

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

**Condensed Interim Financial
Information
March 31, 2010**

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 - 36

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated balance sheet As at March 31, 2010 (Currency – Thousands of U.S. Dollars)

Assets

	Notes	March 31,2010	December 31, 2009
Current assets			
Cash and cash equivalents	5	863.005	672.163
Financial investments	6	541.884	558.984
Trade and other receivables	8	628.282	588.008
Inventories		349.799	262.612
Other current assets	12	83.608	132.094
Company's share in current assets of joint ventures		218.341	297.817
Costs and estimated earnings in excess of billings on uncompleted contracts	10	201	1.562
		2.685.120	2.513.240
Assets held for sale		1.106	1.135
Total current assets		2.686.226	2.514.375
Non-current assets			
Trade and other receivables	8	30.133	37.024
Financial investments	6	507.925	462.687
Property, plant and equipment Company			
<i>Buildings and barracks</i>		261.536	263.160
<i>Other property, plant and equipment</i>		1.603.517	1.624.305
Company's share in joint ventures		73.046	76.503
Intangible assets		2.270	2.561
Goodwill		105.544	107.057
Investment properties		1.931.226	1.891.271
Other non-current assets	12	39.494	40.173
Company's share in non-current assets of joint ventures		5.884	3.857
Deferred tax asset	14	18.692	21.909
Total non-current assets		4.579.267	4.530.507
Total assets		7.265.493	7.044.882

The accompanying policies and explanatory notes on pages 8 through 36 form an integral part of the consolidated financial statements.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Consolidated balance sheet As at March 31, 2010 (Currency – Thousands of U.S. Dollars)

Liabilities and equity

	Notes	March 31, 2010	December 31, 2009
Current liabilities			
Short-term borrowings	7	23.270	16.369
Current portion of long-term borrowings	7	281.446	315.274
Trade and other payables	9	676.770	581.504
Other current liabilities and accrued expenses	11	125.256	137.900
Taxation on income	14	13.612	16.120
Company's share in current liabilities of joint ventures		212.588	259.154
Billings in excess of costs and estimated earnings on uncompleted contracts	10	121.274	63.861
Total current liabilities		1.454.216	1.390.182
Non-current liabilities			
Long-term borrowings	7	485.822	503.949
Trade and other payables	9	3.021	2.314
Employee termination benefit		14.095	13.831
Deferred tax liability	14	286.366	274.274
Other non-current liabilities	11	887.256	871.716
Company's share in non-current liabilities of joint ventures		1.263	22
Total non-current liabilities		1.677.823	1.666.106
Total liabilities		3.132.039	3.056.288
Equity			
Equity attributable to equity holders of the parent			
Share capital	13	1.214.907	1.214.907
Revaluation surplus		117.985	119.710
Currency translation difference		(70.772)	(80.633)
Other reserves		27.738	27.186
Legal reserves and accumulated profit		2.584.203	2.461.234
Minority interest		259.393	246.190
Total equity		4.133.454	3.988.594
Total equity and liabilities		7.265.493	7.044.882

The accompanying policies and explanatory notes on pages 8 through 36 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 March 31, 2010 (Currency -- Thousands of U.S. Dollars)

	Notes	March 31, 2010	March 31, 2009
Revenues	4	1.082.796	1.421.556
Cost of revenues	4	(872.824)	(1.164.366)
Gross profit		209.972	257.190
Selling and administrative expenses	4	(53.144)	(54.202)
Other operating income	4	13.751	11.110
Other operating expense	4	(6.429)	(678)
Profit from operations		164.150	213.420
Financial income	4	36.522	66.561
Financial expenses	4	(44.369)	(140.054)
Income/(loss) from associates	4	-	(39)
Profit from operations before taxes		156.303	139.888
Taxation charge			
Current	4	(19.015)	(25.028)
Deferred	4	(9.701)	(43.190)
Net profit for the year		127.587	71.670
Attributable to :			
Equity holders of the parent		122.200	64.504
Minority interest		5.387	7.166
Net profit		127.587	71.670
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)	3	0,0679	0,0358
- founder share		-	-

The accompanying policies and explanatory notes on pages 8 through 36 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 March 31, 2010 (Currency -- Thousands of U.S. Dollars)

	Notes	March 31, 2010	March 31, 2009
Net profit for the period		127.587	71.670
Net change in unrealized gain / (loss) on available-for-sale investments		998	6.166
Realised gain / (loss) on available-for-sale investments transferred to income statement		(514)	(1.711)
Gain on cash flow hedge		206	297
Currency translation difference		16.721	(198.550)
Other comprehensive income/(expense) before tax		17.411	(193.798)
Deferred tax income/(expense) of other comprehensive income	16	(138)	(950)
Other comprehensive income/(expense), net of tax		17.273	(194.748)
Total comprehensive income/(expense), net of tax		144.860	(123.078)
Attributable to :			
Minority interest		12.374	(20.030)
Equity holders of the parent		132.486	(103.048)
		144.860	(123.078)

The accompanying policies and explanatory notes on pages 8 through 36 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 March 31, 2010

(Currency – Thousands of U.S. Dollars)

