

**TEKFEN HOLDİNG A.Ş.  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD  
ENDED 30 SEPTEMBER 2008

(Translated into English from the report  
originally issued Turkish)

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**TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008**

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

<b>ASSETS</b>	<b>Notes</b>	<b>30 September 2008</b>	<b>Audited 31 December 2007</b>
<b>Current Assets</b>		<b>1.808.240</b>	<b>1.443.211</b>
Cash and Cash Equivalents		454.783	521.653
Trade Receivables		309.915	322.310
Receivables From Related Parties		8.336	16.744
Receivables From Ongoing Construction Contracts	5	395.230	254.824
Other Receivables		12.352	9.516
Inventories		544.043	247.010
Other Current Assets	7	74.304	61.386
		<b>1.798.963</b>	<b>1.433.443</b>
Assets Classified As Held For Sale		9.277	9.768
<b>Non Current Assets</b>		<b>1.022.570</b>	<b>977.574</b>
Trade Receivables		18.784	12.038
Other Receivables		10.126	11.523
Financial Investments		56.320	59.438
Investments Accounted By Equity Method		90.312	84.282
Investment Property		107.809	109.362
Tangible Assets	6	629.057	593.268
Intangible Assets	6	2.822	4.085
Deferred Tax Assets		21.518	39.385
Other Non Current Assets	7	85.822	64.193
<b>TOTAL ASSETS</b>		<b>2.830.810</b>	<b>2.420.785</b>

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

**TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008**

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

		<b>30 September</b>	<b>Audited</b>
	<b>Notes</b>	<b>2008</b>	<b>31 December</b>
<b>LIABILITIES</b>			<b>2007</b>
<b>Current Liabilities</b>		<b>1.276.148</b>	<b>1.020.350</b>
Financial Payables		461.348	347.850
Trade Payables		519.547	337.807
Payables To Related Parties		1.262	1.707
Ongoing Construction Progress Payments	5	2.592	36.262
Other Payables		49.294	36.708
Corporate Tax Liability		14.930	22.782
Provisions	8	15.881	14.424
Provisions For Employee Benefits	9	5.019	8.664
Other Current Liabilities	7	206.275	214.146
<b>Non Current Liabilities</b>		<b>133.607</b>	<b>183.331</b>
Financial Payables		64.379	75.139
Trade Payables		1.861	1.502
Other Payables		838	9.654
Provisions For Employee Benefits	9	30.287	27.748
Deferred Tax Liabilities		24.527	30.939
Other Non Current Liabilities	7	11.715	38.349
<b>EQUITY</b>		<b>1.421.055</b>	<b>1.217.104</b>
<b>Equity Shares Attributable to Equity Holders</b>		<b>1.404.941</b>	<b>1.201.340</b>
Paid-in Capital		296.775	296.775
Inflation Adjustment on Paid-in Capital		3.475	3.475
Premium In Access of Par		300.986	301.839
Revaluation Funds		35.013	42.560
Currency Translation Reserve		(30.853)	(43.410)
Legal Reserves		12.354	3.560
Retained Earnings		568.866	317.284
Net Profit For The Period		218.325	279.257
<b>Minority Interest</b>		<b>16.114</b>	<b>15.764</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2.830.810</b>	<b>2.420.785</b>

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**TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS  
INTERIM PERIOD ENDED AS AT 30 SEPTEMBER 2008**

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

	<b>1 January 2008- 30 September 2008</b>	<b>1 July 2008- 30 September 2008</b>	<b>1 January 2007- 30 September 2007</b>	<b>1 July 2007- 30 September 2007</b>
<b><u>CONTINUING OPERATIONS</u></b>				
Sales	1.778.875	549.658	1.401.393	417.444
Cost of Sales (-)	(1.412.579)	(459.787)	(1.216.912)	(381.377)
<b>GROSS PROFIT</b>	<b>366.296</b>	<b>89.871</b>	<b>184.481</b>	<b>36.067</b>
Marketing, Sales and Distribution Expenses (-)	(60.372)	(17.640)	(50.176)	(14.928)
General Administrative Expenses (-)	(58.802)	(17.626)	(66.592)	(12.579)
Research and Development Expenses (-)	(648)	(237)	(485)	(175)
Other Operating Income	15.207	3.391	17.928	8.290
Other Operating Expense (-)	(8.792)	(2.851)	(9.940)	(930)
<b>OPERATING PROFIT</b>	<b>252.889</b>	<b>54.908</b>	<b>75.216</b>	<b>15.745</b>
Share On Profit Of Investment Accounted				
By Equity Method	10.837	2.617	5.011	3.037
Other Income From Other Operations	210.479	71.825	96.191	35.548
Other Expense From Other Operations (-)	(186.601)	(71.760)	(82.683)	(21.390)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>287.604</b>	<b>57.590</b>	<b>93.735</b>	<b>32.940</b>
<b>Tax expense from continuing operations</b>	<b>(69.605)</b>	<b>(12.629)</b>	<b>(27.650)</b>	<b>(2.714)</b>
-Current tax for the period	(57.787)	(12.682)	(17.035)	659
-Deferred tax expense	(11.808)	58	(10.597)	(3.342)
-Currency Translation	(10)	(5)	(18)	(31)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>217.999</b>	<b>44.961</b>	<b>66.085</b>	<b>30.226</b>
<b><u>DISCONTINUED OPERATIONS</u></b>				
Net Profit After Tax From Discontinued Operations	-	-	158.311	(1.084)
<b>PROFIT FOR THE PERIOD</b>	<b>217.999</b>	<b>44.961</b>	<b>224.396</b>	<b>29.142</b>
<b>Allocation Of Profit For The Period</b>				
Minority Interest	(326)	(18)	699	(10)
Equity Shares Attributable to Equity Holders	218.325	44.979	223.697	29.152
<b>FROM CONTINUING AND DISCONTINUED OPERATIONS :</b>				
Earnings per Preferred Share	-	-	1,541	0,201
Earnings per Common Share	0,736	0,152	1,478	0,193
<b>FROM CONTINUING OPERATIONS :</b>				
Earnings per Preferred Share	-	-	0,451	0,209
Earnings per Common Share	0,736	0,152	0,432	0,200

