

**ENKA İNŞAAT VE SANAYİ
ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2010**

REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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To The Board of Directors of
Enka İnşaat ve Sanayi Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Enka İnşaat ve Sanayi Anonim Şirketi (Enka İnşaat) and its subsidiaries (together the "Group") as of 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month interim period then ended. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards ("IFRS"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that, the accompanying interim condensed consolidated financial statements, do not present fairly, in all material respects, in accordance with International Financial Reporting Standards.

Other Matters

We draw attention to the following matters:

According to International Accounting Standard 1 "Presentation of Financial Statements" ("IAS 1"), unless otherwise permitted by other standards in IFRS, comparative financial statements should be presented. The accompanying condensed consolidated financial statements of the Group for the six month period ended 30 June 2009 were not reviewed by an independent auditor. Accordingly the accompanying condensed consolidated statement of income, comprehensive income, changes in equity, cash flows and related notes for the six month period ended 30 June 2009 are presented only for comparative purposes.

The consolidated financial statements of the Group for the year ended 31 December 2009, were audited by another auditor who expressed an unqualified opinion on those statements on 23 March 2010.

İstanbul, 23 August 2010

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

DRT BAĞIMSIZ DENETİM ve SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

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ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

		30 June 2010	31 December 2009
ASSETS	Notes		
Current Assets		2.345.858	2.514.375
Cash and cash equivalents	6	639.164	672.163
Financial investments	7	532.231	558.984
Trade and other receivables	9	587.390	588.008
Inventories		247.595	262.612
Other current assets		82.224	132.094
Company's share in current assets of joint ventures		233.387	297.817
Costs and estimated earnings in excess of billings on uncompleted contracts	10	22.852	1.562
		<u>2.344.843</u>	<u>2.513.240</u>
Assets held for sale		1.015	1.135
Non-Current Assets		4.480.341	4.530.507
Trade and other receivables	9	30.372	37.024
Financial investments	7	524.639	462.687
Property, plant and equipment			
- Group	12	1.804.838	1.887.465
- Group's share in joint ventures	12	67.224	76.503
Intangible assets		2.469	2.561
Goodwill		117.386	107.057
Investment properties	11	1.872.464	1.891.271
Other non-current assets		38.491	40.173
Group's share in non-current assets of joint ventures		4.735	3.857
Deferred tax assets	17	17.723	21.909
TOTAL ASSETS		<u>6.826.199</u>	<u>7.044.882</u>

The accompanying explanatory notes are an integral part of the condensed consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

		30 June 2010	31 December 2009
LIABILITIES	Notes		
Current Liabilities		1.139.565	1.390.182
Short-term borrowings	8	16.589	16.369
Current portion of long-term borrowings	8	240.661	315.274
Trade and other payables	9	487.947	581.504
Other current liabilities and accrued expenses		130.260	137.900
Taxation on income	17	19.517	16.120
Group's share in current liabilities of joint ventures		217.253	259.154
Billings in excess of costs and estimated earnings on uncompleted contracts	10	27.338	63.861
Non-Current Liabilities		1.636.024	1.666.106
Long-term borrowings	8	436.636	503.949
Trade and other payables		8.331	2.314
Employee termination benefits		13.395	13.831
Deferred tax liability	17	280.293	274.274
Other non-current liabilities	14	896.585	871.716
Group's share in non-current liabilities of joint ventures		784	22
EQUITY			
Equity Attributable to equity holders of the parent		3.805.573	3.742.404
Share capital	16	1.476.498	1.214.907
Revaluation surplus		115.032	119.710
Currency translation difference		(175.167)	(80.633)
Other reserves		35.617	27.186
Legal reserves and accumulated profit		2.353.593	2.461.234
Non-controlling interest		245.037	246.190
TOTAL LIABILITIES		6.826.199	7.044.882

The accompanying explanatory notes are an integral part of the condensed consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2010**