	Attributable to equity holders of the parent						Minority Interest	Total Equity
	Share Capital	Revaluation Surplus	Currency Translation Difference	Other Reserves	Legal Reserves and Accumulated Profit	Total		
Balances, December 31, 2008	828.831	129.480	(63.150)	(5.999)	2.391.327	3.280.489	243.105	3.523.594
Total other comprehensive income	-	(1.071)	(170.283)	3.802	-	(167.552)	(27.196)	(194.748)
Profit for the year	-	-	-	-	64.504	64.504	7.166	71.670
Total comprehensive income	-	(1.071)	(170.283)	3.802	64.504	(103.048)	(20.030)	(123.078)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	(888)	-	-	888	-	-	-
Dividends paid	-	-	-	-	-	-	(10.491)	(10.491)
Balances, March 31, 2009	828,831	127,521	(233,433)	(2,197)	2,456,719	3,177,441	212,584	3,390,025
Balances, December 31, 2009	1.214.907	119.710	(80.633)	27.186	2.461.234	3.742.404	246.190	3.988.594
Total other comprehensive income	-	219	9.515	552	-	10.286	6.987	17.273
Profit for the year	-	-	-	-	122.200	122.200	5.387	127.587
Total comprehensive income	-	219	9.515	552	122.200	132.486	12.374	144.860
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	(642)	-	-	642	-	-	-
Scope Change	-	(1.302)	346	-	127	(829)	829	-
Balances, March 31, 2010	1,214,907	117,985	(70,772)	27,738	2,584,203	3,874,061	259,393	4,133,454

The accompanying policies and explanatory notes on pages 8 through 36 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 March 31, 2010 (Currency – Thousands of U.S. Dollars)

	Notes	March 31, 2010	March 31, 2009
Cash flows from operating activities			
Profit before taxes		156.303	139.888
Adjustments to reconcile net profit before tax to net cash provided by operating activities :			
Loss/(income) from associates		-	39
Depreciation and amortization		29.857	35.711
Change in fair value of derivative assets/liabilities, net		353	(1.508)
Employee termination benefit charge		1.300	1.233
Provision for inventory obsolescence		(41)	(327)
Provision for doubtful receivables		689	223
Revenue levelization adjustment		15.161	22.253
Gain from sales of property, plant and equipment, net		(926)	(2.801)
Interest income		(10.081)	(6.642)
Interest expense		7.711	16.593
Changes in operating assets and liabilities		200.326	204.662
Trade and other receivables	8,17	(34.714)	(248.790)
Inventories		(87.147)	24.890
Costs and estimated earnings in excess of billings on uncompleted contracts	10	1.361	410
Company's share in assets of joint ventures		77.450	50.895
Other assets	12	49.193	21.119
Trade and other payables	9,17	80.141	155.884
Billings in excess of costs and estimated earnings on uncompleted contracts	10	57.413	(20.460)
Company's share in liabilities of joint ventures		(45.325)	(43.213)
Other liabilities and accrued expenses	11	3.215	(10.264)
Taxes paid	14	(21.523)	(20.953)
Employee termination benefit paid		(473)	(167)
Net cash provided by operating activities		79.591	(90.649)
Cash flows from investing activities			
Time deposits with maturities more than 3 months		18.000	6.709
Investments available for sale		(28.525)	(38.009)
Proceeds from sale of property, plant and equipment, intangible assets		13.017	11.485
Purchases of property, plant and equipment and intangible assets		(14.781)	(49.097)
Interest received		9.560	4.342
Net cash used in investing activities		(2.729)	(64.570)
Cash flows from financing activities			
Short-term borrowings, net		7.119	(4.940)
Addition to long-term borrowings and current portion of long-term borrowings		11.752	22.685
Payments of long-term borrowings and current portion of long-term borrowings		(58.390)	(29.751)
Dividends paid to minority interests		-	(10.491)
Interest paid		(2.653)	(7.445)
Net cash used in financing activities		(42.172)	(29.942)
Net foreign exchange difference on cash and cash equivalents		(26.174)	(11.419)
Net increase in cash and cash equivalents		208.842	8.082
Cash and cash equivalents at beginning of year	5	646.163	548.774
Cash and cash equivalents at end of period		855.005	556.856

The accompanying policies and explanatory notes on pages 8 through 36 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 March 31, 2010

(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 March 31, 2010, 12,44% of the shares of Enka İnşaat are traded publicly in İstanbul Stock Exchange (ISE).

As of March 31, 2010, the average numbers of white and blue-collar personnel are respectively 3.499 and 13.156 (December 31, 2009 – 4.626 and 21.606).

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

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.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

(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 2009 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 March 31, 2010. The consolidated financial statements of Enka İnşaat were authorized for issue by the management on May 11, 2010.

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)

March 31, 2010

(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 March 31, 2010, and December 31, 2009 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 (May 11, 2010)		March 31, 2010		December 31, 2009
U.S. Dollar	TL	1,5117	TL	1,5215	TL	1,5057
	Euro	0,77	Euro	0,74	Euro	0,70
	Russian Ruble (RR)	30,72	RR	29,36	RR	30,24

Reclassifications made to the previously issued consolidated financial statements

As of March 31, 2010, the Group has changed the classification of "Selling and administrative expenses" related with rental income amounting to U.S. Dollars 3.707 and therefore reclassified the related accounts to "Cost of revenues" reported in its previously issued consolidated financial statements to present them in conformity with the current year presentation.

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.

