

**Enka İnşaat ve Sanayi Anonim
Şirketi and Its Subsidiaries**

**Condensed Interim Financial
Information
June 30, 2009**

Enka İnşaat ve Sanayi Anonim Şirketi and its Subsidiaries

Table of contents

	<u>Page</u>
Consolidated balance sheet	2 - 3
Consolidated income statement	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated cash flow statement	7
Notes to the condensed interim financial information	8 - 34

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated balance sheet

As at June 30, 2009

(Currency – Thousands of U.S. Dollars)

Assets

	Notes	June 30, 2009	December 31, 2008
Current assets			
Cash and cash equivalents	6	532,393	575,413
Investments available-for-sale	7	641,311	561,884
Trade and other receivables	9	1,337,139	1,316,262
Inventories		286,084	351,827
Other current assets	13	154,448	193,263
Company's share in current assets of joint ventures		235,761	260,290
Costs and estimated earnings in excess of billings on uncompleted contracts	11	8,920	95,911
Total current assets		3,196,056	3,354,850
Non-current assets			
Trade and other receivables	9	36,529	33,682
Investments in associates		-	39
Financial assets	7	205,217	169,343
Property, plant and equipment Company			
<i>Buildings and barracks</i>		273,894	282,733
<i>Other property, plant and equipment</i>		1,698,458	1,716,360
Company's share in joint ventures		86,400	97,132
Intangible assets		2,816	2,693
Goodwill		105,370	108,541
Investment properties		1,799,642	1,882,856
Other non-current assets	13	41,823	46,312
Company's share in non-current assets of joint ventures		8,370	3,267
Deferred tax asset	15	38,389	69,743
Total non-current assets		4,296,908	4,412,701
Total assets		7,492,964	7,767,551

The accompanying policies and explanatory notes on pages 8 through 34 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated balance sheet

As at June 30, 2009

(Currency – Thousands of U.S. Dollars)

Liabilities and equity

	Notes	June 30, 2009	December 31, 2008
Current liabilities			
Short-term borrowings	8	33,070	44,947
Current portion of long-term borrowings	8	406,912	352,701
Trade and other payables	10	1,245,562	1,267,777
Other current liabilities and accrued expenses	12	154,665	194,189
Taxation on income	15	25,935	23,847
Company's share in current liabilities of joint ventures		194,359	190,224
Billings in excess of costs and estimated earnings on uncompleted contracts	11	137,678	128,136
Total current liabilities		2,198,181	2,201,821
Non-current liabilities			
Long-term borrowings	8	591,875	795,257
Trade and other payables	10	11,376	126,672
Employee termination benefit		10,633	11,000
Deferred tax liability	15	262,582	271,216
Other non-current liabilities	12	830,146	788,185
Company's share in non-current liabilities of joint ventures		13,727	49,806
Total non-current liabilities		1,720,339	2,042,136
Total liabilities		3,918,520	4,243,957
Equity			
Equity attributable to equity holders of the parent			
Share capital	14	1,214,907	828,831
Revaluation surplus		127,549	129,480
Currency translation difference		(129,583)	(63,150)
Other reserves		4,556	(5,999)
Legal reserves and accumulated profit		2,124,081	2,391,327
Minority interest		232,934	243,105
Total equity		3,574,444	3,523,594
Total equity and liabilities		7,492,964	7,767,551

The accompanying policies and explanatory notes on pages 8 through 34 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated income statement For the period ended June 30, 2009 (Currency -- Thousands of U.S. Dollars)

	Notes	June 30, 2009	June 30, 2008
Revenues	5	2,684,962	3,328,793
Cost of revenues	5	(2,249,274)	(2,740,391)
Gross profit		435,688	588,402
Selling and administrative expenses	5	(118,178)	(204,289)
Other operating income	5	28,176	222,322
Other operating expense	5	(10,536)	(20,457)
Profit from operations		335,150	585,978
Financial income	5	62,476	102,981
Financial expenses	5	(97,255)	(92,005)
Income/(loss) from associates	5	(824)	1,808
Profit from operations before taxes		299,547	598,762
Taxation charge			
Current	5	(57,017)	(66,103)
Deferred	5	(32,316)	(39,702)
Net profit for the year		210,214	492,957
Attributable to :			
Equity holders of the parent		192,449	472,211
Minority interest		17,765	20,746
Net profit		210,214	492,957
Weighted average number of shares		180,000,000,000	180,000,000,000
Basic earnings per share attributable to equity holders of the parent - U.S. Dollar			
- ordinary share certificate (full cent)	4	0.11	0.26
- founder share	4	-	-

The accompanying policies and explanatory notes on pages 8 through 34 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated statement of comprehensive income For the period ended June 30, 2009 (Currency -- Thousands of U.S. Dollars)

	Notes	June 30, 2009	June 30, 2008
Net profit for the period		210,214	492,957
Other comprehensive income			
Change in unrealized gain / (loss) on available-for-sale investments		11,739	(18,638)
Change in fair value adjustment on derivative assets		1,456	1,566
Change in currency translation difference		(79,480)	67,453
Other comprehensive income before tax		(66,285)	50,381
Net deferred income tax relating to components of other comprehensive income	17	(2,640)	3,415
Other comprehensive income, net of tax		(68,925)	53,796
Total comprehensive income for the period, net of tax		141,289	546,753
Attributable to :			
Minority interest		136,092	515,383
Equity holders of the parent		5,197	31,370
		141,289	546,753

The accompanying policies and explanatory notes on pages 8 through 34 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated statement of changes in equity For the period ended June 30, 2009 (Currency – Thousands of U.S. Dollars)

	Attributable to equity holders of the parent					Total	Minority Interest	Total Equity
	Share Capital	Revaluation Surplus	Currency Translation Difference	Other Reserves	Legal Reserves and Accumulated Profit			
Balances, January 1, 2008	587,828	271,341	149,604	2,558	1,956,817	2,968,148	250,245	3,218,393
Currency translation difference	-	6,912	49,917	-	-	56,829	10,624	67,453
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	(3,009)	-	-	3,009	-	-	-
Transfer from building into investment property	-	(33,050)	-	-	33,050	-	-	-
Fair value adjustment on derivative assets	-	-	-	1,253	-	1,253	-	1,253
Net change in unrealized gain / (loss) on available-for-sale investments	-	-	-	(14,910)	-	(14,910)	-	(14,910)
Total income and expense for the year recognized directly in equity	-	(29,147)	49,917	(13,657)	36,059	43,172	10,624	53,796
Profit for the year	-	-	-	-	472,211	472,211	20,746	492,957
Total income and expense for the year	-	(29,147)	49,917	(13,657)	508,270	515,383	31,370	546,753
Share capital increase from general reserve	241,003	-	-	-	(241,003)	-	-	-
Dividends paid	-	-	-	-	(49,758)	(49,758)	(5,068)	(54,826)
Scope change	-	-	-	-	-	-	(3,117)	(3,117)
Balances, June 30, 2008	828,831	242,194	199,521	(11,099)	2,174,3	3,433,773	273,430	3,707,203
Balances, January 1, 2009	828,831	129,480	(63,150)	(5,999)	2,391,327	3,280,489	243,105	3,523,594
Currency translation difference	-	(479)	(66,433)	-	-	(66,912)	(12,568)	(79,480)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	(1,452)	-	-	1,452	-	-	-
Fair value adjustment on derivative assets	-	-	-	1,165	-	1,165	-	1,165
Net change in unrealized gain / (loss) on available-for-sale investments	-	-	-	9,390	-	9,390	-	9,390
Total income and expense for the year recognized directly in equity	-	(1,931)	(66,433)	10,555	1,452	(56,357)	(12,568)	(68,925)
Profit for the year	-	-	-	-	192,449	192,449	17,765	210,214
Total income and expense for the year	-	(1,931)	(66,433)	10,555	193,901	136,092	5,197	141,289
Dividends paid	-	-	-	-	(75,071)	(75,071)	(15,368)	(90,439)
Share capital increase from general reserve	386,076	-	-	-	(386,076)	-	-	-
Balances, June 30, 2009	1,214,907	127,549	(129,583)	4,556	2,124,081	3,341,510	232,934	3,574,444