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**TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS INTERIM PERIOD ENDED AS AT 30 SEPTEMBER 2008**

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

	Paid Capital	Inflation Adjustment Paid-in Capital	Premium in access of par	Revaluation Funds	Currency Translation Reverse	Legal Reserve	Net Profit For the Period	Retained Earnings	Equity Shares Attributable to Equity Holders	Minority Interest	Total Equity
<b>Opening balance as at 1 January 2007</b>	104.000	3.475	-	42.628	(7.169)	10.615	80.975	379.767	614.291	19.227	633.518
Foreign currency translation reserve	-	-	-	-	(27.151)	-	-	-	(27.151)	(1.806)	(28.957)
Effect of shareholding rate change in investment accounted by equity method	-	-	-	-	-	-	-	-	-	-	-
Fair value reserve of financial assets	-	-	-	5.405	-	-	-	(267)	(267)	-	(267)
Net income recognized directly in equity	104.000	3.475	-	48.033	(34.320)	10.615	80.975	379.500	592.278	17.421	609.699
Effect of sale of subsidiary	-	-	-	(2.426)	-	-	-	-	(2.426)	(1.967)	(4.393)
Net profit for the period	-	-	-	-	-	-	223.697	-	223.697	699	224.396
Total income / (expense) for the period	104.000	3.475	-	45.607	(34.320)	10.615	304.672	379.500	813.549	16.153	829.702
Transfers to retained earnings from profit for the period	-	-	-	-	-	-	(80.975)	80.975	-	-	-
Effect of sale of subsidiary	-	-	-	-	-	(7.330)	-	7.330	-	-	-
Capital increase from retained earnings	126.000	-	-	-	-	-	-	(126.000)	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	546	-	(546)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(24.514)	(24.514)	-	(24.514)
<b>Balance as at 30 September 2007</b>	<b>230.000</b>	<b>3.475</b>	<b>-</b>	<b>45.607</b>	<b>(34.320)</b>	<b>3.831</b>	<b>223.697</b>	<b>316.745</b>	<b>789.035</b>	<b>16.153</b>	<b>805.188</b>
<b>Opening balance as at 1 January 2008</b>	296.775	3.475	300.839	42.560	(43.410)	3.560	279.257	317.284	1.201.340	15.764	1.217.104
Foreign currency translation reserve	-	-	-	-	12.557	-	-	-	12.557	676	13.233
Group's share on net assets of investments accounted by equity method	-	-	(853)	(4.739)	-	-	-	853	(4.739)	-	(4.739)
Fair value reserve of financial assets	-	-	-	(2.808)	-	-	-	-	(2.808)	-	(2.808)
Net income recognized directly in equity	296.775	3.475	300.986	35.013	(30.853)	3.560	279.257	318.137	1.206.350	16.440	1.222.790
Net profit for the period	-	-	-	-	-	-	218.325	-	218.325	(326)	217.999
Total income / (expense) for the period	296.775	3.475	300.986	35.013	(30.853)	3.560	497.582	318.137	1.424.675	16.114	1.440.789
Transfers to retained earnings from profit for the period	-	-	-	-	-	-	(279.257)	279.257	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	8.794	-	(8.794)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(19.734)	(19.734)	-	(19.734)
<b>Balance as at 30 September 2008</b>	<b>296.775</b>	<b>3.475</b>	<b>300.986</b>	<b>35.013</b>	<b>(30.853)</b>	<b>12.354</b>	<b>218.325</b>	<b>568.866</b>	<b>1.404.941</b>	<b>16.114</b>	<b>1.421.055</b>

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**TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE NINE MONTHS  
INTERIM PERIOD ENDED AS AT 30 SEPTEMBER 2008**

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

	<b>Notes</b>	<b>1 January- 30 September 2008</b>	<b>1 January- 30 September 2007</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the period		218.325	223.697
Adjustments to reconcile net income to net cash provided by operating activities:			
- Depreciation of tangible assets	6	60.154	46.957
- Amortization of intangible assets	6	2.219	1.249
- Depreciation of investment property		2.261	3.101
- Provision for doubtful receivables		304	1.551
- Share on investment accounted by equity method		(9.065)	(78.425)
- Gain on sale of tangible and intangible assets		(464)	(622)
- Reversal of unnecessary provision		(2.593)	(2.655)
- Provisions for litigation	8	973	2.446
- Provision for premium	9	3.171	2.843
- Retirement pay provision	9	6.857	6.076
- Effect of sale of subsidiary to minority interest		-	(1.967)
- Tax effect of discontinued operations due to sale of subsidiary		-	9.777
- Accrued interest		5.747	7.531
- Allowance for taxation		69.605	27.650
Cash flow from operating activities		357.494	249.209
- Decrease in trade receivables		6.682	60.128
- Decrease in due from related parties		8.408	3.861
- Increase in receivables from ongoing construction contracts		(140.406)	(101.724)
- (Increase)/Decrease in inventories		(298.069)	10.484
- (Increase)/Decrease in other current assets and trade receivables		(35.986)	2.109
- Increase in ongoing construction progress payments		(33.670)	(15.296)
- (Increase)/Decrease in trade payables		182.099	(76.953)
- Increase in due to related parties		(445)	(8.393)
- (Decrease)/Increase in minority interest		(326)	699
- Increase in short term other trade payables and liabilities		(30.735)	(42.656)
- Changes in provisions		1.954	989
Changes in working capital		17.000	82.457
- Taxes paid		(66.002)	(8.076)
- Premium paid	9	(6.232)	(1.801)
- Retirement pay paid	9	(5.696)	(4.014)
- Interest paid		(6.012)	(16.078)
- Litigation provision paid	8	(277)	(459)
Cash flows from operating activities		(67.219)	52.029