Standards and Interpretations that have been adopted with no effect on the 2010 financial statements:

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

IFRS 2 (Amendments) *Share-based Payments – Group Cash-settled Share Payment Arrangements*

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

IFRS 5 (Amendments related to Annual Improvements 2008 and 2009) *Non-current Assets Held for Sale and Discontinued Operations*

IFRS 8 (Amendments Related to Annual Improvements 2009) *Operating Segments*

IAS 1 (Amendments Related to Annual Improvements 2009) *Presentation of Financial Statements*

IAS 7 (Amendments Related to Annual Improvements 2009) *Statement of Cash Flows*

IAS 17 (Amendments Related to Annual Improvements 2009) *Leases*

IAS 27 (as revised in 2008) *Consolidated and Separate Financial Statements*

IAS 36(Amendments Related to Annual Improvements 2009) *Impairment of Assets*

IAS 38 (Amendments Related to Annual Improvements 2009) *Intangible Assets*

Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

IFRIC 9 (Amendments Related to Annual Improvements 2009) *Reassessment of Embedded Derivatives*

IFRIC 16 (Amendments Related to Annual Improvements 2009) *Hedges of Net Investment in a Foreign Operation*

IFRIC 17 *Distributions of Non-cash Assets to Owners*

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

(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 that are not yet effective in 2010 and have not been early adopted

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

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

IFRS 9 *Financial Instruments: Classification and Measurement*

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

IAS 24(Revised 2009) *Related Party Disclosures*

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

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

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

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

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

(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. 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)

March 31, 2010

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

3. 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 March 31, 2010 and March 31, 2009.

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:

	March 31, 2010	March 31, 2009
Earning per share		
- ordinary share certificate (full cent)	0,0679	0,0358
- 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.

4. 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, energy and trading and manufacturing. The second format represents information regarding four geographical segments for the periods ended March 31, 2010 and March 31, 2009.

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)

March 31, 2010

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

4. Segment information (Continued)

(a) Business segments :

	March 31, 2010					
	Construction contracts	Rental	Trade manufacturing and others	Energy	Eliminations	Consolidated
Revenues earned	259.761	91.349	105.340	626.346	-	1.082.796
Inter-segment revenues earned	4.202	-	3.270	-	(7.472)	-
Cost of revenues	(207.363)	(17.883)	(85.062)	(562.516)	-	(872.824)
Inter-segment cost of revenues	(5.407)	-	(603)	(78)	6.088	-
Gross profit	51.193	73.466	22.945	63.752	(1.384)	209.972
Selling and administrative expense	(13.660)	(18.208)	(21.148)	(1.513)	1.385	(53.144)
Other operating income	4.477	1.368	444	7.462	-	13.751
Other operating expense	(5.798)	(760)(*)	(495)	(89)	713	(6.429)
Profit from operations	36.212	55.866	1.746	69.612	714	164.150
Financial income	30.106	4.862	2.650	2.372	(3.468)	36.522
Financial expense	(34.929)	(2.506)	(3.659)	(6.055)	2.780	(44.369)
Profit from operations before taxes	31.389	58.222	737	65.929	26	156.303
Taxation charge						
Current	(4.520)	(5.942)	(3.860)	(4.693)	-	(19.015)
Deferred	(2.044)	(1.674)	3.505	(9.488)	-	(9.701)
Net profit for the year	24.825	50.606	382	51.748	26	127.587

(*)Includes operating expenses of investment properties

	March 31, 2010				
	Construction contracts	Rental	Trade, manufacturing and others	Energy	Consolidated
Assets and liabilities (**)					
Segment assets	2.634.818	2.161.365	506.595	1.962.461	7.265.239
Unallocated assets	-	-	-	-	254
Total assets	2.634.818	2.161.365	506.595	1.962.461	7.265.493
Segment liabilities	904.550	374.908	310.112	1.541.548	3.131.118
Unallocated liabilities	-	-	-	-	921
Total liabilities	904.550	374.908	310.112	1.541.548	3.132.039
Other segment information					
Capital expenditures					
Property, plant and equipment (***)	11.443	153	2.878	356	14.829
Intangible assets	33	8	27	77	144
Investment properties					
Total capital expenditures	11.476	161	2.905	433	14.973
Depreciation expense (***)	13.306	1.113	1.639	13.495	29.553
Amortisation	19	20	183	39	261

(**) 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)

March 31, 2010

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

4. Segment information (continued)

	March 31, 2009					
	Construction contracts	Rental	Trade, manufacturing and others	Energy	Eliminations	Consolidated
Revenues earned	459.415	101.789	91.179	769.173	-	1.421.556
Inter-segment revenues earned	13.688	-	4.233	-	(17.921)	-
Cost of revenues	(380.359)	(12.214)	(68.334)	(703.459)	-	(1.164.366)
Inter-segment cost of revenues	(15.483)	-	(1.613)	(49)	17.145	-
Gross profit	77.261	89.575	25.465	65.665	(776)	257.190
Selling and administrative expense	(14.042)	(14.985)	(23.739)	(2.389)	953	(54.202)
Other operating income	8.633	720	5.777	414	(4.434)	11.110
Other operating expense	(504)	(202)(*)	(4.885)	-	4.913	(678)
Profit from operations	71.348	75.108	2.618	63.690	656	213.420
Financial income	60.428	1.429	821	5.355	(1.472)	66.561
Financial expense	(93.147)	(26.164)	(9.333)	(12.115)	705	(140.054)
Income from associates	(39)	-	-	-	-	(39)
Profit from operations before taxes	38.590	50.373	(5.894)	56.930	(111)	139.888
Taxation charge						
Current	(15.801)	(8.489)	(738)	-	-	(25.028)
Deferred	(644)	(5.062)	550	(38.034)	-	(43.190)
Net profit for the year	22.145	36.822	(6.082)	18.896	(111)	71.670