The accompanying policies and explanatory notes on pages 8 through 34 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated statement of cash flows For the period ended June 30, 2009 (Currency – Thousands of U.S. Dollars)

	June 30, 2009	June 30, 2008
Cash flows from operating activities		
Profit before taxes	299,547	598,762
Adjustments to reconcile net profit before tax to net cash provided by operating activities :		-
Depreciation and amortization	73,508	84,081
Employee termination benefit charge	1,816	1,055
Provision for doubtful receivables	1,535	907
Revenue levelization adjustment	43,408	35,724
Loss/(income) from associates	824	(1,808)
Dividend income	(1,495)	(1,651)
Interest expense	30,920	49,778
Interest income	(13,643)	(26,460)
Provision for inventory obsolescence	(359)	(1,111)
Forward expense/ income, net	1,839	2,415
Gain from sales of property, plant and equipment, net	(3,072)	(6,272)
Goodwill disposed off to the consolidated income statement	-	110,996
Changes in operating assets and liabilities		
Trade and other receivables	(34,882)	(453,269)
Receivables from related parties	10,060	4,944
Costs and estimated earnings in excess of billings on uncompleted contracts	86,992	64,960
Company's share in assets of joint ventures	19,426	(10,182)
Inventories	66,102	(117,609)
Other assets	44,466	(20,418)
Trade and other payables	(137,580)	49,965
Billings in excess of costs and estimated earnings on uncompleted contracts	9,542	20,428
Company's share in liabilities of joint ventures	(31,945)	14,300
Payables to related parties	68	1,810
Other liabilities and accrued expenses	(42,808)	37,463
Taxes paid	(54,929)	(60,122)
Employee termination benefit paid	(1,266)	(317)
Net cash provided by operating activities	368,074	378,369
Cash flows from investing activities		
Time deposits with maturities more than 3 months	31,172	34,356
Investments available for sale	(171,227)	(74,443)
Investments in associates	-	9,000
Proceeds from sale of property, plant and equipment, intangible assets and investment properties	38,739	55,304
Purchases of property, plant and equipment and intangible assets	(100,648)	(125,085)
Interest received	13,027	25,459
Dividends received	1,495	1,651
Net cash used in investing activities	(187,442)	(73,758)
Cash flows from financing activities		
Borrowings from finance lease (Net)	(232)	1,121
Addition to long-term borrowings and current portion of long-term borrowings	213,177	237,703
Payments of long-term borrowings and current portion of long-term borrowings	(375,575)	(383,524)
Interest paid	(27,120)	(67,700)
Dividends paid to equity holders of the parent	(75,071)	(49,757)
Dividends paid to minority interests	(15,368)	(5,068)
Net cash used in financing activities	(280,189)	(267,225)
Net foreign exchange difference on cash and cash equivalents	23,174	(8,029)
Net increase in cash and cash equivalents	(76,383)	29,357
Cash and cash equivalents at beginning of year	548,775	792,766
Cash and cash equivalents at end of period	472,392	822,123

The accompanying policies and explanatory notes on pages 8 through 34 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

1. Organization and nature of activities

General

Enka İnşaat ve Sanayi Anonim Şirketi (the 'Company – Enka İnşaat') was established on December 4, 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the headquarters and registered office of Enka İnşaat is Balmumcu, Bestekar Şevki Bey Sokak, 34349 Enka Binası Beşiktaş, İstanbul, Turkey.

As of June 28, 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (Enka Holding), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of June 30, 2009, 12.31% of the shares of Enka İnşaat are traded publicly in İstanbul Stock Exchange (ISE).

As of June 30, 2009, the average numbers of white and blue-collar personnel are respectively 5,315 and 24,848 (December 31, 2008 – 6,172 and 34,714).

Nature of the activities

Enka İnşaat operates in five major geographical areas, which are as follows:

Turkey: engaged in diverse types of construction activities including construction of industrial and social buildings, motorways and construction and operation of natural gas fired electrical energy generation facilities.

Russian Federation, Kazakhstan, Ukraine and Tajikistan: engaged in construction activities in Russia, Kazakhstan, Ukraine and Tajikistan, and also engaged in the investment and management of real estate properties, which are leased to tenants in Moscow, Russia, as well as run a network of hyperstores and shopping malls in Moscow.

Africa : engaged in construction activities in different countries, especially in Algeria, Libya and Djibouti.

Asia : engaged in construction activities in Arabia and Oman.

Europe : engaged in construction and trading activities in Romania, Germany, Albania, Netherlands, Switzerland and Bosnia and Herzegovina.

For the purpose of the consolidated financial statements, Enka İnşaat, its consolidated subsidiaries and its joint ventures are hereinafter referred to as "the Group".

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard No:34, Interim financial reporting (IAS 34). This condensed interim financial information does not contain all the information required for the preparation of the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared on the historical cost convention, except for investment properties, buildings, available-for-sale (AFS) financial assets and derivative financial instruments which are measured at fair values. The consolidated financial statements are presented in U.S. Dollars (USD) and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

The Group adopted all standards, which were mandatory as of June 30, 2009. The consolidated financial statements of Enka İnşaat were authorized for issue by the management on August 24, 2009.

Enka İnşaat and its subsidiaries which are incorporated in Turkey, maintain their books of accounts and prepare their statutory financial statements in Turkish Lira (TL) in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board (CMB), (for publicly traded companies) and Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries where they are registered. The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The Group also reported separately for the consolidated financial statements for the same period prepared in accordance with accounting principles promulgated by CMB.

There are no differences between the consolidated financial statements prepared in accordance with the accounting policies promulgated by CMB and consolidated IFRS financial statements except for the use of TL and USD as the presentation currency, respectively.

