of impaired assets	-	-	-	-
- Over due (gross book value)	-	16,522	-	-
- Impairment (-)	-	(16,522)	-	-
- 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.)

32. 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 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	571	19,158
Overdue by more than 5 years	726	1,273	1,999
Total overdue receivables	22,665	1,844	24,509
Total provision provided	(12,421)	(571)	(12,992)
Secured portion via guarantee or etc.	223	-	223

31 December 2008	Trade Receivables	Other Receivables	Total
Overdue by 1-30 days	6,210	-	6,210
Overdue by 1-3 months	1,472	-	1,472
Overdue by 3-12 months	22,015	841	22,856
Overdue 1-5 years	8,663	1,569	10,232
Overdue by more than 5 years	1,923	-	1,923
Total overdue receivables	40,283	2,410	42,693
Total provision provided	(16,522)	-	(16,522)
Secured portion via guarantee or etc.	12,963	-	12,963

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

32. 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 follows:

	31 December 2009	31 December 2008
Guarantee letters	223	12,963
	223	12,963

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 chart:

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

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

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

b) Financial Risk Factors (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2008

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	509,753	522,778	170,485	349,549	2,744
Finance lease obligations	108,106	121,353	13,203	37,925	70,225
Trade payables (due to related parties included)	606,303	608,356	508,388	97,425	2,543
Other payables	32,566	32,566	17,416	14,119	1,031
Total liability	1,256,728	1,285,053	709,492	499,018	76,543

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.)

32. 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 TRY	US Dollars	EUR	JPY	GBP	Other (Equivalant of Thousands TRY)
1. Trade Receivables	152,714	10,014,458	28,507,540	-	2,000	76,046
2. Monetary Financial Assets	216,400	103,310,518	9,144,520	-	418,000	40,091
3. Other	19,481	4,621,000	4,031,233	-	94,000	3,590
4. CURRENT ASSETS	388,595	117,945,976	41,683,293	-	514,000	119,727
5. Trade Receivables	6,566	2,953,000	605,449	-	-	812
6. Monetary Financial Assets	11,964	-	16,728	-	-	11,928
7. Other	92	61,429	-	-	-	-
8. NON CURRENT ASSETS	18,622	3,014,429	622,177	-	-	12,740
9. TOTAL ASSETS	407,217	120,960,405	42,305,470	-	514,000	132,467
10. Trade Payables	244,725	125,432,636	7,568,169	-	801,000	37,598
11. Financial Liabilities	88,385	54,607,974	2,544,698	-	-	664
12. Monetary Other Liabilities	62,402	1,350,660	5,995,813	-	-	47,416
12b. Non-Monetary Other Liabilities	25,715	12,153,190	80,000	-	-	7,243
13. CURRENT LIABILITIES	421,227	193,544,460	16,188,680	-	801,000	92,921
14. Trade Payables	1,987	-	-	-	-	1,987
15. Financial Liabilities	1,280	423,424	149,000	-	-	321
16. Monetary Other Liabilities	7,724	393,591	-	-	-	7,131
17. NON-CURRENT LIABILITIES	10,991	817,015	149,000	-	-	9,439
18. TOTAL LIABILITIES	432,218	194,361,475	16,337,680	-	801,000	102,360
19. Net foreign currency assets/(liabilities) position	(25,001)	(73,401,070)	25,967,790	-	(287,000)	30,107
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(18,859)	(65,930,309)	22,016,557	-	(381,000)	33,760
21. Export	2,402	1,554,079	-	-	-	-
22. Import	552,488	352,694,703	2,943,578	-	413,235	-

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

32. 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 2008	Equivalant of Thousands TRY	US Dollars	EUR	JPY	GBP	Other (Equivalant of Thousands TRY)
1. Trade Receivables	142,583	19,215,842	36,918,624	-	6,051	34,474
2. Monetary Financial Assets	119,235	49,321,386	14,396,164	28,175,022	3,923	13,347
3. Other	1,442	-	281,514	-	-	840
4. CURRENT ASSETS	263,260	68,537,228	51,596,302	28,175,022	9,974	48,661
5. Trade Receivables	4,352	1,166,988	395,975	-	-	1,740
6. Monetary Financial Assets	9,621	-	-	-	-	9,621
7. Other	92	60,867	-	-	-	-
8. NON CURRENT ASSETS	14,065	1,227,855	395,975	-	-	11,361
9. TOTAL ASSETS	277,325	69,765,083	51,992,277	28,175,022	9,974	60,022
10. Trade Payables	374,920	193,787,185	11,371,439	-	1,472,413	54,284
11. Financial Liabilities	158,423	98,477,199	2,126,741	-	-	4,943
12. Monetary Other Liabilities	64,673	8,933,086	2,543,424	-	-	45,719
13. CURRENT LIABILITIES	598,016	301,197,470	16,041,604	-	1,472,413	104,946
14. Trade Payables	1,551	-	-	-	-	1,551
15. Financial Liabilities	7,298	4,519,322	216,242	-	-	-
16. Monetary Other Liabilities	1,024	677,340	-	-	-	-
17. NON-CURRENT LIABILITIES	9,873	5,196,662	216,242	-	-	1,551
18. TOTAL LIABILITIES	607,889	306,394,132	16,257,846	-	1,472,413	106,497
19. Net foreign currency assets/(liabilities) position	(330,564)	(236,629,049)	35,734,431	28,175,022	(1,462,439)	(46,475)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(332,098)	(236,689,916)	35,452,917	28,175,022	(1,462,439)	(47,315)
21. Export	103,327	79,631,199	-	-	-	-
22. Import	924,064	700,310,570	6,890,866	-	1,002,434	1