(*)Includes operating expenses of investment properties

	December 31, 2009					
	Construction contracts	Rental	Trade, manufacturing and others	Energy	Consolidated	
Assets and liabilities (**)						
Segment assets	2.543.137	2.121.128	525.577	1.854.440	7.044.282	
Unallocated assets	-	-	-	-	600	
Total assets	2.543.137	2.121.128	525.577	1.854.440	7.044.882	
Segment liabilities	856.204	386.880	328.706	1.483.563	3.055.353	
Unallocated liabilities	-	-	-	-	935	
Total liabilities	856.204	386.880	328.706	1.483.563	3.056.288	

	March 31, 2009					
Other segment information						
Capital expenditures						
Property, plant and equipment(***)	19.305	7.855	18.519	2.903	48.582	
Intangible assets	12	192	62	160	426	
Total capital expenditures	19.317	8.047	18.581	3.063	49.008	
Depreciation expense (***)	18.027	732	3.582	13.185	35.526	
Amortisation	38	32	77	38	185	

(**) 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)

March 31, 2010

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

4. Segment information (continued)

(b) Geographical segments:

	Turkey	Russian Federation Kazakhstan, Tajikistan and Ukraine	Europe	North Africa and other (*)	Eliminations	Consolidated
March 31, 2010						
Net sales	784.168	256.916	24.244	17.468	-	1.082.796
Inter-segment sales	6.087	1.385	-	-	(7.472)	-
Segment assets	4.011.846	2.825.998	365.234	62.161	-	7.265.239
Capital expenditures	4.337	8.916	1.629	91	-	14.973

	Turkey	Russian Federation Kazakhstan, Tajikistan and Ukraine	Europe	North Africa and other (*)	Eliminations	Consolidated
March 31, 2009						
Net sales	913.891	405.584	86.854	15.227	-	1.421.556
Inter-segment sales	16.858	1.063	-	-	(17.921)	-
Capital expenditures	24.153	22,129	1,634	1,092	-	49.008
December 31, 2009						
Segment assets	3.850.346	2.690.057	447.815	56.064	-	7.044.282

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

5. Cash and cash equivalents

	March 31, 2010	December 31, 2009
Cash on hand	2.110	2.629
Cash in bank-Demand deposits	282.824	163.150
Cash in bank-Time deposits	574.637	504.110
Other	3.434	2.274
Total	863.005	672.163
Cash and cash equivalents on balance sheet	863.005	672.163
Less: short term time deposits which are blocked in bank accounts as collateral	(8.000)	(26.000)
Cash and cash equivalents at consolidated cash flow statement	855.005	646.163

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

6. Investments available for sale and financial assets

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

	March 31, 2010		December 31, 2009	
	Effective interest rate	Amount	Effective Interest rate	Amount
Private sector bonds (international markets)	%0.26-%15.48	33.499	0,42%-15,48%	29.091
Foreign Government bonds (international markets)	%0.15-%7.49	341.638	0,02%-0,49%	399.436
Turkish Government bonds (domestic market)	%7.64-%11.89	30.375	7,53%-11,89%	12.004
Equity securities (international markets)	-	91.162	-	81.039
(domestic market)	-	5.116	-	4.498
Mutual funds (international markets)	-	32.705	-	31.217
(domestic market)	-	7.389	-	1.699
		541.884		558.984

Non-current financial assets:

	March 31, 2010		December 31, 2009	
	Effective interest rate	Amount	Effective interest rate	Amount
Investments available for sale				
Private sector bonds (international markets)	%1.55-%14.42	330.957	2.43%-7.42%	156.895
Foreign Government bonds (international markets)	%2.04-%8.94	167.201	1.99%-8.78%	271.613
Turkish Government bonds (domestic market)	%7.80-%8.05	2.433	7.64%-9.53%	26.944
(international markets)	%7.62-%9.80	5.793	8.09%-9.80%	5.893
Equity securities	-	1.541	-	1.342
		507.925		462.687

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

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

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

	March 31, 2010	December 31, 2009
Private Sector Bonds (international markets)	December 10, 2049	December 15, 2038
Foreign Government Bonds (international markets)	February 15, 2040	December 29, 2049
Turkish Government Bonds (domestic market)	April 13, 2011	May 11, 2011
Turkish Government Bonds (international markets)	February 14, 2034	February 14, 2034

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

	March 31, 2010		December 31, 2009	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Yapı ve Kredi Bankası A.Ş. (YKB) - listed	less than 1	981	less than 1	827
Bursa Serbest Bölge Kurucu ve İşleticisi A.Ş. - unlisted	1,00	150	1,00	150
Türk Sınai Kalkınma Bankası (TSKB) – listed	less than 1	232	less than 1	187
Sınai Mali Yatırım Holding – unlisted	less than 1	81	less than 1	81
Others – unlisted		97		97
		1.541		1.342