Functional and presentation currency

As significant amount of construction, energy and real estate operations of Enka İnşaat and its consolidated subsidiaries and its joint ventures which form main part of the operations of the Group are carried out in U.S. Dollar or indexed to U.S. Dollar, this currency has been determined as the functional and the presentation currency of the Group in line with IAS 21 - The Effects of Changes in Foreign Exchange Rates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

2.1 Basis of preparation (Continued)

The rates used as of June 30, 2009, and December 31, 2008 and the rate as of the preparation date of the consolidated financial statements for one U.S. Dollar can be summarized as below:

	Preparation date (August 24, 2009)		June 30, 2009		December 31, 2008	
U.S. Dollar	TL	1.4822	TL	1.5301	TL	1.1647
	Euro	0.67	Euro	0.71	Euro	0.68
	Russian Ruble (RR)	31.68	RR	31.29	RR	24.54

Reclassifications made to the previously issued consolidated financial statements

As of June 30, 2009, the Group has changed the classification of some accounts and therefore reclassified the related accounts reported in its previously issued consolidated financial statements to present them in conformity with the current year presentation, as follows:

- Time deposits, amounting to U.S. Dollars 14,550, with maturity over three months and less than one year presented under the caption of cash and cash equivalents in the financial statements as of December 31, 2008 is reclassified as current investments available for sale.
- Deferred income, amounting U.S. Dollar 18,548, presented under "Other Current Liabilities and Accrued Expenses" in the financial statements as of December 31, 2008 is reclassified as "Other Non Current Liabilities".
- In the income statement for the period ended June 30 2008, foreign exchange gains and loss, amounting to U.S. Dollar 33,484, presented as netted of in the "financial income" is reclassified as foreign exchange gain amounting to U.S. Dollars 68,195 in "financial income" and foreign exchange losses amounting to U.S. Dollars 34,711 in "financial expenses"
- In the income statement for the period ended June 30 2008, forward expense net, amounting to U.S. Dollar 2,415, presented as netted of in the "financial expenses" is reclassified as forward income amounting to U.S. Dollars 2,215 in "financial income" and forward loss amounting to U.S. Dollars 4,622 in "financial expenses".

2.2 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations noted below. Adoption of these standards and Interpretations did not have any effect on the financial position or performance of the Group.

- IFRS 2, "Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations"
- IAS 23, "Amendments to IAS 23 Borrowing Costs"
- IAS 32, "Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation"
- IFRIC 13, "Amendments to IAS 23 Borrowing Costs"
- IFRIC 15, Agreements for the Construction of Real Estate
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"
- Improvements to IFRSs – May 2008

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

2.2 Changes in accounting policy and disclosures (Continued)

Standards and Interpretations have effect on the financial position or performance of the Group.

IFRS 7, "Amendment to Disclosures about Financial Instruments": Considering that the disclosures required by IFRS 7 amendments are not material to the understanding of the financial statements, the Group decided to provide amended disclosures at year-end financial statements as permitted by the IFRS.

IFRS 8, "Operating Segments": An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available according to IFRS 8.

Amendments to IAS 1 Presentation of Financial Statements: The Group has disclosed the revised IAS 1 in accordance with the requirement of this standart.

IAS 34 "Interim Financial Reporting": The Group has disclosed the earnings per share note in notes to the consolidated financial statements.

Standards that are published as of the approval date of the financial statements and effective for annual periods beginning on or after July 1, 2009 and not early adopted by the Group and interpretations and amendments to published standards are as following:

Revisions to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009): This interpretation is to be applied prospectively.

Changes in IAS 39: published in July 2008 and effective at starting date of July 1, 2009 and will be effective in accounting periods beginning on July 1, 2009. Contain the changes in IAS 39 that the changes in IAS 32, IAS1, IFRS 3 and amendments on IFRS in May 2008 required. This interpretation is to be applied prospectively.

Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards": Effective from periods for beginning on or after July 1, 2009. Changes in IFRS 1 are published in November 2008 and effective at starting date of 1 July 2009. Until 3 July 2008, changes in IAS and IFRS includes changes in IAS 1. This interpretation is not expected to have an effect on the Company's consolidated financial statements.

Amendment to IFRS 2 "Share Based Payment": Effective for annual periods beginning on or after January 1, 2010. The amendment clarifies the accounting treatment of share-based cash payments within group companies. This interpretation is not expected to have an effect on the Company's consolidated financial statements.

IFRIC 17 "Distributions of Non-cash assets to Owners": Effective from periods for beginning on or after July 1, 2009. This interpretation is not expected to have an effect on the Company's consolidated financial statements.

IFRIC 18: "Transfer of Assets from Customers": Effective from periods for beginning on or after July 1, 2009. This interpretation is not expected to have an effect on the Company's consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated profit and loss statement and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates. This may have a material effect on the consolidated financial statements.

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- a) Determination of total estimated project costs, profitability and calculation of loss accruals under the scope of IAS 11 "Construction Contracts".
- b) Market valuations of investment properties, land and buildings under the scope of IAS 40 "Investment Property".
- c) Estimation of impairment losses on financial assets.
- d) Deferred tax assets are recognized over temporary differences and accumulated losses when there is evidence that there is substantial future realizability in statutory tax accounts. In order to recognize the deferred tax assets in the consolidated financial statements, significant estimations and assumptions for statutory tax projections should be performed .
- e) The Group management has made significant assumptions for determining the economic lives of tangible and intangible assets with the guidance of experienced technical staff.

The significant judgments, apart from estimates, with most significant effect on amounts recognized in the consolidated financial statements are as follows:

- a) The determination of impairment in financial assets available for sale.
- b) The determination of goodwill associated with the disposal of the assets.

3. Effects of seasonality to operations

Due to weather conditions, the volume of the operations of the Company in contracting segment is lower than the other seasons. There are no seasonality in other segments.

4. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

4. Earnings per share (Continued)

EPS calculation such bonus share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through June 30, 2009 and June 30, 2008.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

The calculation of basic earnings per share presented are as follows:

	June 30, 2009	June 30, 2008
Earning per share		
- ordinary share certificate (full cent)	0.11	0.26
- founder shares(*)		
Weighted average number of share certificates (nominal value of 1 YKr each)		
- ordinary share certificate	180,000,000,000	180,000,000,000
- founder shares	2,000	2,000

(*) Since profit distribution was not determined at the end of each interim period, total of the earning per share is reflected on ordinary share certificates.

5. Segment information

The Group's operating businesses are organized and managed separately according to the nature of services and products provided.

The segmental information of the Group is based on two formats. The first format represents information regarding business segments: construction, rental, retail, energy and trading and manufacturing. The second format represents information regarding four geographical segments for the periods ended June 30, 2009 and June 30, 2008.

Transfer prices between business segments are set out on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

5. Segment information (Continued)

(a) Business segments :

	June 30, 2009						
	Construction contracts	Rental	Retail	Trade manufacturing and others	Energy	Eliminations	Consolidated
Revenues earned	960,929	142,055	132,229	131,856	1,317,893	-	2,684,962
Inter-segment revenues earned	47,605	-	2,096	11,621	-	(61,322)	-
Cost of revenues	(867,956)	(20,133)	(45,393)	(108,403)	(1,207,389)	-	(2,249,274)
Inter-segment cost of revenues	(44,734)	-	-	(5,846)	(77)	50,657	-
Gross profit	95,844	121,922	88,932	29,228	110,427	(10,665)	435,688
Selling and administrative expense	(31,016)	(13,638)	(53,161)	(17,495)	(4,964)	2,096	(118,178)
Other operating income	15,971	591	800	9,768	8,952	(7,906)	28,176
Other operating expense	(4,752)	(342)	(6,011)	(8,366)	14	8,921	(10,536)
Profit from operations	76,047	108,533	30,560	13,135	114,429	(7,554)	335,150
Financial income	42,351	1,714	131	8,983	13,206	(3,909)	62,476
Financial expense	(51,972)	(1,422)	(12,701)	(13,286)	(20,255)	2,381	(97,255)
Income from associates	-	-	-	(824)	-	-	(824)
Profit from operations before taxes	66,426	108,825	17,990	8,008	107,380	(9,082)	299,547
Taxation charge							
Current	(33,670)	(17,279)	(3,283)	(2,785)	-	-	(57,017)
Deferred	1,099	(2,678)	(63)	389	(31,063)	-	(32,316)
Net profit for the year	33,855	88,868	14,644	5,612	76,317	(9,082)	210,214

	June 30, 2009						
	Construction contracts	Rental	Retail	Trade, manufacturing and others	Energy		Consolidated
Assets and liabilities (*)							
Segment assets	2,431,971	1,208,166	958,625	512,096	2,380,880		7,491,738
Unallocated assets							1,226
Total assets	2,431,971	1,208,166	958,625	512,096	2,380,880		7,492,964
Segment liabilities	1,081,213	194,057	250,025	380,423	2,011,898		3,917,616
Unallocated liabilities							904
Total liabilities	1,081,213	194,057	250,025	380,423	2,011,898		3,918,520
Other segment information							
Capital expenditures							
Property, plant and equipment (**)	44,938	27,963	1,769	15,450	9,870		99,990
Intangible assets	110	209	4	68	267		658
Investment properties	-	-	-	-	-		-
Total capital expenditures	45,048	28,172	1,773	15,518	10,137		100,648
Depreciation expense (**)	37,575	1,631	4,888	2,399	26,523		73,016
Amortisation	81	68	141	123	80		493

(*) Includes balances after elimination.