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

	Notes	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Revenue	5	2.356.481	1.273.685	2.684.962	1.263.406
Cost of sales	5	(1.874.779)	(1.001.955)	(2.255.270)	(1.090.904)
GROSS PROFIT		481.702	271.730	429.692	172.502
Selling and administrative expenses	5	(114.178)	(61.034)	(112.182)	(57.980)
Other operating income	5	22.807	9.056	28.176	17.066
Other operating expenses (-)	5	(9.469)	(3.040)	(10.536)	(9.858)
PROFIT FROM OPERATIONS		380.862	216.712	335.150	121.730
Financial income	5	57.507	20.985	62.476	(4.085)
Financial expenses	5	(122.955)	(78.586)	(97.255)	42.799
Income / (loss) from associates	5	-	-	(824)	(785)
PROFIT BEFORE TAX		315.414	159.111	299.547	159.659
Taxation charge					
Current	17	(43.068)	(24.053)	(57.017)	(31.989)
Deferred	17	(9.910)	(209)	(32.316)	10.874
NET PROFIT FOR THE PERIOD		262.436	134.849	210.214	138.544
Attributable to:					
Equity holders of the parent		253.391	131.191	192.449	127.945
Non-controlling interest		9.045	3.658	17.765	10.599
		262.436	134.849	210.214	138.544
Weighted average number of shares		220.000.000.000	220.000.000.000	220.000.000.000	220.000.000.000
Basic earnings per share attributable to equity					
holders of the parent - U.S. Dollar					
- ordinary share certificate (full cent)	4	0,12	0,06	0,09	0,06
- founder share	4	-	-	-	-

The accompanying explanatory notes are an integral part of the condensed consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2010**

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

	Notes	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
NET PROFIT FOR THE PERIOD		262.436	134.849	210.214	138.544
Other Comprehensive Income / (Expense):					
Changes in unrealized gain / (loss) on available-for sale investments		11.781	10.783	12.361	6.195
Realised gain / (loss) on available-for-sale investments transferred to income statement		(987)	(473)	(622)	1.089
Gain / (loss) on cash flow hedge		(255)	(461)	1.456	1.159
Changes in currency translation difference		(99.718)	(116.439)	(79.480)	119.070
OTHER COMPREHENSIVE INCOME BEFORE TAX		(89.179)	(106.590)	(66.285)	127.513
Net deferred income tax relating to components of the other comprehensive income	17	(2.108)	(1.970)	(2.640)	(1.690)
OTHER COMPREHENSIVE INCOME, NET OF TAX		(91.287)	(108.560)	(68.925)	125.823
TOTAL COMPREHENSIVE INCOME		171.149	26.289	141.289	264.367
Attributable to:					
Equity holders of the parent		166.677	34.191	136.092	239.140
Non-controlling interest		4.472	(7.902)	5.197	25.227
		171.149	26.289	141.289	264.367

The accompanying explanatory notes are an integral part of the condensed consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2010

(Amounts are expressed as thousands of U.S. Dollars ("USD")) unless otherwise stated.)

	Share capital	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interest	Total equity
Balance at 1 January 2009	828.831	129.480	(63.150)	(5.999)	2.391.327	3.280.489	243.105	3.523.594
Total other comprehensive income	-	(1.931)	(66.433)	10.555	1.452	(56.357)	(12.568)	(68.925)
Profit for the period	-	-	-	-	192.449	192.449	17.765	210.214
Total comprehensive income	-	(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)	-	-	-
Balance at 30 June 2009	1.214.907	127.549	(129.583)	4.556	2.124.081	3.341.510	232.934	3.574.444
Balance at 1 January 2010	1.214.907	119.710	(80.633)	27.186	2.461.234	3.742.404	246.190	3.988.594
Total other comprehensive income	-	(223)	(94.922)	8.431	-	(86.714)	(4.573)	(91.287)
Profit for the period	-	-	-	-	253.391	253.391	9.045	262.436
Total comprehensive income	-	(223)	(94.922)	8.431	253.391	166.677	4.472	171.149
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	(2.997)	-	-	2.997	-	-	-
Share capital increase from general reserve	261.591	-	-	-	(261.591)	-	-	-
Dividends paid	-	-	-	-	(102.581)	(102.581)	(6.552)	(109.133)
Scope change	-	(1.458)	388	-	143	(927)	927	-
Balance at 30 June 2010	1.476.498	115.032	(175.167)	35.617	2.353.593	3.805.573	245.037	4.050.610

The accompanying explanatory notes are an integral part of the condensed consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2010