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

7. Borrowings

			March 31, 2010	
	Interest rate	Original currency		U.S. Dollar equivalent
Short-term				
Short-term bank borrowings	Euribor + %2,25-%4,50	EUR	14.285	19.269
	Libor + %1,90-%1,90	USD	1.364	1.364
	%12,65-%13,00	TL	2.137	1.405
	-	JPY	114.097	1.232
Total short-term borrowings				23.270
Long-term				
Eximbank loans	Libor+%0,1-%4,26	USD	244.219	244.219
OPIC loan	%7,54-%7,90	USD	119.837	119.837
OND loan	Libor+%0,625	USD	28.804	28.804
Hermes loan	Libor+%0,70	USD	25.778	25.778
ABN Amro loan	Libor+%1,15	USD	14.001	14.001
Hermes loan	Euribor+(%1,21-%1,65)	EUR	55.596	74.994
Other long-term bank borrowings	Libor+%1,30-%2,75	USD	8.227	8.227
	Euribor+%1,30-%4,70	EUR	44.122	59.516
	%0,75-%2,20	JPY	7.465.285	80.625
Iraq related Eximbank loans		USD	80.699	80.699
		EUR	2.241	3.023
Obligations under finance leases	Libor+ %1,90	USD	1.473	1.473
	%3	RR	1.700.585	57.935
				799.131
Less: Current portion of long-term bank borrowings and financial lease obligations				(281.446)
Less: Money received from UNCC by Eximbank				(31.863)
Total long-term borrowings				485.822

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

7. Borrowings (continued)

			December 31, 2009	
	Interest rate	Original currency		U.S. Dollar equivalent
Short-term				
Short-term bank borrowings	Euribor +2,25%-4,25%	EUR	9.217	13.224
	12,65%-18,00%	TL	4.735	3.145
Total short-term borrowings				16.369
Long-term				
Eximbank loans	Libor+0,10%-4,26%	USD	241.676	241.676
OPIC loan	7,54%-7,90%	USD	117.507	117.507
OND loan	Libor+0,70%	USD	25.565	25.565
Hermes loan	Libor+0,625%	USD	28.572	28.572
ABN Amro loan	Libor+1,35%	USD	25.003	25.003
Hermes loan	Euribor+(1,21%-1,65%)	EUR	58.102	83.359
Other long-term bank borrowings	Libor+1,15%-7,78%	USD	33.847	33.847
	Euribor+1,30%-6,84%	EUR	48.217	69.176
	1,85%-6,45%	JPY	7.760.775	84.175
Iraq related Eximbank loans		USD	80.699	80.699
		EUR	2.241	3.215
Obligations under finance leases	Libor+1,90%	USD	1.579	1.579
	%3,00	RR	1.715.256	56.713
				851.086
Less: Current portion of long-term bank borrowings and financial lease obligations				(315.274)
Less: Money received from UNCC by Eximbank (Note 6)				(31.863)
Total long-term borrowings				503.949

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

7. Borrowings (continued)

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

	March 31, 2010	December 31, 2009
Less than 1 year	281.446	315.274
1-5 years	381.896	400.853
More than 5 years	52.068	51.045
Less : Current portion of long term borrowings	(281.446)	(315.274)
Total long term borrowings	433.964	451.898

8. Trade and other accounts receivables

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

	March 31, 2010	December 31, 2009
Trade receivables, net	386.252	368.817
Notes and cheques receivables	102.335	106.215
Contract receivables	133.113	104.297
Retention receivables	33.398	34.052
Other receivables	253	600
	655.351	613.981
Less : Allowance for doubtful receivables	(27.069)	(25.973)
	628.282	588.008

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)

March 31, 2010

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

8. Trade and other receivables (continued)

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

	March 31, 2010	December 31, 2009
Accrued receivables from Iraq	115.116	115.116
Notes and cheques receivables	29.041	32.719
Trade receivables	1.092	4.305
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)
	30.133	37.024

9. Trade and other payables

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

	March 31, 2010	December 31, 2009
Trade payables	413.958	338.813
Advances received	249.414	233.569
Notes payable	8.765	8.177
Other payables	4.633	945
	676.770	581.504

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

	March 31, 2010	December 31, 2009
Trade payables	3.021	2.314
	3.021	2.314

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

10. Costs and billings on uncompleted contracts

	March 31, 2010	December 31, 2009
Costs incurred on uncompleted contracts	2.133.989	2.416.277
Estimated earnings	165.189	179.958
	2.299.178	2.596.235
Less: Billings to date	(2.420.251)	(2.658.534)
	(121.073)	(62.299)

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

	March 31, 2010	December 31, 2009
Costs and estimated earnings in excess of billings on uncompleted contracts	201	1.562
Billings in excess of costs and estimated earnings on uncompleted contracts	(121.274)	(63.861)
	(121.073)	(62.299)

As of March 31, 2009, the amount of advances received of subsidiaries and companies shares in joint ventures is U.S. Dollars 225.569 (December 31, 2009 – U.S. Dollars 219,990).

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

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

	March 31, 2010	December 31, 2009
Deferred rent revenue	34.747	44.518
Accrual for construction costs	19.180	19.750
Deposit taken	16.609	15.395
Payroll payable	15.837	18.044
VAT payable	12.602	10.636
Taxes and funds payable	10.093	11.653
Accrued expenses	3.027	1.799
Vacation pay liability	4.916	5.072
Bonus accrual	3.200	6.072
Other liabilities	5.045	4.961
	125.256	137.900

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

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

The non current part is as follows :

	March 31, 2010	December 31, 2009
Deferred revenue (*)	866.732	851.570
Deposits taken	16.550	16.172
Deferred rent revenue	3.974	3.974
	887.256	871.716

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

12. Other current and non-current assets

The breakdown of other current assets is as follows:

	March 31, 2010	December 31, 2009
Advances given	30.188	71.194
Deferred V.A.T.	18.915	18.989
V.A.T. receivable	11.483	15.012
Prepaid expenses	8.508	9.443
Prepaid taxes and funds	8.725	7.380
Other	5.789	10.076
	83.608	132.094

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

	March 31, 2010	December 31, 2009
Prepayment for land leases	30.388	30.521
Prepaid expense	2.124	3.241
Restricted cash (*)	2.361	1.881
Miscellaneous	4.621	4.530
	39.494	40.173

(*) 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.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

13. Share capital

At the Company's Ordinary General Assembly held on April 22, 2010; It has been unanimously resolved to increase the share capital of the Company from TL 1.800.000 to TL 2.200.000; and to cover the TL 400.000 from the 1st Dividend at an amount of TL 200.000, and from the 2nd Dividend at an amount of TL 140.000 plus a further amount of TL 60.000 from the reserve funds; and to apply to the Capital Markets Board in order to obtain a registry document.

Regarding the distribution of the year 2009 profit, based on the resolution taken at the Company's Ordinary General Assembly, it has been further resolved to distribute to its shareholders for each TL 1 (full TL) nominal valued share, 0.0800 gross / 0.0680 net (full TL) (as being 8% gross, 6.80% net of the issued share capital) in total TL 144.000.

The movement of the share capital (in numbers and in historical TL) of the Company during March 31, 2010 and December 31, 2009 is as follows:

	March 31, 2010		December 31, 2009	
	Number	TL	Number	TL
At January 1,	180.000.000.000	1.800.000	120.000.000.000	1.200.000
Shares issued in				
- transfer from extraordinary reserve	-	-	-	-
- bonus shares issued out of general reserve	-	-	60.000.000.000	600.000
At March 31 / December 31,	180.000.000.000	1.800.000	180.000.000.000	1.800.000

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.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

14. 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, 2009 - 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, 2009 – 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)

March 31, 2010

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

14. Taxation on income (continued)

Tax legislations in other countries

As of March 31, 2010 and December 31, 2009 effective corporation tax rate in other countries are as follows:

	March 31, 2010	December 31, 2009
Russia	20%	20%
Netherlands	25,5%	25,5%
Kazakhstan	20%-32%	20%-32%
Germany	25%	25%
Ukraine	25%	25%
Tajikistan	25%	25%
Romania	16%	16%
Albania	10%	10%
Oman	12%	12%
Libya	20%	15%-40%

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

	March 31, 2010	March 31, 2009
January 1	16.120	23.847
Current year tax expense	19.015	25.028
Taxes paid	(21.523)	(20.953)
March 31	13.612	27.922

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 March 31, 2010 and 2009 is provided below:

	March 31, 2010		March 31, 2009	
	Amount		Amount	
Profit from operations before taxes	156.303		139.888	
Tax per statutory tax rate 20% (2009 - 20%)	31.261	%20	27.978	%20
Effect of unrealized financial expense				
Effect of equity pick up revenue				
Jobsites exempt from income tax	2.319	%1	223	%0
Effect of tax rate change and others	(4.863)	(%3)	40.017	%29
Taxation charge	28.716	%18	68.218	%49

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

14. Taxation on income (continued)

As of March 31, 2010 and December 31, 2009, 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	
	March 31, 2010	December 31, 2009	March 31, 2010	March 31, 2009
Deferred income tax liabilities				
Remeasurement and revaluation of property, plant and equipment, intangible assets and investment property	(429.030)	(421.709)	(7.321)	12.106
Remeasurement of inventories	(14.335)	(16.878)	2.543	(3.569)
Others	(5.848)	(5.249)	(599)	730
Gross deferred income tax liabilities	(449.213)	(443.836)	(5.377)	9.267
Adjustment of revenue levelization	171.613	168.606	3.007	4.451
Tax loss carry-forward	5.370	16.481	(11.111)	(24.082)
Reserve for employee termination benefit	1.857	1.857	-	(871)
Allowance for doubtful receivables	1.784	1.640	144	(673)
Deferred financial expenses	412	476	(64)	19
Others	503	2.411	(1.908)	(5.599)
Gross deferred income tax assets	181.539	191.471	(9.932)	(26.755)
Net deferred tax liability	(267.674)	(252.365)	(15.309)	(17.488)

Reflected as:

	March 31, 2010	December 31, 2009
Deferred tax assets	18.692	21.909
Deferred tax liabilities	(286.366)	(274.274)
Net deferred liabilities	(267.674)	(252.365)

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

14. Taxation on income (continued)

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

	March 31, 2010	March 31, 2009
Balance at January 1, of Enka İnşaat and its subsidiaries	252.365	201.473
Balance at January 1, of the joint ventures	(674)	1.276
Balance at January 1	251.691	202.749
Deferred income tax benefit / (expense) recognized in income statement	9.701	43.190
Deferred income tax expense / (benefit) recognized in equity	138	950
Translation loss	6.144	(27.926)
	267.674	218.963
Of which:		
Balance at March 31, of Enka İnşaat and its subsidiaries	266.939	218.301
Balance at March 31, of the joint ventures	735	662

15. 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 March 31, 2010 and December 31, 2009 are as follows:

	March 31, 2010	December 31, 2009
Within one year	10.259	8.938
After one year but not more than five years	52.375	31.670
More than five years	48.150	31.476
	110.784	72.084