(**) Include capital expenditures and depreciation of joint ventures.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

5. Segment information (continued)

June 30, 2008							
	Construction contracts	Rental	Retail	Trade, manufacturing and others	Energy	Eliminations	Consolidated
Revenues earned	1,392,776	125,851	317,090	264,316	1,228,760	-	3,328,793
Inter-segment revenues earned	69,417	-	-	8,933	-	(78,350)	-
Cost of revenues	(1,181,037)	(26,196)	(193,616)	(216,042)	(1,123,500)	-	(2,740,391)
Inter-segment cost of revenues	(73,232)	(58)	-	(4,278)	(67)	77,635	-
Gross profit	207,924	99,597	123,474	52,929	105,193	(715)	588,402
Selling and administrative expense	(47,814)	(16,365)	(105,203)	(28,407)	(6,500)	-	(204,289)
Other operating income	208,599	1,132	6,795	3,605	3,619	(1,428)	222,322
Other operating expense	(11,960)	(5,123)	(5,934)	(536)	(26)	3,122	(20,457)
Profit from operations	356,749	79,241	19,132	27,591	102,286	979	585,978
Financial income	76,682	6,284	14,944	1,424	16,704	(13,057)	102,981
Financial expense	(42,082)	(1,618)	(10,439)	(15,172)	(34,278)	11,584	(92,005)
Income from associates	-	-	-	(323)	2,131	-	1,808
Profit from operations before taxes	391,349	83,907	23,637	13,520	86,843	(494)	598,762
Taxation charge							
Current	(45,651)	(8,918)	(8,404)	(3,124)	(6)	-	(66,103)
Deferred	(5,694)	(16,037)	2,135	293	(20,399)	-	(39,702)
Net profit for the year	340,004	58,952	17,368	10,689	66,438	(494)	492,957

December 31, 2008						
	Construction contracts	Rental	Retail	Trade, manufacturing and others	Energy	Consolidated
Assets and liabilities (*)						
Segment assets	2,638,546	1,210,210	1,049,928	537,346	2,320,196	7,756,226
Investment in associates	-	-	-	39	-	39
Unallocated assets						11,286
Total assets	2,638,546	1,210,210	1,049,928	537,385	2,320,196	7,767,551
Segment liabilities	1,410,204	208,774	310,477	409,732	1,903,935	4,243,122
Unallocated liabilities						835
Total liabilities	1,410,204	208,774	310,477	409,732	1,903,935	4,243,957

Other segment information

June 30, 2008						
Capital expenditures						
Property, plant and equipment(**)	61,768	3,833	48,823	3,296	6,945	124,665
Intangible assets	15	-	306	92	7	420
Investment properties	-	-	-	-	-	-
Total capital expenditures	61,783	3,833	49,129	3,388	6,952	125,085
Depreciation expense (**)	35,113	2,278	17,095	3,058	26,630	84,174
Amortisation	55	89	171	124	72	511

(*) Includes balances after elimination.

(**) Include capital expenditures and depreciation of joint ventures.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

5. Segment information (continued)

(b) Geographical segments:

	Turkey	Russian Federation Kazakhstan, Tajikistan and Ukraine	Europe	North Africa and other (*)	Eliminations	Consolidated
June 30 ,2009						
Net sales	1,676,782	776,341	190,367	41,472	-	2,684,962
Inter-segment sales	34,846	26,476	-	-	(61,322)	-
Segment assets	4,257,589	2,868,850	293,845	71,454	-	7,491,738
Capital expenditures	34,708	61,034	2,940	1,966	-	100,648

	Turkey	Russian Federation Kazakhstan, Tajikistan and Ukraine	Europe	North Africa and other (*)	Eliminations	Consolidated
June 30 ,2008						
Net sales	1,639,445	1,461,518	202,496	25,334	-	3,328,793
Inter-segment sales	73,962	(812)	5,200	-	(78,350)	-
Capital expenditures	26,103	76,112	15,792	7,078	-	125,085
December 31 ,2008						
Segment assets	4,221,397	3,235,324	196,967	102,538	-	7,756,226

(*) The Group presented this segment for information purposes although the segment revenue, profit of loss and asset is below 10% of total.

6. Cash and cash equivalents

	June 30, 2009	December 31, 2008
Cash on hand	2,702	2,689
Cash in bank-Demand deposits	172,957	246,612
Cash in bank-Time deposits	362,692	388,067
Other	2,076	2,578
Total	540,427	639,946
Less: time deposits with maturity over one year classified as non current financial assets (Note 7)	-	(49,983)
Less : time deposits with maturity over three months and less than one year classified as current financial assets (Note 7)	(8,034)	(14,550)
Cash and cash equivalents on balance sheet	532,393	575,413
Less: time deposits with maturity over three months less than one year which are blocked in bank accounts as collateral	(45,800)	(23,783)
Less: time deposits with maturity less than three months which are blocked in bank accounts as collateral	(14,200)	(2,857)
Cash and cash equivalents at consolidated cash flow statement	472,393	548,773

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

7. Investments available for sale and financial assets

The breakdown of current investments available for sale is as follows:

	June 30, 2009		December 31, 2008	
	Effective interest rate	Amount	Effective interest rate	Amount
Private sector bonds (international markets)	0.6%-11.95%	116,272	0.73% - 4.10%	32,893
Foreign Government bonds (international markets)	0.17%-4.05%	417,244	0.37%-7.83%	420,148
Turkish Government bonds (domestic market)	10.88%-16.64%	20,932	16.69% - 23.84%	21,551
Equity securities (international markets)	-	47,665	-	37,553
(domestic market)	-	2,762	-	1,970
Mutual funds (international markets)	-	27,347	-	31,263
(domestic market)	-	1,055	-	1,956
Time deposits with maturities more than 3 months less than one year	0.25%-1.71%	8,034	0.5% - 19.75%	14,550
		641,311		561,884

Non-current financial assets:

	June 30, 2009		December 31, 2008	
	Effective interest rate	Amount	Effective interest rate	Amount
Investments available for sale				
Private sector bonds (international markets)	%0.09-%14.78	98,353	0.21% - 7.10%	50,537
Foreign Government bonds (international markets)	%0.06-%6.23	73,250	2.46% - 4.47%	27,779
Turkish Government bonds (domestic market)	%12.27-%14.70	16,849	16.99% - 22.99%	34,587
(international markets)	%5.05-%20.13	15,799	10.10% - 20.13%	5,505
Equity securities		966		952
		205,217		119,360
Loan and receivables				
Time deposits (Note 6)				
U.S. Dollars – Variable interest rate		-	Libor + (%2.55% -3.55%)	49,983
		205,217		169,343