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

		1 January - 30 June 2010	1 January - 30 June 2009
	Notes		
Cash flows from operating activities			
Profit before tax		315.414	299.547
Adjustments to reconcile net income to net cash used in operating activities:			
- Depreciation and amortisation of non-current assets		63.244	73.508
- Unused vacation pay accrual		1.630	1.816
- Allowance for doubtful receivables		1.862	1.535
- Adjustments to deferred income from electricity sale		24.422	43.408
- Loss from associates consolidated based on equity method		-	824
- Loss from fair value of forward transactions		342	1.839
- Interest expense		15.456	30.920
- Interest income		(15.968)	(13.643)
- Dividend income		(2.457)	(1.495)
- Provision for impairment of inventory in profit		(140)	(359)
- Gain on sale or disposal of property, plant and equipment	12	(1.811)	(3.072)
		<u>401.994</u>	<u>434.828</u>
Movements in working capital			
Decrease/ (Increase) in trade and other receivables		5.775	(34.882)
Decrease in receivable from related parties		163	10.060
(Increase) / decrease in cost and estimated earnings in excess of billings on uncompleted contracts		(21.290)	86.992
Decrease in Company's share in assets of joint venture		63.553	19.426
Decrease in inventory		15.156	66.102
Decrease in other current assets and other non current assets		51.672	44.466
Increase / (decrease) in trade and other payables		8.926	(137.580)
(Decrease)/Increase in billings in excess of cost and estimated earnings on uncompleted contracts		(36.523)	9.542
Company's share in current and non current liabilities of joint venture		(41.139)	(31.945)
Increase in payables to related parties		-	68
Decrease in provision for liabilities and other liabilities		(104.001)	(42.808)
		<u>(57.708)</u>	<u>(10.559)</u>
Income taxes paid	17	(39.671)	(54.929)
Employee termination benefits paid		(1.040)	(1.266)
Net cash generated from operating activities:		<u>303.575</u>	<u>368.074</u>
Cash flows from investing activities			
Time deposits maturity dates over three months		25.000	31.172
Available for sale financial assets		(28.875)	(171.227)
Proceeds on disposal of property, plant and equipment	12	13.500	38.739
Payments for property and equipments, intangible asstes and investment property		(26.256)	(100.648)
Interest received		15.640	13.027
Dividend income		2.457	1.495
Net cash used in investing activities		<u>1.466</u>	<u>(187.442)</u>
Cash flows from financing activities			
Proceeds from borrowings		84.565	213.177
Repayment of borrowings		(199.132)	(375.575)
Interest paid		(19.562)	(27.120)
Changes in finance lease obligations		31	(232)
Dividend paid to non-controlling interests		(6.552)	(15.368)
Dividend paid		(102.581)	(75.071)
Net cash generated by financing activities		<u>(243.231)</u>	<u>(280.189)</u>
Translation reserve		(69.809)	23.174
Net increase in cash and cash equivalents		(7.999)	(76.383)
Cash and cash equivalents at beginning of the period	6	646.163	548.775
Cash and cash equivalents at end of the period	6	<u>638.164</u>	<u>472.392</u>

The accompanying explanatory notes are an integral part of the condensed consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Enka İnşaat ve Sanayi Anonim Şirketi ("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 30 June 2010, 13.10% of the shares of Enka İnşaat and 15.95% of the shares of Pimaş Plastik Malzemeleri Anonim Şirketi (Pimaş), subsidiary of Enka İnşaat, are traded publicly in İstanbul Stock Exchange (ISE).

As of 30 June 2010, the average numbers of white and blue-collar personnel are respectively 3.367 and 12.587 (31 December 2009 – 4.626 and 21.606).

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 Burundi, 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, Bosnia, Herzegovina and Kosova.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation

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 30 June 2010. The consolidated financial statements of Enka İnşaat were authorized for issue by the management on 23 August 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.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

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

2.1 Basis of the presentation (cont'd)

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 and the reclassification of financial statements balances in the IFRS financial statements.

2.2 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.

The rates used as of 30 June 2010, and 31 December 2009 and the rate as of the preparation date of the consolidated financial statements for one U.S. Dollar can be summarized as below

	<u>23 August 2010</u>	<u>30 June 2010</u>	<u>31 December 2009</u>	<u>30 June 2009</u>
TL	0,663658	0,635042	0,664143	0,653552
EUR	1,275020	1,220359	1,434748	1,403111
RUB	0,032446	0,031727	0,034413	0,031958

2.3 Reclassifications made to the previously issued consolidated financial statements

As of 30 June, 2009, the Group has changed the classification of "Selling and administrative expenses" related with rental income amounting to U.S. Dollars 5.996 and therefore reclassified the related accounts to "Cost of sales" reported in its previously issued consolidated financial statements to present them in conformity with the current year presentation.