Operating lease commitments – Group as lessor

The minimum future rental income of the Group under non-cancelable operating leases at March 31, 2010 and December 31, 2009 are as follows:

	March 31, 2010	December 31, 2009
Within one year	233.440	271.293
After one year but not more than five years	569.295	616.503
More than five years	313.429	344.221
	1.116.164	1.232.017

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

15. 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.
- 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 Square underground shopping center, Donstroy II office and shopping center. Completed all with positive net margin, these projects have no turnover portions as of March 31, 2010 (March 31, 2009 – 4.6%). As of March 31, 2010, the Group has unbilled progress claims from its foreign worksite job owner amounting to U.S. Dollars 77.055 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 104.500.
- In May 2009, the Group has opened a case against the job owner of Esentai Project in Kazakhstan for its progress claims approved as of February 28, 2009 amounting to U.S. Dollars 33.384 and EUR 4.203. As of November 24, 2009, Financial Court of Almaty concluded the collection of these receivables via distress. The job owner has appealed to City Court of Almaty in legal time limits. In January 2010, City Court of Almaty has approved the conclusion of Financial Court and distress began in March 2010. The job owner has appealed to the Supreme Court against distress but the appeal has been rejected. As of March 31, 2010, the balances related with the Esentai Project carried in the consolidated financial statements have been adjusted accordingly.
- The local books of the motorway project in Albania has been inspected by the tax inspectors for the years between 2006 and 2009; and the Group was subject to a tax penalty amounting to ALL 896.000 (U.S. Dollars 8.691), including interest. As of March 31, 2010, the Group has paid ALL (Albanian Lek) 839.041 (U.S. Dollars 8.139) of the related tax penalty. The Group appealed to the Supreme Court for all these penalties except the VAT penalty amounting to ALL 36.895 (U.S. Dollars 358).

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 March 31, 2010 and December 31, 2009, the Group does not believe that any material matters exist relating to fiscal and regulatory environment in Russia 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.

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

15. Commitments and contingencies (Continued)

- As of March 31, 2010, the project of the Group managed by its joint venture in Oman has been slowed-down due to financial problems of the job owner and the Group is waiting for the job owner to find the necessary financing. As of March 31, 2010, total receivables of the Group related with this project amounts to U.S. Dollars 19.412 (December 31, 2009 – U.S. Dollars 6.189). The Group management has the opinion that considering the priority of the project for this country the necessary financing will be provided.
- 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 to U.S. Dollars 5.598 related to those filings, in its consolidated financial statements.
- As of December 31, 2009, Pimaş has export commitments at the amount of TL 2.500 and Euro 1.000 (December 31, 2009 – TL 5.000, Euro 1.000) with respect to the foreign currency loans with export commitments.
- As of March 31, 2010, the Group has outstanding letters of guarantee and collaterals amounting to U.S. Dollars 700.711 (December 31, 2009 – U.S. Dollars 737.736) 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 231.137 (December 31, 2009 - U.S. Dollars 223.414) are related to joint ventures.

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of March 31, 2010 and December 31, 2009 is as follows;

	March 31, 2010	December 31, 2009
A. Total amount of guarantees provided by the Company on behalf of itself	3.088.551	3.127.731
B. Total amount for guarantees provided on behalf of the consolidated subsidiaries accounted under full consolidation method	377.437	393.460
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-
D. Other guarantees given	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	751	560
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-
Total	3.466.739	3.521.751

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

16. Deferred Tax on Comprehensive Income

	March 31, 2010			March 31, 2009		
	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	484	(97)	387	4.455	(891)	3.564
Change in fair value adjustment on derivative assets	206	(41)	165	297	(59)	238
Currency translation difference	16.721	-	16.721	(198.550)	-	(198.550)
Total	17.411	(138)	17.273	(193.798)	(950)	(194.748)

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

17. 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 (28.25%). 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

	March 31, 2010		December 31, 2009	
	Receivables	Payables	Receivables	Payables
Other				
Derince Uluslararası Konteyner Terminal İşletmeciliği A.Ş. (Derince)	227	-	327	-
	227	-	327	-

Enka İnşaat ve Sanayi Anonim Şirketi and Its Subsidiaries

Notes to the condensed interim financial information (continued)

March 31, 2010

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

17. Related party balances and transactions (continued)

(b) Other receivables/payables

	March 31, 2010		December 31, 2009	
	Receivables	Payables	Receivables	Payables
Shareholders	27	922	273 (*)	935
	27	922	273	935

Directors' remuneration

The executive management of the Group received remuneration totaling U.S. Dollars 2,780 (March 31, 2009 – U.S. Dollars 3,690). As of March 31, 2010, the social security payment and accrued full retirement pay liability is U.S. Dollars 223 (March 31, 2009 – U.S. Dollar 520) and U.S. Dollar 1,623 (December 31, 2009 – U.S. Dollar 1,688) respectively.