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INTERIM PERIOD ENDED AS AT 30 SEPTEMBER 2008**

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

	<b>Notes</b>	<b>1 January- 30 September 2008</b>	<b>1 January- 30 September 2007</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
- Acquisition of tangible assets	6	(67.198)	(36.114)
- Acquisition of intangible assets	6	(1.004)	(1.863)
- Changes in financial assets held for sale		310	463
- Changes in assets classified as held for sale		491	117.165
- Changes in investments accounted by equity method		(1.704)	-
- Participation in capital increase of investment accounted by equity method		-	(267)
- Proceeds from sale of tangible assets and intangible assets		5.114	6.839
Net cash (used in)/generated by investing activities		<u>(63.991)</u>	<u>86.223</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
- Financial payables paid		(312.545)	(533.739)
- Financial payables raised		389.968	436.041
- Finance lease installments paid		(11.471)	(15.752)
- Changes in foreign currency translation reserve		18.122	(76.732)
- Dividend distribution		(19.734)	(24.514)
Net cash generated by/(used) in financing activities		<u>64.340</u>	<u>(214.696)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		(66.870)	(76.444)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		521.653	209.484
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u><u>454.783</u></u>	<u><u>133.040</u></u>

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## TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008

(Amounts are expressed in thousands of New 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: Necati Akçağlılar, Feyyaz Berker, and Ali Nihat Gökyiğit. The Company and its subsidiaries are referred to as the “Group” in the accompanying consolidated financial statements.

Registered address of the Company is Kültür Mahallesi, Aydınlık Sokak, Tekfen Sitesi A Blok No:7 Beşiktaş, İstanbul / Türkiye.

The Group’s management manages its operations by four main business lines; contracting, agriculture, real estate and other operations. Nature of business of Group companies can be summarized as follows ;

##### Contracting Group

The Group’s contracting segment undertakes infrastructure and industrial construction projects in Turkey, Saudi Arabia, Azerbaijan, Kuwait, Kazakhstan, and Morocco. Contracting group especially specializes on construction of petroleum and gas facilities. In recent years, the Group’s contracting business line expands its operations by starting construction projects in Libya, Qatar, Bulgaria, and Oman. 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 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. In 2008, Toros Enerji Elektrik Üretimi Otoprodüktör Grubu A.Ş and Toros Gayrimenkul Yatırım A.Ş merged with Toros Tarım Sanayi ve Ticaret A.Ş.(Toros Tarım).

##### Real Estate Group

Real Estate group has been founded in 2000 and operates in designing, constructing, renting, and sale of real estates such as residents, offices, shopping centers, and hotels. The Group has established a company named “Tekfen Oz Emlak Geliştirme A.Ş.” at 9 October 2007 in order to perform real estate development projects.

##### Other Group

Operations of other group comprise of light-pulp trading, cotton yarn production and trading, insurance services and holding services. Holding operations executed by Tekfen Holding A.Ş. Dividend income and rent income provided constitute Holding’s revenue from operations.

The shares of the Company are traded at Istanbul Stock Exchange Market ( ISE).

##### Approval of Financial Statements

Financial statements were approved by Board of Directors’ and authorization was given for issuing as at 13 November 2008.

## TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008

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

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Group companies 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.

Capital Market Board (CMB) Decree No XI-29 “Capital Markets Financial Reporting Standards” provides principals and standards regarding the preparation and presentation of financial statements. This Decree became effective for periods beginning after 1 January 2008 and with its issuance Decree No XI-25 “Capital Markets Accounting Standards” was annulled. Based on this Decree, the companies are required to prepare their financial statements based on International Financial Reporting Standards (“IFRS”) as accepted by the European Union. However during the period in which the differences between the standards accepted by European Union and the standards issued by International Accounting Standards Board (“IASB”) are announced by Turkish Accounting Standards Board (“TASB”), IAS / IFRS will be applied. In this scope, Turkish Accounting/ Financial Reporting Standards issued by TASB which do not contradict to the standards accepted will be adopted.

The accompanying consolidated financial statements have been prepared in accordance with IFRS and comply with CMB’s decree announced on 14 April 2008 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. In this scope, some reclassifications are made in the prior year financial statements.

In accordance with IAS 34 “Interim Financial Reporting” standards, Capital Market Board allowed the application of the presentation of full set or condensed consolidated interim financial statements. Consequently, as of 30 September 2008 the Group has prepared its interim financial statements by applying condensed presentation.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IAS / IFRS have been condensed or omitted pursuant to IAS 34. The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year 31 December 2007. The interim financial results are not necessarily indicative of the results of the full year.