2.4 Summary of significant accounting policies

Except for the new and amended standards effective from 1 January 2010 the Group's accounting policies are consistent with the accounting policies used at 31 December 2009.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

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

2.5 New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

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

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

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), "consolidated and separate financial statements", at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 (revised) on the current period, as none of the non-controlling interests have a deficit balance. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity; there have been no transactions with non-controlling interests.

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

IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Group Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

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

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

2.5 New and amended standards adopted by the Group (cont'd)

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 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. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

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

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

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, 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. The Group does not expect any impact of the adoption of this amendment on the financial statements.

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

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

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

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

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

2.5 New and amended standards adopted by the Group (cont'd)

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted (cont'd)

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/interpretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations*; IFRS 7 *Financial Instruments: Disclosures*; IAS 1 *Presentation of Financial Statements*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes*. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments are allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

2.6 Critical judgments in applying the entity's accounting policies

For the period ended 30 June 2010, the Group continued using judgements applied during the year ended 31 December 2009.

2.7 Key sources of estimation uncertainty

For the period ended 30 June 2010, the Group continued using estimations applied during the year ended 31 December 2009.

3. CHANGES IN OPERATIONAL SEASON

The Group's operations related to construction slow down during the winter season and differ significantly from other operational areas.

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 EPS calculation such bonus share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Group, 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 30 June, 2010 and 30 June, 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.

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4. EARNINGS PER SHARE (cont'd)

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

	30 June 2010	30 June 2009
Earning per share		
- ordinary share certificate (full cent)	0,12	0,09
- founder shares (*)	-	-
Weighted average number of share certificates (nominal value of 1 Kr each)		
- ordinary share certificate	220.000.000.000	220.000.000.000
- 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. SEGMENTAL INFORMATION

a) Business segments:

	1 January - 30 June 2010					
	Construction contracts	Rental	Trade manufacturing and others	Energy	Eliminations	Consolidated
Revenues	701.511	181.674	227.392	1.245.904	-	2.356.481
Inter-segment revenues	20.068	-	6.198	-	(26.266)	-
Cost of revenues	(525.858)	(34.445)	(186.261)	(1.128.215)	-	(1.874.779)
Inter-segment cost of revenues	(21.825)	-	(921)	(101)	22.847	-
Gross profit	173.896	147.229	46.408	117.588	(3.419)	481.702
Selling and administrative expense	(35.389)	(34.582)	(41.021)	(5.848)	2.662	(114.178)
Other operating income	8.442	4.434	2.181	7.803	(53)	22.807
Other operating expense	(8.213)	(*) (2.350)	(563)	(72)	1.729	(9.469)
Profit from operations	138.736	114.731	7.005	119.471	919	380.862
Financial income	51.046	2.073	3.670	6.485	(5.767)	57.507
Financial expense	(98.432)	(8.815)	(8.384)	(11.361)	4.037	(122.955)
Profit before tax	91.350	107.989	2.291	114.595	(811)	315.414
Current	(14.517)	(11.887)	(5.659)	(11.005)	-	(43.068)
Deferred	6.337	(5.035)	4.445	(15.657)	-	(9.910)
Net profit for the year	83.170	91.067	1.077	87.933	(811)	262.436

(*) Includes other operating expense of investment properties.

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5. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd):

	30 June 2010				
	Construction contracts	Rental	Trade manufacturing and others	Energy	Consolidated
Segment assets	2.406.634	2.080.885	512.982	1.825.258	6.825.759
Unallocated assets	-	-	-	-	440
Total assets	2.406.634	2.080.885	512.982	1.825.258	6.826.199
Segment liabilities	616.463	349.322	325.150	1.483.571	2.774.506
Unallocated liabilities	-	-	-	-	1.083
Total liabilities	616.463	349.322	325.150	1.483.571	2.775.589
Other segment information	1 January - 30 June 2010				
	Construction contracts	Rental	Trade manufacturing and others	Energy	Consolidated
Capital expenditures					
Property, plant and equipment	18.028	626	5.971	714	25.339
Intangible assets	551	20	26	321	918
Total capital expenditures	18.579	646	5.997	1.035	26.257
Depreciation expense	28.240	1.587	5.523	27.121	62.471
Amortisation	458	46	190	80	774