Maximum maturities of the investments available for sale are as follows:

	Jun 30, 2009	December 31, 2008
Private Sector Bonds (international markets)	Dec 15, 2038	May 18, 2015
Foreign Government Bonds (international markets)	Jan 15, 2029	April 25, 2019
Turkish Government Bonds (domestic market)	Feb 2, 2011	January 19, 2011
Turkish Government Bonds (international markets)	Feb 14, 2034	March 15, 2015

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

7. Investments available for sale and financial assets (continued)

The details of non-current equity securities available for sale are as follows:

	June 30, 2009		December 31, 2008	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Yapı ve Kredi Bankası A.Ş. (YKB) - listed	less than 1	545	less than 1	508
Bursa Serbest Bölge Kurucu ve İşleticisi A.Ş. - unlisted	1.00	55	1.00	150
Türk Sınai Kalkınma Bankası (TSKB) – listed	less than 1	150	less than 1	103
Sınai Mali Yatırım Holding – unlisted	less than 1	81	less than 1	81
Others – unlisted	-	135		110
		966		952

8. Borrowings

	Interest rate	Original currency	June 30, 2009	
			U.S. Dollar equivalent	
Short-term				
Short-term bank borrowings	Euribor + (1.3% - 3.45%)	EUR	6,542	9,178
	Libor + (1.3% - 2.84%)	USD	6,230	6,230
	10.4% - 19%	TL	13,149	8,594
	Tibor + (1.84% - 1.86%)	JPY	860,202	9,068
Total short-term borrowings				33,070
Long-term				
Eximbank loans	Libor + 0.1% - 4.26%	USD	291,445	291,445
OPIC loan	7.54% - 7.90%	USD	130,923	130,923
OND loan	Libor + %0.7	USD	31,015	31,015
Hermes loan	Libor + %0.625	USD	36,237	36,237
ABN Amro loan	Libor + 1.35	USD	59,003	59,003
Hermes loan	Euribor + (1.24% - 5%)	EUR	70,791	99,327
Other long-term bank borrowings	Libor + 1.15% - 2.89%	USD	68,211	68,211
	Euribor + (1.12% - 7.59)	EUR	52,785	74,062
	1.85% - 6.5%	JPY	9,355,466	98,623
Iraq related Eximbank loans		USD	80,699	80,699
		EUR	2,241	3,144
Obligations under finance leases	Libor + 1.90%	USD	1,789	1,789
	3.00%	RR	1,757,805	56,172
				1,030,650
Less: Current portion of long-term bank borrowings and financial lease obligations				(406,912)
Less: Money received from UNCC by Eximbank		USD	(31,863)	(31,863)

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

Total long-term borrowings				591,875
8. Borrowings (continued)				
				December 31, 2008
	Interest rate	Original currency		U.S. Dollar equivalent
Short-term				
Short-term bank borrowings	5.90%-11.00%	EUR	10,875	15,394
	Libor +1%-9.00%	USD	6,524	6,524
	15.00%-24.00%	TL	25,431	16,816
	1.84%-1.86%	JPY	553,069	6,213
Total short-term borrowings				44,947
Long-term				
Eximbank loans				
OPIC loan	Libor + 0.10%-4.26%	USD	339,136	339,136
OND loan	7.54%-7.90%	USD	144,372	144,372
Hermes loan	Libor + 0.70%	USD	36,259	36,259
IFC Loan	Libor + 0.625%	USD	43,612	43,612
ABN Amro loan	Libor + 2.00%	USD	79,047	79,047
Hermes loan	Euribor+ (3.32%-6.19%)	EUR	68,375	96,791
Other long-term bank borrowings				
	Libor + 1.15%-9.00%	USD	85,373	85,374
	Euribor + 1.20%-6.19%	EUR	59,966	84,887
	1.91%-4.35%	JPY	11,174,882	125,529
Iraq related Eximbank loans				
		USD	80,699	80,699
		EUR	2,241	3,172
Obligations under finance leases				
	Libor + 1.90%	USD	1,994	1,994
	3.00%	RR	1,728,606	58,836
	4.00%-4.50%	EUR	79	113
				1,179,821
Less: Current portion of long-term bank borrowings and financial lease obligations				(352,701)
Less: Money received from UNCC by Eximbank				(31,863)
Total long-term borrowings				795,257

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

8. Borrowings (continued)

Repayment schedule of long-term bank borrowings and finance lease obligations excluding Iraq related Eximbank loans are as follows:

	June 30, 2009	December 31, 2008
Less than 1 year	406,912	352,701
1-5 years	471,185	650,941
More than 5 years	68,710	92,308
Less : Current portion of long term borrowings	(406,912)	(352,701)
Total long term borrowings	539,895	743,249

9. Trade and other accounts receivables

The breakdown of short-term trade and other receivables is as follows:

	June 30, 2009	December 31, 2008
Trade receivables, net	890,955	784,772
Notes and cheques receivables	103,333	105,447
Contract receivables	314,215	402,849
Retention receivables	50,507	34,291
Other receivables	1,226	11,286
	1,360,236	1,338,645
Less : Allowance for doubtful receivables	(23,097)	(22,383)
	1,337,139	1,316,262

Trade receivables which are withheld by the customers until the contracts are completed or, in certain instances for even longer periods, are classified as retention receivables.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

9. Trade and other receivables (continued)

The breakdown of long-term trade and other receivables is as follows:

	June 30, 2009	December 31, 2008
Accrued receivables from Iraq	115,116	115,116
Notes and cheques receivables	32,972	31,340
Trade receivables	3,557	2,342
Allowance for accrued receivables for Iraq losses	(53,093)	(53,093)
Money received from UNCC for the repayment of bank borrowings	(30,160)	(30,160)
Money received from UNCC by Eximbank	(31,863)	(31,863)
	36,529	33,682

10. Trade and other payables

The breakdown of current trade and other payables is as follows:

	June 30, 2009	December 31, 2008
Trade payables	898,221	759,537
Advances received	338,020	500,636
Notes payable	5,179	3,144
Other payables	4,142	4,460
	1,245,562	1,267,777

The breakdown of non-current trade and other payables is as follows:

	June 30, 2009	December 31, 2008
Trade payables	3,288	3,474
Advances received	8,088	123,198
	11,376	126,672

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

11. Costs and billings on uncompleted contracts

	June 30, 2009	December 31, 2008
Costs incurred on uncompleted contracts	3,127,849	2,717,264
Estimated earnings	69,873	222,036
	3,197,722	2,939,300
Less: Billings to date	(3,326,480)	(2,971,525)
	(128,758)	(32,225)

The net balance is included in the consolidated balance sheets under the following captions:

	June 30, 2009	December 31, 2008
Costs and estimated earnings in excess of billings on uncompleted contracts	8,920	95,911
Billings in excess of costs and estimated earnings on uncompleted contracts	(137,678)	(128,136)
	(128,758)	(32,225)

As of June 30, 2009, the amount of advances received of subsidiaries and companies shares in joint ventures is U.S. Dollars 344,698 (December 31, 2008 – U.S. Dollars 660,843).