Standards and Interpretations that were effective and executed during the preparation of financial statements as of 31 December 2007 are still valid.

#### 3. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“the IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

##### Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group’s operations:

- IFRIC 11, “IFRS 2 – Group and treasury share transactions”,
- IFRIC 12, “Service concession arrangements”,
- IFRIC 14, “IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction”,
- IAS 39, IFRS 7 “Changes in reclassification of financial assets”.

## TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008

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

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- |  |  |
|--|--|
| • IFRS 8, “Operating segments”   | Effective for annual periods beginning on or after 1 January 2009  |
| • IFRIC 13, “Customer loyalty programmes”  | Effective for annual periods beginning on or after 1 July 2008     |
| • IFRIC 15, “Agreements for the construction of real estate”   | Effective for annual periods beginning on or after 1 January 2009  |
| • IFRIC 16, “Hedges of a net investment in a foreign operation”  | Effective for annual periods beginning on or after 1 November 2008 |
| • IFRS 2, “Share-based Payment” Amendment relating to vesting conditions and cancellations”  | Effective for annual periods beginning on or after 1 January 2009  |
| • IFRS 1, “First-time Adoption of International Financial Reporting Standards”<br>Amendment relating to cost of an investment on first-time adoption | Effective for annual periods beginning on or after 1 January 2009  |
| • IFRS 3, “Business Combinations”  | Effective for annual periods beginning on or after 1 July 2009     |
| • IAS 27, “Consolidated and Separate Financial Statements  |  |
| • IAS 28, “Investments in Associates”  |  |
| • IAS 31 “Interests in Joint Ventures” Comprehensive revision on applying the acquisition method   |  |
| • IAS 23, “(Amendment) Borrowing costs”<br>Comprehensive revision to prohibit immediate expensing  | Effective for annual periods beginning on or after 1 January 2009  |
| • IAS 27, “Consolidated and Separate Financial Statements”<br>Amendment relating to cost of an investment on first-time adoption                     | Effective for annual periods beginning on or after 1 January 2009  |
| • IAS 1, “Presentation of Financial Statements”  | Effective for annual periods beginning on or after 1 January 2009  |
| • IAS 32, “Financial Instruments: Presentation”<br>Amendments relating to disclosure of puttable instruments and obligations arising on liquidation  |  |
| • IAS 1, “Presentation of Financial Statements”<br>Comprehensive revision including requiring a statement of comprehensive income                    | Effective for annual periods beginning on or after 1 January 2009  |
| • IAS 39, “Financial Instruments: Recognition and Measurement”<br>Amendments for eligible hedged items   | Effective for annual periods beginning on or after 1 January 2009  |

Group management gives thought that the adoption of new standards will not significantly affect the financials

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**4. SEGMENTAL REPORTING**

a) Segmental results:

	1 January-30 September 2008					Total
	Contracting	Agriculture(*)	Real Estate	Other	Eliminations	
Sales	901.333	811.053	24.746	41.743	-	1.778.875
Intra-segment sales	89.267	28.070	297	885	(118.519)	-
Inter-segment sales	1.701	53	2.806	6.407	(10.967)	-
<b>OPERATING INCOME</b>	<b>992.301</b>	<b>839.176</b>	<b>27.849</b>	<b>49.035</b>	<b>(129.486)</b>	<b>1.778.875</b>
Cost of Sales	(813.991)	(537.965)	(31.661)	(28.962)	-	(1.412.579)
<b>GROSS PROFIT / (LOSS)</b>	<b>87.342</b>	<b>273.088</b>	<b>(6.915)</b>	<b>12.781</b>	<b>-</b>	<b>366.296</b>
Marketing,sales and distribution expenses (-)	(27)	(54.772)	(432)	(5.141)	-	(60.372)
General Administrative expenses (-)	(33.236)	(10.552)	(770)	(14.244)	-	(58.802)
Research and development expenses (-)	-	(648)	-	-	-	(648)
Other operating income	9.437	5.641	12	117	-	15.207
Other operating expense (-)	(3.840)	(3.402)	(136)	(1.414)	-	(8.792)
<b>OPERATING PROFIT / (LOSS)</b>	<b>59.676</b>	<b>209.355</b>	<b>(8.241)</b>	<b>(7.901)</b>	<b>-</b>	<b>252.889</b>
Share on profit of investment accounted by equity method	-	-	(154)	10.991	-	10.837
Other income from other operations	95.010	52.870	1.982	60.617	-	210.479
Other expense from other operations (-)	(114.562)	(54.370)	(5.732)	(11.937)	-	(186.601)
<b>PROFIT/ (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>40.124</b>	<b>207.855</b>	<b>(12.145)</b>	<b>51.770</b>	<b>-</b>	<b>287.604</b>
<b>Tax income / (expense) from continuing operations</b>	<b>(23.080)</b>	<b>(36.345)</b>	<b>2.191</b>	<b>(12.371)</b>	<b>-</b>	<b>(69.605)</b>
<b>NET PROFIT/ (LOSS) FROM CONTINUING OPERATIONS</b>	<b>17.044</b>	<b>171.510</b>	<b>(9.954)</b>	<b>39.399</b>	<b>-</b>	<b>217.999</b>

(\*) The Group has 30.541 of revenue and 9.540 of operating income from terminal operations classified as agricultural operation in 2008.