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5. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd):

	1 April - 30 June 2010					
	Construction contracts	Rental	Trade manufacturing and others	Energy	Eliminations	Consolidated
Revenues	441.750	90.325	122.052	619.558	-	1.273.685
Inter-segment revenues	15.866	-	2.928	-	(18.794)	-
Cost of revenues	(318.495)	(16.561)	(101.199)	(565.700)	-	(1.001.955)
Inter-segment cost of revenues	(16.418)	-	(318)	(23)	16.759	-
Gross profit	122.703	73.764	23.463	53.835	(2.035)	271.730
Selling and administrative expense	(21.729)	(16.374)	(19.873)	(4.335)	1.277	(61.034)
Other operating income	3.965	3.066	1.737	341	(53)	9.056
Other operating expense	(2.415)	(*) (1.590)	(68)	17	1.016	(3.040)
Profit from operations	102.524	58.866	5.259	49.858	205	216.712
Financial income	20.940	(2.788)	1.020	4.112	(2.299)	20.985
Financial expense	(63.503)	(6.309)	(4.725)	(5.306)	1.257	(78.586)
Profit before tax	59.961	49.769	1.554	48.664	(837)	159.111
Current	(9.997)	(5.945)	(1.799)	(6.312)	-	(24.053)
Deferred	8.381	(3.361)	940	(6.169)	-	(209)
Net profit for the year	58.345	40.463	695	36.183	(837)	134.849

(*) Includes other operating expense of investment properties.

	1 April - 30 June 2010				
	Construction contracts	Rental	Trade manufacturing and others	Energy	Consolidated
Other segment information					
Capital expenditures					
Property, plant and equipment	6.585	473	3.093	358	10.509
Intangible assets	518	12	1	244	775
Total capital expenditures	7.103	485	3.094	602	11.284
Depreciation expense	14.934	474	3.884	13.626	32.918
Amortisation	439	26	7	41	513

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5. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd):

	1 January - 30 June 2009					
	Construction contracts	Rental	Trade manufacturing and others	Energy	Eliminations	Consolidated
Revenues earned	960.929	202.700	203.440	1.317.893	-	2.684.962
Inter-segment revenues earned	47.605	-	13.717	-	(61.322)	-
Cost of revenues	(867.956)	(26.128)	(153.797)	(1.207.389)	-	(2.255.270)
Inter-segment cost of revenues	(44.734)	-	(5.846)	(77)	50.657	-
Gross profit	95.844	176.572	57.514	110.427	(10.665)	429.692
Selling and administrative expense	(31.016)	(30.931)	(47.367)	(4.964)	2.096	(112.182)
Other operating income	15.971	1.190	9.969	8.952	(7.906)	28.176
Other operating expense	(4.752)	(*) (467)	(14.252)	14	8.921	(10.536)
Profit from operations	76.047	146.364	5.864	114.429	(7.554)	335.150
Income/ (loss) from associates	-	-	(824)	-	-	(824)
Financial income	42.351	1.846	8.982	13.206	(3.909)	62.476
Financial expense	(51.972)	(14.051)	(13.358)	(20.255)	2.381	(97.255)
Profit before tax	66.426	134.159	664	107.380	(9.082)	299.547
Current	(33.670)	(20.612)	(2.735)	-	-	(57.017)
Deferred	1.099	(2.677)	325	(31.063)	-	(32.316)
Net profit for the year	33.855	110.870	(1.746)	76.317	(9.082)	210.214

(*) Includes other operating expense of investment properties.