12. Other current liabilities and accrued expenses and other non-current liabilities

The breakdown of other current liabilities and accrued expenses is as follows:

	June 30, 2009	December 31, 2008
Deferred rent revenue	42,726	53,095
Payroll payable	29,642	35,116
Accrual for construction costs	29,151	28,830
Deposit taken	13,240	12,731
Taxes and funds payable	11,912	10,634
VAT payable	11,286	26,503
Accrued expenses	6,421	2,776
Vacation pay liability	4,908	5,405
Bonus accrual	1,585	12,182
Other liabilities	3,794	6,917
	154,665	194,189

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

12. Other current liabilities and accrued expenses and non-current liabilities (continued)

The non current part is as follows :

	June 30, 2009	December 31, 2008
Deferred revenue (*)	809,482	766,074
Deposits taken	15,557	16,067
Deferred rent revenue	5,107	6,044
	830,146	788,185

(*) Represents the Power Companies' deferred revenues, which is the difference between the average price recognized over the life of the project and actual charges.

13. Other current and non-current assets

The breakdown of other current assets is as follows:

	June 30, 2009	December 31, 2008
Advances given	72,216	131,749
Deferred V.A.T.	20,291	15,231
V.A.T. receivable	20,279	12,790
Prepaid expenses	11,031	11,833
Prepaid taxes and funds	7,486	12,071
Other	23,145	9,589
	154,448	193,263

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

13. Other current and non-current assets (continued)

The breakdown of other non-current assets is as follows:

	June 30, 2009	December 31, 2008
Prepayment for land leases	30,934	31,315
Prepaid expense	3,964	5,012
Restricted cash (*)	1,647	4,616
Advances given	275	1,539
Miscellaneous	5,003	3,830
	41,823	46,312

(*) The balance is related with cash held by the Group as blocked deposit in banks for maintenance purposes for the Steam turbines of the Power Companies.

14. Share capital

Based on the resolution taken at the Company's Ordinary General Assembly Meeting for year 2008 held on April 20, 2009, regarding the distribution of the year 2008 profit, the Company distributed to its shareholders for each TL 1 (one) nominal valued share TL 0.090 gross / TL 0.0765 net (as being 9% gross, 7.65% net from issued share capital) in total TL 108,000 cash as dividend, and TL 500,000 from 1st dividend and TL 100,000 from 2nd dividend, in total TL 600,000 bonus share increase (at a rate 50.00%). According to this, the company increased its share capital from TL 1,200,000 to TL 1,800,000.

As of June 30, 2009, the Company's historical issued share capital in the statutory books, is TL 1,800,000 (December 31, 2008 - TL 1,200,000), which consisted of 180,000,000,000 (December 31, 2008 - 120,000,000,000) authorized and fully paid shares each having 0.01 TL nominal value.

Within the above mentioned shares, founders of Enka İnşaat and former Enka Holding have one thousand founders share each. The founder shares of Enka İnşaat and the founder shares of former Enka Holding are entitled to receive, 5% and 2.5%, respectively, of the net income after the deduction of legal reserve and the first dividends.

The movement of the share capital (in numbers and in historical TL) of the Company during 2009 and 2008 is as follows:

	June 30, 2009		December 31, 2008	
	Number	TL	Number	TL
At January 1,	120,000,000,000	1,200,000	90,000,000,000	900,000
Shares issued in				
- transfer from extraordinary reserve	-	-	-	-
- bonus shares issued out of general reserve	60,000,000,000	600,000	30,000,000,000	300,000
At June 30/December 31,	180,000,000,000	1,800,000	120,000,000,000	1,200,000

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

15. Taxation on income

Enka İnşaat and its consolidated subsidiaries are subject to taxation in accordance with the tax procedures and the legislation effective in the countries in which they operate.

Tax legislation in Turkey

In Turkey, the corporation tax rate effective from January 1, 2007 is reduced to 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (December 31, 2008 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate entity basis.

Effective from January 1, 2007 capital gains derived from cash sales of participation shares that have been held for at least two years are subject to effective corporation tax rate of 5% if the gains are added to share capital. Furthermore, in the event the profit arising from the dividend receipt is not distributed or included in capital, no withholding tax shall be applicable. As a result, the Group did not recognize a deferred tax liability on the undistributed profits of subsidiaries and associates and other temporary differences pertaining to other investments in shares issued by Turkish companies, if the Company does not have the intention to sell these shares in the future.

15% (December 31, 2008 – 15%) withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The “General Communiqué” on disguised profit distribution through transfer pricing was published on the Official Gazette on November 18, 2007 by the Ministry of Finance of Turkey, to clarify the procedures and applications of the new corporate tax law. According to the General Communiqué, tax-payers should submit the form “Transfer Pricing, Controlled Foreign Corporation and Thin Capitalization” as an attachment of annual corporate tax return, the deadline of which is April 25, 2008 and they have to provide the bases and related documentation to the tax inspectors, in case of a tax inspection.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

15. Taxation on income (continued)

Tax legislations in other countries

As of June 30, 2009 and December 31, 2008 effective corporation tax rate in other countries are as follows:

	30 June 2009	31 December 2008
Russia	%20	%24
Netherlands	%25,5	%25,5
Kazakhstan	%20 - %30	%30 - %37
Nepal	%25	%25
Algeria	%25	%25
Germany	%25	%25
Ukraine	%25	%25
Tajikistan	%25	%25
Romania	%16	%16
Albania	%10	%10
Oman	%12	%12
Libya	%15 - %40	%15 - %40

The movement of the current income tax liability is given as follows:

	30 June 2009	30 June 2008
January 1	23,847	27,592
Current year tax expense	57,017	66,103
Taxes paid	(54,929)	(60,122)
June 30	25,935	33,573

A reconciliation of the nominal (on the basis of the income tax rate of the Company and the Turkish subsidiaries) to the effective tax rate for the years ended June 30, 2009 and 2008 is provided below:

	30 June 2009		30 June 2008	
	Amount		Amount	
Profit from operations before taxes	299,547		598,762	
Tax per statutory tax rate 20% (2008 - 20%)	59,909	20%	119,622	20%
Effect of unrealized financial expense	-		(13,828)	(2%)
Effect of equity pick up revenue	-		(356)	(0%)
Jobsites exempt from income tax	1,135	0%	(5,859)	(1%)
Effect of tax rate change and others	28,289	%10	6,226	6%
Taxation charge	89,333	%30	105,805	18%

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

15. Taxation on income (continued)

As of June 30, 2009 and December 31, 2008, the breakdown of temporary differences which give rise to deferred taxes is as follows:

	Consolidated balance sheet	Consolidated income statement, revaluation surplus and currency translation difference and change in scope of consolidation		
	June 30, 2009	December 31, 2008	June 30, 2009	June 30, 2008
Deferred income tax liabilities				
Remeasurement and revaluation of property, plant and equipment, intangible assets and investment property	(416,831)	(418,584)	1,753	(45,396)
Adjustment for percentage of completion method on construction projects	-	-	-	55
Adjustment of revenue levelization	-	-	-	(2,871)
Deferred financial expenses	-	-	-	18
Remeasurement of inventories	(21,252)	(17,347)	(3,905)	(10,246)
Others	-	-	-	(6,685)
Gross deferred income tax liabilities	(438,083)	(435,931)	(2,152)	(65,125)
Adjustment of revenue levelization	161,896	153,215	8,681	(744)
Adjustment for percentage of completion method on construction projects	518	-	518	
Tax loss carry-forward	38,378	65,884	(27,506)	1,119
Reserve for employee termination benefit	1,916	2,072	(156)	154
Allowance for doubtful receivables	516	362	154	11,254
Fair value adjustments on AFS portfolio	3,355	4,233	(878)	
Deferred financial expenses	566	841	(275)	(275)
Others	6,745	7,851	(1,106)	3,053
Gross deferred income tax assets	213,890	234,458	(20,568)	14,561
Net deferred tax liability	(224,193)	(201,473)	(22,720)	(50,564)