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**4. SEGMENTAL REPORTING (cont’d)**

a) Segmental results (cont’d)

	1 January-30 September 2007					Total
	Contracting	Agriculture(*)	Real Estate	Other	Eliminations	
Sales	785.462	543.742	35.567	36.622	-	1.401.393
Intra-segment sales	96.358	112.855	8	6.232	(215.453)	-
Inter-segment sales	726	2.315	1.405	3.833	(8.279)	-
<b>OPERATING INCOME</b>	<b>882.546</b>	<b>658.912</b>	<b>36.980</b>	<b>46.687</b>	<b>(223.732)</b>	<b>1.401.393</b>
Cost of Sales	(729.559)	(429.420)	(26.115)	(31.818)	-	(1.216.912)
<b>GROSS PROFIT / (LOSS)</b>	<b>55.903</b>	<b>114.322</b>	<b>9.452</b>	<b>4.804</b>	<b>-</b>	<b>184.481</b>
Marketing, sales and distribution expenses (-)	(408)	(46.256)	-	(3.512)	-	(50.176)
General Administrative expenses (-)	(37.023)	(13.154)	(826)	(15.589)	-	(66.592)
Research and development expenses (-)	-	(485)	-	-	-	(485)
Other operating income	8.559	4.059	-	5.310	-	17.928
Other operating expense (-)	(5.068)	(2.806)	-	(2.066)	-	(9.940)
<b>OPERATING PROFIT / (LOSS)</b>	<b>21.963</b>	<b>55.680</b>	<b>8.626</b>	<b>(11.053)</b>	<b>-</b>	<b>75.216</b>
Share on profit of investment accounted by equity method	-	-	-	5.011	-	5.011
Other income from other operations	23.201	42.626	6.271	24.093	-	96.191
Other expense from other operations (-)	(27.284)	(28.746)	(1.444)	(25.209)	-	(82.683)
<b>PROFIT/ (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>17.880</b>	<b>69.560</b>	<b>13.453</b>	<b>(7.158)</b>	<b>-</b>	<b>93.735</b>
<b>Tax income / (expense) from continuing operations</b>	<b>(5.892)</b>	<b>(12.887)</b>	<b>(1.884)</b>	<b>(6.987)</b>	<b>-</b>	<b>(27.650)</b>
<b>NET PROFIT/ (LOSS) FROM CONTINUING OPERATIONS</b>	<b>11.988</b>	<b>56.673</b>	<b>11.569</b>	<b>(14.145)</b>	<b>-</b>	<b>66.085</b>

(\*) The Group has 29.809 of revenue and 11.019 of operating income from terminal operations classified as agricultural operation in 2007.

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**4. SEGMENTAL REPORTING (cont’d)**

b) As of 30 September 2008 and 31 December 2007, segmental assets and liabilities are as follows:

	30 September 2008					
	<u>Contracting</u>	<u>Agriculture</u>	<u>Real Estate</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
<u>Balance Sheet</u>						
Total Assets	1.309.739	1.109.300	36.344	1.279.194	(903.767)	2.830.810
Total Liabilities	942.129	385.310	22.082	110.806	(50.572)	1.409.755
Equity Shares Attributable to Equity Holders	364.050	727.806	14.262	1.168.133	(869.310)	1.404.941
Minority interest	12.495	3.267	281	71	-	16.114
	31 December 2007					
	<u>Contracting</u>	<u>Agriculture</u>	<u>Real Estate</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
<u>Balance Sheet</u>						
Total Assets	1.183.260	935.290	50.453	1.108.299	(856.517)	2.420.785
Total Liabilities	863.838	293.383	28.076	137.141	(118.757)	1.203.681
Equity Shares Attributable to Equity Holders	321.263	639.492	22.380	971.725	(753.520)	1.201.340
Minority interest	12.195	3.261	281	27	-	15.764

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**4. SEGMENTAL REPORTING (cont’d)**

c) Segmental information related to tangible, intangible assets and investment properties for the periods ended as at 30 September 2008 and as at 30 September 2007 are as follows:

	1 January-30 September 2008				
	<u>Contracting</u>	<u>Agriculture</u>	<u>Real Estate</u>	<u>Other</u>	<u>Total</u>
Additions (*)	61.481	8.066	8.826	5.432	83.805
Depreciation and amortisation charge for the period	(47.071)	(13.959)	(258)	(3.346)	(64.634)

  

	1 January-30 September 2007				
	<u>Contracting</u>	<u>Agriculture</u>	<u>Real Estate</u>	<u>Other</u>	<u>Total</u>
Additions (*)	110.172	2.171	3.396	361	116.100
Depreciation and amortisation charge for the period	(31.349)	(12.896)	(365)	(6.697)	(51.307)

(\*) Fixed assets additions through finance lease included.

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**4. SEGMENTAL REPORTING (cont’d)**

d) Geographical segment results:

	Turkey	Commonwealth of Independent States	North Africa	Middle Eastern Countries	Other	Eliminations	Total
Sales (1 January-30 September 2008)	1.031.701	126.678	209.158	424.142	116.682	(129.486)	1.778.875
Total assets (30 September 2008)	2.935.736	458.249	184.620	382.095	416.986	(1.546.876)	2.830.810
Tangible and intangible fixed assets additions (1 January-30 September 2008)(*)	47.860	3.715	6.992	24.182	1.056	-	83.805
	Turkey	Commonwealth of Independent States	North Africa	Middle Eastern Countries	Other	Eliminations	Total
Sales (1 January-30 September 2007)	805.081	260.818	135.971	267.496	155.759	(223.732)	1.401.393
Total assets (30 September 2007)	2.457.688	464.620	181.651	297.789	448.698	(1.429.661)	2.420.785
Tangible and intangible fixed assets additions (1 January-30 September 2007)(*)	67.496	4.659	8.950	34.118	877	-	116.100

(\*) Fixed assets additions through finance lease included.