	31 December 2009					
	Construction contracts	Rental	Trade manufacturing and others	Retail	Energy	Consolidated
Segment assets	2.543.137	1.217.879	442.914	985.912	1.854.440	7.044.282
Unallocated assets	-	-	-	-	-	600
Total assets	2.543.137	1.217.879	442.914	985.912	1.854.440	7.044.882
Segment liabilities	856.204	187.390	303.789	224.407	1.483.563	3.055.353
Unallocated liabilities	-	-	-	-	-	935
Total liabilities	856.204	187.390	303.789	224.407	1.483.563	3.056.288

	1 January - 30 June 2009				
	Construction contracts	Rental	Trade manufacturing and others	Energy	Consolidated
Other segment information					
Capital expenditures					
Property, plant and equipment	44.938	27.963	17.219	9.870	99.990
Intangible assets	110	209	72	267	658
Total capital expenditures	45.048	28.172	17.291	10.137	100.648
Depreciation expense	37.575	1.631	7.287	26.523	73.016
Amortisation	81	68	264	80	493

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5. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd):

	1 April - 30 June 2009					
	Construction contracts	Rental	Trade manufacturing and others	Energy	Eliminations	Consolidated
Revenues earned	501.514	100.911	112.261	548.720	-	1.263.406
Inter-segment revenues earned	33.917	-	9.484	-	(43.401)	-
Cost of revenues	(487.597)	(13.914)	(85.463)	(503.930)	-	(1.090.904)
Inter-segment cost of revenues	(29.251)	-	(4.233)	(28)	33.512	-
Gross profit	18.583	86.997	32.049	44.762	(9.889)	172.502
Selling and administrative expense	(16.974)	(15.946)	(23.628)	(2.575)	1.143	(57.980)
Other operating income	7.338	470	4.192	8.538	(3.472)	17.066
Other operating expense	(4.248)	(*) (265)	(9.367)	14	3.979	(9.858)
Profit from operations	4.699	71.256	3.246	50.739	(8.239)	121.730
Income/ (loss) from associates	39	-	(824)	-	-	(785)
Financial income	(18.077)	417	8.161	7.851	(2.437)	(4.085)
Financial expense	41.175	12.113	(4.025)	(8.140)	1.676	42.799
Profit before tax	27.836	83.786	6.558	50.450	(9.000)	159.659
Current	(17.869)	(12.123)	(1.997)	-	-	(31.989)
Deferred	1.743	2.385	(225)	6.971	-	10.874
Net profit for the year	11.710	74.048	4.336	57.421	(9.000)	138.544

(*) Includes other operating expense of investment properties.

	1 April - 30 June 2009					
	Construction contracts	Rental	Trade manufacturing and others	Energy	Consolidated	
Other segment information						
Capital expenditures						
Property, plant and equipment	25.633	20.108	(1.300)	6.967	51.408	
Intangible assets	98	17	10	107	232	
Total capital expenditures	25.731	20.125	(1.290)	7.074	51.640	
Depreciation expense	19.548	899	3.705	13.338	37.490	
Amortisation	43	36	187	42	308	

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.

For the period ended 30 June 2010, revenue amounting to USD 1.245.904 (30 June 2009: USD 1.317.899) is from Türkiye Elektrik Taahhüt A.Ş. (TETAŞ), the share of which is consolidated revenue exceeds 10%. For the period ended 30 June 2010, cost of sales of the above mentioned revenues from TETAŞ, amounting to USD 1.054.653 (30 June 2009: USD 1.122.288) is related with the purchases from Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ), the share of which in consolidated cost of revenues exceeds 10%.

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5. SEGMENTAL INFORMATION (cont'd)

b) Geographical segments:

1 January - 30 June 2010						
	Turkey	Russian Federation, Kazakhstan	Europe (*)	North Africa and other (*)	Eliminations	Consolidated
Net sales	1.577.383	675.243	68.626	35.229	-	2.356.481
Inter-segment sales	23.606	2.660	-	-	(26.266)	-
Capital expenditures	7.935	13.816	2.620	1.886	-	26.257
30 June 2010						
	Turkey	Russian Federation, Kazakhstan	Europe (*)	North Africa and other (*)	Eliminations	Consolidated
Segmental assets	3.828.809	2.590.691	338.607	67.652	-	6.825.759
1 April - 30 June 2010						
	Turkey	Russian Federation, Kazakhstan	Europe (*)	North Africa and other (*)	Eliminations	Consolidated
Net sales	793.215	418.327	44.382	17.761	-	1.273.685
Inter-segment sales	17.519	1.275	-	-	(18.794)	-
1 January - 30 June 2009						
	Turkey	Russian Federation, Kazakhstan	Europe (*)	North Africa and other (*)	Eliminations	Consolidated
Net sales	1.676.782	776.341	190.367	41.472	-	2.684.962
Inter-segment assets	34.846	26.476	-	-	(61.322)	-
Capital expenditures	34.708	61.034	2.940	1.966	-	100.648
31 December 2009						
	Turkey	Russian Federation, Kazakhstan	Europe (*)	North Africa and other	Eliminations	Consolidated
Segmental assets	3.850.346	2.690.057	447.815	56.064	-	7.044.282
1 April - 30 June 2009						
	Turkey	Russian Federation, Kazakhstan	Europe (*)	North Africa and other (*)	Eliminations	Consolidated
Net sales	762.891	370.757	103.513	26.245	-	1.263.406
Inter-segment sales	17.988	25.413	-	-	(43.401)	-