18. 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)

March 31, 2010

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

18. Financial risk management objectives and policies (continued)

	March 31, 2010						Total USD equivalent
	TL	USD equivalent	Euro	USD equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	34.336	22.567	183.011	246.864	66.188	61.584	397.203
Investments available-for-sale	65.403	42.986	147.197	198.554	21.560	77.560	340.660
Trade and other receivables	16.208	10.653	92.556	124.849	45.848	7.479	188.829
Other current assets	27.169	17.857	4.702	6.343	13.723	434	38.357
Company's share in current assets of joint ventures	-	-	3.754	5.064	29.840	97	35.001
Current assets	143.116	94.062	431.220	581.673	177.160	147.154	1.000.049
Investments available-for-sale(Long-term)	3.701	2.432	174.256	235.054	17.775	-	255.261
Trade and other receivables	-	-	17.423	23.502	6.169	54	29.725
Other non-current assets	1.850	1.216	1.191	1.607	2.712	5.190	10.724
Company's share in non-current assets of joint ventures	-	-	-	-	1.341	-	1.341
Non-current assets	5.551	3.648	192.870	260.162	27.996	5.244	297.051
Total assets	148.667	97.711	624.090	841.835	205.156	152.398	1.297.100
Short-term borrowings	275	181	70.476	95.065	39.248	22.712	157.206
Trade payables	32.192	21.158	19.061	25.711	46.695	5.105	98.670
Other payables (short-term)	1.172	770	38.599	52.066	19.809	158	72.804
Other current liabilities and accrued expenses	32.251	21.197	6.767	9.128	18.631	15.089	64.045
Company's share in current liabilities of joint ventures	1	1	189	255	34.549	211	35.016
Current liabilities	65.891	43.307	135.092	182.226	158.933	43.275	427.740
Trade payables	-	-	-	-	-	2.117	2.117
Long term borrowings	-	-	43.979	59.323	56.779	517	116.620
Other payables (long-term)	-	-	-	-	2.616	-	2.616
Other non-current liabilities and accrued expenses	-	-	175	236	-	322	558
Company's share in non-current liabilities of joint ventures	-	-	-	-	666	-	666
Non-current liabilities	-	-	44.154	59.559	60.062	2.956	122.577
Total liabilities	65.891	43.307	179.246	241.785	218.995	46.231	550.318
Net foreign currency position	82.776	54.404	444.844	600.050	(13.839)	106.167	746.782
Net notional amount of derivatives	-	-	3.050	4.114	-	-	4.114
Hedging ratio of foreign exchange liabilities							
Export	8	5	37.516	50.605	30	494	51.134
Import	-	-	12.776	17.234	6.059	416	23.709

(*) 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)

March 31, 2010

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

18. Financial risk management objectives and policies (continued)

	December 31, 2009						
	TL	USD equivalent	Euro	USD equivalent	Other USD (*)	USD (**)	Total USD equivalent
Cash and cash equivalents	32.842	21.812	119.277	171.127	61.598	101.665	356.202
Investments available-for-sale	28.988	19.252	180.424	258.854	20.194	81.458	379.758
Trade and other receivables	15.209	10.101	82.824	118.828	57.710	9.790	196.429
Other current assets	32.836	21.808	5.721	8.208	13.084	353	43.453
Company's share in current assets of joint ventures	-	-	7.663	10.994	37.159	187	48.340
Current assets	109.875	72.973	395.909	568.011	189.745	193.453	1.024.182
Trade and other receivables	-	-	19.962	28.639	8.034	145	36.818
Financial assets	40.569	26.944	157.119	225.419	18.713	-	271.076
Other non-current assets	1.870	1.242	1.768	2.537	2.624	5.500	11.903
Company's share in non-current assets of joint ventures	-	-	-	-	21	-	21
Non-current assets	42.439	28.186	178.849	256.595	29.392	5.645	319.818
Total assets	152.314	101.159	574.758	824.606	219.137	199.098	1.344.000
Short-term borrowings	266	177	64.723	92.858	35.666	58.340	187.041
Trade and other payables	32.910	21.857	57.615	82.660	45.911	10.277	160.705
Other current liabilities and accrued expenses	34.252	22.748	13.787	19.780	23.505	16.000	82.033
Company's share in current liabilities of joint ventures	-	-	175	251	82.497	13.790	96.538
Current liabilities	67.428	44.782	136.300	195.549	187.579	98.407	526.317
Long-term borrowings	-	-	53.073	76.144	60.214	510	136.868
Trade and other payables	-	-	-	-	2.140	2.314	4.454
Other non-current liabilities	-	-	105	151	-	321	472
Company's share in non-current liabilities of joint ventures	-	-	-	-	-	-	-
Non-current liabilities	-	-	53.178	76.295	62.354	3.145	141.794
Total liabilities	67.428	44.782	189.478	271.844	249.933	101.552	668.111
Net foreign currency position	84.886	56.377	385.280	552.762	(30.796)	97.546	675.889
Net notional amount of derivatives	-	-	5.600	8.034	-	-	8.034
Export	2.905	1.929	172.717	247.797	894	3.436	254.056
Import	152	101	107.379	154.057	46.252	26.517	226.927

(*) 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.

19. Subsequent Events

- On April 12, 2010, the group has sold 110,000 shares of Pimaş, with a price range of 4,46 and 4,54. With this trade the shareholding of the Group at Pimaş has dropped down to 81.65%.
- Republic of Turkey Ministry of Environment and Forestry issued "Environmental Impact Assessment Affirmative Decision" for Enka Enerji Üretim A.Ş.'s project named as "Aliğa Power Plant with Thermal Power of 1721 MWt (800 Mwe)".
- The group, together with Bechtel International, Inc. has signed the agreement for the construction of Morine- Merdare Motorway with the Ministry of Transport and Communications on behalf of the Government of the Republic of Kosovo on April 12, 2010 in Kosovo. The project with total length of 117 kilometers and with a value of EUR 569 million will be completed in the second half of 2013.