Reflected as:

	June 30, 2009	December 31, 2008
Deferred tax assets	38,389	69,743
Deferred tax liabilities	(262,582)	(271,216)
Net deferred liabilities	(224,193)	(201,473)

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

15. Taxation on income (continued)

Movement of net deferred tax asset (liability) can be presented as follows:

	June 30, 2009	June 30, 2008
Balance at January 1, of Enka İnşaat and its subsidiaries	201,473	185,307
Balance at January 1, of the joint ventures	1,276	(2,414)
Balance at January 1	202,749	182,893
Deferred income tax benefit / (expense) recognized in income statement	32,316	39,702
Deferred income tax expense / (benefit) recognized in equity	2,515	3,138
Translation loss	(13,650)	11,793
	223,930	237,526
Of which:		
Balance at June 30, of Enka İnşaat and its subsidiaries	224,193	235,003
Balance at June 30, of the joint ventures	(263)	2,523

16. Commitments and contingencies

Operating lease commitments – Group as lessee

Future minimum lease payments under non-cancellable operating leases of the Group due to its operations in Russia as of June 30, 2009 and December 31, 2008 are as follows:

	June 30, 2009	December 31, 2008
Within one year	11,537	14,130
After one year but not more than five years	35,161	45,955
More than five years	61,257	60,327
	107,955	120,412

Operating lease commitments – Group as lessor

The minimum future rental income of the Group under non-cancelable operating leases at June 30, 2009 and December 31, 2008 is as follows:

	June 30, 2009	December 31, 2008
Within one year	266,475	288,506
After one year but not more than five years	629,115	688,095
More than five years	354,793	9,326
	1,250,383	985,927

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

16. Commitments and contingencies (Continued)

Litigations

- In the year 2004, a case is opened against Enka Pazarlama, one of the consolidated subsidiaries, regarding the non-compliance with respect to the payment of the period commissions of the guarantee given by a local bank in favor of Iran GTC Company. The Group management believes that the case will result in favor of the Group.

Others

- The operations and financial positions of the companies operating in Russia may be impacted by the political, monetary and fiscal practices that may be applied in the Russian Federations. As of June 30, 2009 and December 31, 2008, the Group does not believe that any material matters exist relating to fiscal and regulatory environment in Russia, including current pending or future governmental claims and demands, which would require adjustment to the consolidated financial statements in order for those statements not to be misleading.

- The Group has signed a pledge and assignment agreement dated as of October 27, 2000, with Westdeutsche Landesbank Girozentrale İstanbul Branch (Onshore Collateral Agent) in return of the loans obtained by the Power Companies. The Group has pledged and assigned all of its shares in these companies to the Onshore Collateral Agent for the benefit of the financial institutions.

- As of June 30, 2009, the Group has outstanding letters of guarantee and collaterals amounting to U.S. Dollars 992,211 (December 31, 2008 – U.S. Dollars 1,476,037) obtained from various banks and given to local and foreign banks, custom authorities, local and foreign government institutions and contract parties for contract advances, project transactions and bank borrowings obtained, of which U.S. Dollars 262,009 (December 31, 2008 - U.S. Dollars 302,861) are related to joint ventures.

- There are some existing and probable lawsuits against Enka TC by tax authorities with mainly respect to VAT and corporate tax calculations. The Group has reflected provision, amounting U.S. Dollars 6,175 (December 31, 2008 - U.S. Dollars 7,188), related to those filings in its consolidated financial statements.

- As of June 30, 2009, Pimaş has export commitments at the amount of TL 8,250 (December 31, 2008 – TL 14,125 & U.S. Dollars 2,000) and Euro 1,000 (December 31, 2008 – Euro 1,000) with respect to the foreign currency loans with export commitments.

- Due to global financial crisis and the ensuing difficulty of some investors in accessing to credit lines, termination agreements have been signed with job owners to stop the construction activities of some projects in Russia – Tverskaya Zastava underground mall, Paveletskaya Sqaure underground shopping center, Donstroy II office and shopping center. Completed all with positive net margin, turnover portions of these three terminated projects in the contracting segment are 3% and 5% in consolidated financial statements as of June 30, 2009 and December 31, 2008, respectively. Furthermore, construction of the office and hotel building project on Plot 4 in Moscow City has also been ceased as of June 30, 2009 and the Group does not foresee any forthcoming loss arising from this project. As of June 30, 2009, the Group has unbilled progress claims from its foreign worksite job owner amounting to U.S. Dollars 71,429 which are currently in the legal process regarding the termination of OASIS office complex project. The job owner has counter claims amounting to U.S. Dollars 69,400.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

17. Deferred Tax on Comprehensive Income

			June 30, 2009		June 30, 2008	
	Other comprehensive income before tax	Net deferred income tax	Other comprehensive income, net of tax	Other comprehensive income before tax	Net deferred income tax	Other comprehensive income, net of tax
Deferred income tax relating to other comprehensive income						
Change in unrealized gain / (loss) on available-for-sale investments	11,739	(2,349)	9,390	(18,638)	3,728	(14,910)
Change in revaluation of fixed assets	-	-	-	-	-	-
Change in fair value adjustment on derivative assets	1,456	(291)	1,165	1,566	(313)	1,253
Change in currency translation difference	(79,480)	-	(79,480)	67,453	-	67,453
Loss / income from retirement liability provision	-	-	-	-	-	-
Loss / income from associates	-	-	-	-	-	-
Total	(66,285)	(2,640)	(68,925)	50,381	3,415	53,796

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

18. Related party balances and transactions

Related parties

Parties are considered related to the Group if;

- (a) directly, or indirectly through one or more intermediaries, the party:
- (i) controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

The Group is controlled by Tara Holding (48.63%) and Tara and Gülçelik families (28.64%). For the purposes of the consolidated financial statements, balances with the shareholder companies, individual shareholders, unconsolidated subsidiaries, associated companies, equity participations and their affiliates are referred to as "related parties". Related parties also include management and members of the Group's Board of Directors.

In the course of conducting business, the Group conducted various business transactions with related parties on commercial terms. The breakdown of balances with related parties and details of significant related party transactions are as follows:

(a) Trade receivables/payables

	June 30, 2009		December 31, 2008	
	Receivables	Payables	Receivables	Payables
Associates				
Gretch Unitas	-	-	-	126
Other				
Derince Uluslararası Konteyner Terminal İşletmeciliği A.Ş. (Derince)	877(*)	-	865(*)	-
	877	-	865	126

(*) Funds provided by the Group (in U.S. Dollars) with interest rates Libor + 0.5%.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

18. Related party balances and transactions (continued)

(b) Other receivables/payables

	June 30, 2009		December 31, 2008	
	Receivables	Payables	Receivables	Payables
Shareholders	349	903	10,420 (*)	710
	349	903	10,420	710

(*) Funds provided by the Group (in U.S. Dollars) to shareholders with interest rates Libor + 2%.