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**5. CONSTRUCTION CONTRACTS**

	30 September 2008	31 December 2007
Cost incurred on uncompleted contracts	2.486.180	1.856.187
Recognised gains less losses (net)	258.411	172.359
	<u>2.744.591</u>	<u>2.028.546</u>
Less: Billings to date (-)	(2.351.953)	(1.809.984)
	<u>392.638</u>	<u>218.562</u>

Costs and billings incurred on uncompleted contracts are as follows:

	30 September 2008	31 December 2007
Unbilled contract revenue	395.230	254.824
Billings in excess of contract revenue	(2.592)	(36.262)
	<u>392.638</u>	<u>218.562</u>

Unbilled costs related to ongoing contracts are as follows:

	30 September 2008	31 December 2007
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	374.635	239.439
Contracts undersigned in Turkey	20.595	15.385
	<u>395.230</u>	<u>254.824</u>
<u>Payables from uncompleted contracts</u>		
Contracts undersigned in Turkey	(466)	-
Contracts undersigned abroad	(2.126)	(36.262)
	<u>(2.592)</u>	<u>(36.262)</u>
	<u>392.638</u>	<u>218.562</u>

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**6. TANGIBLE AND INTANGIBLE FIXED ASSETS**

	<u>Tangible Fixed Assets</u>	<u>Intangible assets</u>
<u>Cost (*)</u>		
Opening balance as of 1 January 2008	1.699.236	10.476
Foreign currency translation effect	30.903	(55)
Additions	67.198	1.004
Tangible assets added through finance lease	15.603	-
Disposals	(93.377)	(246)
Transfers from investment property	(705)	-
Transfers	1.741	-
Closing balance as of 30 September 2008	<u>1.720.599</u>	<u>11.179</u>
<u>Accumulated depreciation / amortisation</u>		
Opening balance as of 1 January 2008	(1.105.968)	(6.391)
Foreign currency translation effect	(14.162)	22
Charge for the period	(60.154)	(2.219)
Disposals	88.742	231
Closing balance as of 30 September 2008	<u>(1.091.542)</u>	<u>(8.357)</u>
Net book value as of 30 September 2008	<u>629.057</u>	<u>2.822</u>

(\*) Tangible fixed assets include fixed assets with carrying value of 143.096 (31 December 2007 : 127.493) purchased through financial lease.

The amount of mortgage on buildings is 8.618 ( 31 December 2007 : 8.354) due to loans raised.

	<u>Tangible Fixed Assets</u>	<u>Intangible assets</u>
<u>Cost</u>		
Opening balance as of 1 January 2007	1.711.285	9.781
Foreign currency translation effect	(108.814)	(615)
Additions	36.114	1.863
Tangible assets added through finance lease	78.123	-
Disposals	(11.772)	(643)
Transfers from investment property	1.061	-
Closing balance as of 30 September 2007	<u>1.705.997</u>	<u>10.386</u>
<u>Accumulated depreciation / amortisation</u>		
Opening balance as of 1 January 2007	(1.156.035)	(5.831)
Foreign currency translation effect	81.987	288
Charge for the period	(46.957)	(1.249)
Disposals	5.555	643
Closing balance as of 30 September 2007	<u>(1.115.450)</u>	<u>(6.149)</u>
Net book value as of 30 September 2007	<u>590.547</u>	<u>4.237</u>

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**7. OTHER CURRENT AND NON CURRENT ASSETS AND SHORT/LONG TERM LIABILITIES**

	30 September 2008	31 December 2007
<u>Other current assets</u>		
VAT deductible	19.060	18.583
Business advances given	17.281	8.769
Withholding tax of ongoing construction contracts	11.938	12.984
Advances given for purchases	11.006	2.388
Prepaid expenses	6.162	8.850
Prepaid taxes and funds	4.960	9.185
Income accruals	3.218	140
Other assets	679	487
	<u>74.304</u>	<u>61.386</u>
	30 September 2008	31 December 2007
<u>Other non-current assets</u>		
Other VAT carried forward	77.550	57.236
Withholding tax of ongoing construction contracts	6.320	5.623
Prepaid expenses	1.952	1.334
	<u>85.822</u>	<u>64.193</u>
	30 September 2008	31 December 2007
<u>Other short-term liabilities</u>		
Advances received from construction contracts	179.240	172.398
Other advances received	15.242	24.168
Deferred income	4.091	3.395
Expense accruals	5.230	13.781
VAT payable	2.472	404
	<u>206.275</u>	<u>214.146</u>
<u>Other long term liabilities</u>		
Advances received from construction contracts	11.715	38.349

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#### 8. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Details of short and long term provisions shown in financial statements according to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, are as follows:

##### Provisions

	30 September 2008	31 December 2007
<u>Short Term Provisions:</u>		
Provision for litigation	13.861	14.358
Other provisions	2.020	66
	<u>15.881</u>	<u>14.424</u>
<u>Provision for litigation</u>		
	1 January - 30 September 2008	1 January - 30 September 2007
Opening balance	14.358	11.172
Provision released	(1.280)	-
Foreign currency translation effect	87	(556)
Charge for the period	973	2.446
Provision paid	(277)	(459)
Closing balance	<u>13.861</u>	<u>12.603</u>

Contingent assets and liabilities which are not reflected in financial statements are as follows:

	30 September 2008	31 December 2007
Letters of guarantee given	713.775	665.625
Letters of credit	230.391	128.067
Mortgages	8.618	8.354
	<u>952.784</u>	<u>802.046</u>

##### Liabilities on Contracts:

There is no material change over new contracts or prior liabilities on contracts for the nine months interim period ended 30 September 2008.