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

32. 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 2009	
	Profit / Loss	
	Appreciaiton of foreign currencies	Depreciaiton 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	2,942	(2,942)
TOTAL	(2,500)	2,500

	31 December 2008	
	Profit / Loss	
	Appreciaiton of foreign currencies	Depreciaiton of foreign currencies
	If US Dollars 10% appreciated vs TRY	
US Dollars net assets / liabilities	(35,785)	35,785
	If Euro 10% appreciated vs TRY	
Euro net assets / liabilities	7,650	(7,650)
	If Other foreign currencies 10% appreciated vs TRY	
Other foreign currency net assets / liabilities	(4,921)	4,921
TOTAL	(33,056)	33,056

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

32. 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 Rate Position Table

Fixed Rate Financial Instruments	31 December 2009	31 December 2008
Financial Liabilities	507,863	608,183
Floating Rate Financial Instruments		
Financial Liabilities	4,463	9,676

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. Group management does not expect any significant changes in interest rates.

At 31 December 2009 if the TRY denominated interest rate had been 5 basis points higher/lower and all other variables held constant, profit before tax and minority interest would decrease/increase by 6 (31 Aralık 2008: 42).

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 2009, 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 4,668 (2008: 3,562 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.

Group's stock prices sensitivity has not shown any significant deviation against prior year.

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

33. FINANCIAL INSTRUMENTS

Categories of financial instruments and fair values

31 December 2009	Financial assets at amortized cost	Loans and receivables	Available for sale investments	Financial liabilities at amortized cost	Carrying value	Note
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.)

33. FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments and fair values

31 December 2008	Financial assets at amortized cost	Loans and receivables	Available for sale investments	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	506,364	-	-	-	506,364	5
Trade receivables (due from related parties included)	-	470,033	-	-	470,033	8,31
Financial investments	-	-	37,587	-	37,587	6
Other current and non current assets	-	25,302	-	-	25,302	9
Financial liabilities						
Financial debts	-	-	-	617,859	617,859	7,31
Trade payables (due to related parties included)	-	-	-	606,303	606,303	8,31
Other short and long term liabilities	-	-	-	32,566	32,566	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.)

33. 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 as of balance sheet date		
Financial assets	31 December 2009	Level 1	Level 2	Level 3
Available-for-sale investments	51,256	49,699	-	1,557
Total	51,256	49,699	-	1,557

34. SUBSEQUENT EVENTS

4 office floor located at Tekfen Tower Building which is 4,180 square meter have been purchased by Eurobank Tekfen on 18 January 2010 which is Company's investment that consolidated by equity method, for a value of US Dollars 11.9 million in accordance with purchase agreement between the Company and Eurobank Tekfen dated 16 March 2007.

Tekfen Insaat agrees with BP Exploration to construct West Chirag Platform. Tekfen Holding's construction unit Tekfen Insaat informs that the consortium formed by AMEC, Tekfen and Azfen namely ATA consortium signed an agreement with BP Exploration (Caspian Sea) to construct, test and start up West Chirag Platform. The project will start in July 2010 and it will end in August 2013. The project will cost US Dollars 334.8 million and Tekfen's share in this project will be US Dollars 163.4 million.

Furthermore, Tekfen İnşaat signed an agreement with the employer to construct and set up works of Morocco Samir Refinery Topping Unit (Crude Oil Distillation). The project will cost 40.5 million EUR. The project will start April 2010 and it will end October 2011.

After the balance sheet date, 1.13 % of this non traded Company shares are become ready for sale at stock market by the owners.

As at report date, there is a positive change of 37,557 in fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı, whose shares are publicly traded.

As of balance sheet date, 173,246 of 446,171 balances of Receivables from ongoing construction contracts have been invoiced as of the report date.