Directors' remuneration

The executive management of the Group received remuneration totaling U.S. Dollars 7,378 (June 30, 2008 – U.S. Dollars 11,334). As of June 30, 2009, the social security payment and accrued full retirement pay liability is U.S. Dollars 789 (June 30, 2008 – U.S. Dollar 890) and U.S. Dollar 1,535 (December 31, 2008 – U.S. Dollar 1,686) respectively.

19. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, investment securities, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board / management reviews and agrees policies for managing each of these risks. The Group monitors the market price risk arising from all financial instruments periodically.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble and also U.S. Dollar which arises from the liabilities belonging to the companies in the consolidation scope, whose the functional currency is not U.S. Dollar.

The Group is engaged in construction, trading, energy and real estate operations business in several countries and, as a result, is exposed to movements in foreign currency exchange rates. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

The foreign currency risk of the Group arises from the credits used in U.S. Dollars and Euro. In order to mitigate the risk, the Group continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

19. Financial risk management objectives and policies (continued)

	June 30, 2009						Total USD equivalent
	TL	USD equivalent	Euro	USD equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	30,648	20,030	98,118	137,669	48,178	102,276	308,153
Investments available-for-sale	40,403	26,405	251,566	352,972	29,640	31,993	441,010
Trade and other receivables	240,186	156,974	107,440	150,749	92,367	18,529	418,619
Other current assets	36,950	24,149	10,221	14,341	20,031	2,794	61,315
Company's share in current assets of joint ventures	-	-	2,267	3,182	22,748	289	26,219
Current assets	348,187	227,558	469,612	658,913	212,964	155,881	1,255,316
Investments available-for-sale(Long-term)	25,781	16,849	63,158	88,617	-	-	105,466
Trade and other receivables	-	-	20,899	29,323	6,431	76	35,830
Other non-current assets	1,944	1,271	2,377	3,335	2,634	5,279	12,519
Company's share in non-current assets of joint ventures	-	-	-	-	3,480	-	3,480
Non-current assets	27,725	18,120	86,434	121,275	12,545	5,355	157,295
Total assets	375,912	245,678	556,046	780,188	225,509	161,236	1,412,611
Short-term borrowings	257	168	68,743	96,453	53,875	129,800	280,296
Trade payables	292,386	191,089	9,698	13,607	24,351	6,260	235,307
Other payables (short-term)	509	333	51,147	71,764	9,287	2,620	84,004
Other current liabilities and accrued expenses	33,186	21,689	12,961	18,186	24,027	10,497	74,399
Company's share in current liabilities of joint ventures	-	-	96	135	9,999	1,350	11,484
Current liabilities	326,338	213,279	142,645	200,145	121,539	150,527	685,490
Trade payables	-	-	2,343	3,287	-	-	3,287
Long term borrowings	-	-	63,638	89,290	66,161	3,644	159,095
Other non-current liabilities and accrued expenses	1	1	105	147	-	354	502
Non-current liabilities	1	1	66,086	92,724	66,161	3,998	162,884
Total liabilities	326,339	213,280	208,731	292,869	187,700	154,525	848,374
Net foreign currency position	49,573	32,398	347,315	487,319	37,809	6,711	564,237
Net notional amount of derivatives	5,642	3,687	(11,666)	(16,368)	-	-	(12,681)
Hedging ratio of foreign exchange liabilities							
Export	904	591	110,412	154,919	812	2,267	158,589
Import	-	-	55,050	77,241	29,863	15,961	123,065

(*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.

(**) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued) June 30, 2009

(Amounts expressed in thousands of U.S. Dollars unless otherwise indicated. All other currencies are also expressed in thousands.)

19. Financial risk management objectives and policies (continued)

	December 31, 2008						
	TL	USD equivalent	Euro	USD equivalent	Other USD (*)	USD (**)	Total USD equivalent
Cash and cash equivalents	18,045	9,132	119,394	167,613	48,825	86,835	312,405
Investments available-for-sale	14,965	12,694	247,571	351,861	18,767	4,090	387,412
Trade and other receivables	137,659	91,026	75,460	106,821	57,001	5,020	259,868
Other current assets	32,938	21,781	19,004	26,902	4,540	9,588	62,811
Company's share in current assets of joint ventures	-	-	355	503	3,623	188	4,314
Current assets	203,607	134,633	461,784	653,700	132,756	105,721	1,026,810
Investments available-for-sale(long-term)	53,593	35,439	54,361	76,955	1,360	49,983	163,737
Trade and other receivables	-	-	20,147	28,520	4,031	71	32,622
Other non-current assets	2,605	1,723	3,225	4,565	3,244	5,326	14,858
Company's share in non-current assets of joint ventures	-	-	-	-	-	-	-
Non-current assets	56,198	37,162	77,733	110,040	8,635	55,380	211,217
Total assets	259,805	171,795	539,517	763,740	141,391	161,101	1,238,027
Short-term borrowings	260	172	73,173	103,584	45,305	67,276	216,337
Trade payables	138,910	91,853	18,483	26,165	41,610	5,061	164,689
Other payables (short-term)	61	40	64,871	91,831	19,566	17,528	128,965
Other current liabilities and accrued expenses	45,715	30,229	15,702	22,227	25,501	10,478	88,435
Company's share in current liabilities of joint ventures	1	1	242	343	16,693	6,750	23,787
Current liabilities	184,947	122,295	172,471	244,150	148,675	107,093	622,213
Trade payables	-	-	2,352	3,329	-	-	3,329
Long-term borrowings	-	-	68,400	96,827	72,038	103,668	272,533
Other payables (long-term)	-	-	464	657	-	-	657
Non-current liabilities	-	-	71,216	100,813	72,038	103,668	276,519
Total liabilities	184,947	122,295	243,687	344,963	220,713	210,761	898,732
Net foreign currency position	74,858	49,500	295,830	418,777	(79,322)	(49,660)	339,295
Net notional amount of derivatives	16,607	10,981	(6,000)	(8,494)	14,971	18,700	36,158
Hedging ratio of foreign exchange liabilities	22%		(2%)		(19%)	(38%)	
Export	-	-	68,491	96,956	623	3,996	101,575
Import	5,103	3,374	175,297	248,150	161,470	67,368	480,362

(*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.

(**) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

20. Subsequent Events

The Board of Directors of the company has decided to apply to the Capital Markets Board in order to increase the capital ceiling of the company from TL 1,800,000 to TL 2,800,000, in accordance with the article 6 of the Articles of Association of the Company.

The company, which owns 28.96% of Gedore-Altaş El Aletleri Dövme Çelik Sanayi Ve Ticaret Ltd.Şti. shares, and which has a value of TL 0 at the consolidated financial statements as of 31.12.2008, has sold all its shares to Gedore Werkzeugfabrik Otto Dowidat KG for TL 1. The equity of Gedore-Altaş has turned to negative and regarding this financial asset since no exposure of liability arising from any legal or implied acceptance has occurred or since no payment has been done on behalf of Gedore-Altaş, no additional provisions have been booked.

On July 31, 2009, the Company has sold all its 37.18% participation in Gretsch-Unitas Yapı Elemanları Sanayi Ve Ticaret Şirketi, to Cladiua Kofler and Beatrix Fleischmann against TL 1. The shares of Gretsch-Unitas, had a value of TL 60 at the consolidated financial statements as of 31.12.2008. For the receivable from Gretsch-Unitas amounting TL 1,470, a provision with the same value has been booked on the consolidated financial statements as of 30.06.2009.