##### Litigations:

Information gathered from the Group lawyers related to the amounts and current proceedings of cases above have been examined, and provisions 13.861 (31 December 2007: 14.358) have been recorded. These provisions are the most likely outcome and calculated by using the probability ratio on the potential outflow amount of resources. No provision is provided for remaining 43.418 (31 December 2007: 22.183) by management as it is not likely to require an outflow of resources from the Group after providing provision for the high probable cases according to judgments of the lawyers.

On 21 July 2006, the Municipality of Samsun (the “Municipality”) sent a notice to the Company warning to obtain the required operating license for the ongoing activities in Samsun or otherwise the Group’s Samsun operations would be ceased. The Group has objected to this declaration promptly stating the reasons. Upon these objections, the Municipality sent a notice on 12 September 2006 to the Group granting a six-month period to complete the license procedures. As getting closer to the due date, the Group has requested another six-month extension period claiming that the facility is located on a (2)(b) land where there is no possibility for any improvement or development authorization. The Municipality has accepted the request for the second six-month extension on 20 March 2007.

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#### 8. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont’d)

##### Litigation (cont’d):

However, during the inspection of the Municipality held on 23 October 2007, the authorized inspectors had noted that the judgment for the resolution for adjournment was not within the authority of the Municipality and accordingly on 6 November 2007, the Group received a notice from the Municipality for the cessation of its Samsun operations. The Group brought an action for rescission against the related decision of the Municipality request on 27 November 2007. 2nd Administrative Court of Samsun decided to cease the execution on 6 December 2007. At 4 March 2008, the Court overruled the prior claim given for the cessation of execution. The Court has finalized the verdict on 3 June 2008 by rejecting the refusal for the cessation of the execution request made by the Group. The Group management has appealed the file to the Council of State against the verdict given by the 2nd Administrative Court of Samsun. However, with reference to the opinion of the Legal advisors of the Ministry of Internal Affairs on 2 May 2008, it is decided and believed that under the “opening and operating business regulations”, granting a temporary operating license to the Company will be in favor of the public interest in accordance with the opinion letter sent by the General Directorate of Local Authorities of the Ministry of Internal Affairs to the Governor’s Office in Samsun as at 6 May 2008, only to the extent that the Group shall complete all the required documentation for the operating license prior to the ongoing litigation process. As at 20 October 2008, the Group has applied for the issuance of business license and operating permit of a plant which has been operating with a temporary license issued by the Samsun Metropolitan Municipality given upon the legal advice of the General Directorate of Local Administrations of Internal Affairs. The application submitted to the Samsun Metropolitan Municipality was duly made in accordance with the written evaluation of the Legal Counsel of the Internal Affairs with the required documents, except for the ‘general plan’ and ‘trans-passing road permit’ which could not be prepared due to the reasons disclosed as at 17 October 2008 regarding the business license and operating permit. However, in response to the Group’s application which was received as at 31 October 2008, the Samsun Metropolitan Municipality has informed that the related application has not been put into process yet. No recent developments are recorded in relation to the related court case as of the report date.

On the date of 2 May 2008, one of the subcontractor of Tekfen İnşaat Tesisat A.Ş. (“Titaş”) filed a compensation claim against Titaş and the owners of the project amounting 14.635. The indistinctness of the judicial process is still existing as of date of report hence, no provision deemed.

##### Mortgages:

There are no change in mortgages on fixed assets of the Group for the nine months interim period ended as at 30 September 2008.

##### Guarantees:

The Company acts as a guarantor for its subsidiaries in relation to the general loan arrangements signed with the banks in consideration of borrowing cash and non-cash loans. The Company, also, gives guarantees for both imports against documents and construction agreements.

#### 9. PROVISIONS FOR EMPLOYEE BENEFITS

##### Provisions For Employee Benefits

	30 September 2008	31 December 2007
<u>Short Term:</u>		
Premium provision	4.566	7.610
Retirement pay provision	453	1.054
	<u>5.019</u>	<u>8.664</u>
<u>Long Term:</u>		
Retirement pay provision	30.287	27.748

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#### 9. PROVISIONS FOR EMPLOYEE BENEFITS (cont’d)

##### Provisions For Employee Benefits (cont’d)

	1 January- 30 September 2008	
	Retirement pay provision	Premium provision
Opening balance	28.802	7.610
Currency translation effect	777	17
Charge for the period	6.857	3.171
Provision paid	(5.696)	(6.232)
Closing balance	<u>30.740</u>	<u>4.566</u>

  

	1 January- 30 September 2007	
	Retirement pay provision	Premium provision
Opening balance	25.537	1.801
Currency translation effect	(1.119)	(160)
Charge for the period	6.076	2.843
Provision paid	(4.014)	(1.801)
Closing balance	<u>26.480</u>	<u>2.683</u>

#### 10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

According to IAS 34, the Company’s shareholders, Group companies and their subsidiaries, management and other related parties are classified as related parties.

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

#### 11. FOREIGN CURRENCY POSITION

Details of foreign currency position of the Group as at 30 September 2008 and 31 December 2007 are as follows:

	30 September 2008 TRY Amount	31 December 2007 TRY Amount
Assets dominated in foreign currency	674.497	658.770
Liabilities dominated in foreign currency	(983.007)	(712.820)
Net foreign currency position	<u>(308.510)</u>	<u>(54.050)</u>

  

	30 September 2008	31 December 2007
Total Exports	87.199	81.231
Total Imports	631.265	503.050

Total imports and exports figure include only the imports and exports form or to Republic of Turkey.

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**11. FOREIGN CURRENCY POSITION (cont'd)**

	30 September 2008			31 December 2007		
	ORIGINAL CURRENCY	CURRENCY AMOUNT	TRY AMOUNT	ORIGINAL CURRENCY	CURRENCY AMOUNT	TRY AMOUNT
<b>ASSETS</b>						
Cash and cash equivalents	<i>USD</i>	43.174.732	53.174	<i>USD</i>	93.262.643	108.623
	<i>EUR</i>	11.317.165	20.346	<i>EUR</i>	9.117.062	15.592
	<i>Other</i>	-	13.306	<i>Other</i>	-	4.297
Trade receivables	<i>USD</i>	42.362.780	52.174	<i>USD</i>	91.870.009	107.001
	<i>EUR</i>	18.319.613	32.935	<i>EUR</i>	13.237.048	22.638
	<i>Other</i>	-	100.678	<i>Other</i>	-	131.982
Due from related parties	<i>USD</i>	4.006.983	4.935	<i>USD</i>	10.533.185	12.268
	<i>EUR</i>	618.534	1.112	<i>EUR</i>	89.463	153
	<i>Other</i>	-	607	<i>Other</i>	-	1.392
Receivables from ongoing construction contracts	<i>USD</i>	131.343.780	161.763	<i>USD</i>	116.290.890	135.444
	<i>EUR</i>	28.688.397	51.576	<i>EUR</i>	5.025.728	8.595
	<i>Other</i>	-	181.891	<i>Other</i>	-	110.785
<b>TOTAL</b>			<b>674.497</b>			<b>658.770</b>
<b>LIABILITIES</b>						
Financial Payables	<i>USD</i>	(395.172.946)	(486.695)	<i>USD</i>	(303.220.572)	(353.161)
	<i>EUR</i>	(6.918.456)	(12.438)	<i>EUR</i>	(13.137.645)	(22.468)
	<i>Other</i>	-	(7.364)	<i>Other</i>	-	(36.854)
Trade Payables	<i>USD</i>	(258.556.349)	(318.438)	<i>USD</i>	(164.047.394)	(191.066)
	<i>EUR</i>	(9.934.920)	(17.861)	<i>EUR</i>	(7.730.090)	(13.220)
	<i>Other</i>	-	(139.707)	<i>Other</i>	-	(94.637)
Due to related parties	<i>USD</i>	(409.224)	(504)	<i>USD</i>	(1.135.056)	(1.322)
	<i>EUR</i>	-	-	<i>EUR</i>	-	-
	<i>Other</i>	-	-	<i>Other</i>	-	(92)
<b>TOTAL</b>			<b>(983.007)</b>			<b>(712.820)</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008

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

#### 12. EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the resolution of Board of Directors’ of the Group, dated on 26 May 2008 numbered 482, it is decided to sell some shares of Tekfen İnşaat which has owned 99,99% to Azerbaijan State Petroleum Company, SOCAR. As of the report date , negotiations are continuing as planned.

Tekfen Oz Gayrimenkul Geliştirme A.Ş, one of the associates of the Group, won the tender for Meram Kozağaç area by Konya Metropolitan Municipality amounted 20.002. Registry amount of the corresponding land was paid on 4 November 2008.

Between the Group and Morocco State phosphate institution Office Cherifien des Phosphates S.A (OCP) signed a memorandum of understanding on 28 October 2008 for starting up collective enterprise in construction industry and establishing a new partnership between the companies and/or associates of the Group and OCP and collaboration on and evaluation of investment opportunities in fertilizer and agriculture industries and starting up the feasibility works.

Tekfen İnşaat ve Tesisat A.Ş ( Tekfen İnşaat ), one of the subsidiaries of the Group, and Azerbaijan State Petroleum Company SOCAR ( SOCAR) signed a protocol in Baku as at 8 October 2008 for constructing new management building for SOCAR.

In accordance with the resolution of Board of Directors of the Group, dated 25 June 2008 and numbered 483, on the date of 24 September 2008 , Eurobank Tekfen A.Ş shares of TST International Finance S.A which was 23,23% of Eurobank Tekfen A.Ş equity was acquired in cash at a transaction value ,which was book value of TST International Finance S.A amounted 31.887.176 USD which was 54.039. After the transaction ,the Company’s indirect investment ratio in equity of Eurobank Tekfen A.Ş was decreased to 0% from 23,23 %, however direct investment ratio was increased to 29,13%.

The Group received business advances amounted to 40.874 as at 3 November 2008 from one of the ongoing project.

Foreign currency position which is indicated in Note 11 was prepared in accordance with the effective exchange rates as at balance sheet date. After the balance sheet date , significant fluctuations occurred in financial market and exchange rates. As at the report date New Turkish Lira has lost value of approximately 28% towards USD , 12% towards EUR and benchmark bond compounded return was increased 22% from 19%.

Some fixed assets owned by Tekfen İnşaat ve Tesisat A.Ş, subsidiary of the Group ,was acquired by the company amounted to 11.775 in total which was determined by expertise reports prepared by TSKB Gayrimenkul Değerleme A.Ş dated 31 October and 3 November 2008.