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

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6. CASH AND CASH EQUIVALENTS

	30 June 2010	31 December 2009
Cash on hand	1.694	2.629
Cash in bank		
Demand deposits	202.762	163.150
Time deposits	431.232	504.110
Other	3.476	2.274
	<u>639.164</u>	<u>672.163</u>
Less: short term time deposits which are blocked in bank accounts as collateral	(1.000)	(26.000)
Cash and cash equivalents at consolidated cash flow statement	<u>638.164</u>	<u>646.163</u>

Time deposits with maturities over three months

	30 June 2010	31 December 2009
<i>Variable interest rate</i>		
US Dollars	-	Libor + %1,15
<i>Fixed interest rate</i>		
US Dollars	0,15% - 4,60%	0,15%-3,50%
Russian Ruble	2,50%	6,00%-7,50%
EUR	0,15% - 4,40%	0,20%-3,10%
TL	5,00% - 10,00%	6,00%-11,00%
Japanese Yen	0,10 %- 0,30%	0,15%-0,35%
Chinese Yuan	1,71%	1,71%

Time deposits with maturities over three months

US Dollars - Variable interest rate	-	Libor+1,15%
US Dollars - Fixed interest rate	3,00% - 6,00%	3,00%-6,00%

As of 30 June 2010, the entity does not have time deposits that are blocked as collateral against the bank loan of a subsidiary with maturity over three months and less than one year (31 December 2009: USD 10.000); and with maturity less than three months (31 December 2009: USD 15.000).

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7. FINANCIAL INVESTMENTS

Current Financial Investments

Details of current financial investments are as follows:

	30 June 2010		31 December 2009	
	Effective interest rate	Amount	Effective interest rate	Amount
Investments available for sale				
Private sector bonds				
- International markets	2,69%-3,34%	4.992	0,42%-15,48%	29.091
Foreign Government bonds				
- International markets	0,14%-7,49%	353.069	0,02%-0,49%	399.436
Equity securities				
- International markets		86.027		81.039
- Domestic market		4.024		4.498
Turkish Government bonds				
- Domestic market	7,65%-9,53%	32.816	7,53%-11,89%	12.004
Mutual funds				
- International markets		41.507		31.217
- Domestic market		9.796		1.699
		<u>532.231</u>		<u>558.984</u>

Non-Current Financial Investments

Details of non-current financial investments are as follows:

	30 June 2010		31 December 2009	
	Effective interest rate	Amount	Effective interest rate	Amount
Investments available for sale				
Private sector bonds				
- International markets	1,55%-16,10%	319.301	2,43%-16,10%	156.895
Foreign Government bonds				
- International markets	2,04-7,12%	175.022	1,99%-8,78%	271.613
Turkish Government bonds				
- Domestic market	9,22%	13.245	7,64%-9,53%	26.944
- International markets	6,48%-9,8%	16.296	8,09%-9,80%	5.893
Equity securities		775		1.342
		<u>524.639</u>		<u>462.687</u>

Maximum maturity dates of financial assets in the nature of borrowings are as follows:

	30 June 2010	31 December 2009
Private Sector Bonds - International markets	10 December 2049	10 December 2049
Foreign Government Bonds - International markets	15 February 2040	15 February 2029
Turkish Government Bonds		
- Domestic market	25 January 2012	11 May 2011
- International markets	14 February 2034	14 February 2034

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8. FINANCIAL LIABILITIES

Short-term borrowings:

30 June 2010				
	Interest rate	Currency	Original	U.S Dollar
		Type	Currency	Equivalent
Short-term bank borrowings	Euribor + 1,40% - 3,60%	EUR	7.908	9.651
	Libor + 2,89% - 2,99%	USD	4.552	4.552
	7,50% - 12,70%	TL	3.757	2.386
				<u>16.589</u>

Long-term borrowings:

30 June 2010				
	Interest rate	Currency	Original	U.S Dollar
		Type	Currency	Equivalent
Eximbank loans	Libor + 0,10% - 4,26%	USD	196.039	196.039
OPIC loan	7,54%-7,90%	USD	104.041	104.041
Hermes loan	Libor + 0,625%	USD	21.592	21.592
OND loan	Libor + 0,70%	USD	20.643	20.643
Hermes loan	Euribor + (0,23% - 0,65%)	EUR	50.683	61.854
Other long-term bank borrowings	Libor + 1,30%-3,00%	USD	11.599	11.599
	Euribor + 1,30%-4,70%	EUR	35.215	42.976
	0,75%-2,20%	JPY	9.630.841	108.253
	10,00%-12,20%	TL	2.767	1.757
Iraq related Eximbank loans		USD	80.699	80.699
		EUR	2.241	2.735
Obligations under finance leases	Libor + 1,90%	USD	1.366	1.366
	3,00%	RUR	1.724.505	55.310
	5,00%	EUR	243	296
				<u>709.160</u>
Less: Current portion of long-term borrowings and finance lease obligations				(240.661)
Less: Money received from UNCC by Eximbank		USD	(31.863)	(31.863)
Total long-term borrowings				<u>436.636</u>

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8. FINANCIAL LIABILITIES (cont'd)

Short-term borrowings:

31 December 2009				
	Interest rate	Currency Type	Original Currency	U.S Dollar Equivalent
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				<u>16.369</u>

Long-term borrowings:

31 December 2009				
	Interest rate	Currency Type	Original Currency	U.S Dollar Equivalent
Eximbank loans	Libor + 0,10%-4,26%	USD	241.676	241.676
OPIC loan	7,54%-7,90%	USD	117.507	117.507
Hermes loan	Libor + 0,625%	USD	28.572	28.572
OND loan	Libor + 0,70%	USD	25.565	25.565
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%	RUR	1.715.256	56.713
				<u>851.086</u>
Less: Current portion of long-term borrowings and finance lease obligations				(315.274)
Less: Money received from UNCC by Eximbank (Note 8)		USD	(31.863)	(31.863)
Total long-term borrowings				<u>503.949</u>

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

	30 June 2010	31 December 2009
Less than 1 year	240.661	315.274
1 - 5 years	384.941	400.853
More than 5 years	124	51.045
Less : Current portion of long-term borrowings	(240.661)	(315.274)
	<u>385.065</u>	<u>451.898</u>

As of 30 June 2010 there is no material change in financial liabilities except as explained in the explanatory notes of 31 December 2009 consolidated financial statements.

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9. TRADE RECEIVABLES AND PAYABLES

	30 June 2010	31 December 2009
<u>Short-term trade receivables</u>		
Trade Receivables, net	350.687	368.817
Notes and cheques receivables	108.266	106.215
Contract Receivables	127.381	104.297
Retention Receivables (*)	27.017	34.052
Other Receivables	436	600
	<u>613.787</u>	<u>613.981</u>
Less: Allowance for doubtful receivables	(26.397)	(25.973)
	<u>587.390</u>	<u>588.008</u>

(*) Retention receivables are described as withheld by the customers until the contracts are completed or, in certain instances for even longer periods and undue trade receivables in the construction contracts.

Collection periods of receivables from construction works depends on the agreement conditions and average days of such periods are between 30 and 120 days.

	30 June 2010	31 December 2009
<u>Long-term trade receivables</u>		
Accrued receivables from Iraq	115.116	115.116
Notes and cheques receivables	29.312	32.719
Trade Receivables	1.060	4.305
Allowance for accrued receivables for Iraq losses	(53.093)	(53.093)
Money received from UNNC by Eximbank (*)	(30.160)	(30.160)
Money received from UNNC by Eximbank (**)	(31.863)	(31.863)
	<u>30.372</u>	<u>37.024</u>

(*) This amount is used for repayment of loans received.

(**) Includes amount held by Eximbank for the loans lended.

	30 June 2010	31 December 2009
<u>Short-term trade payables</u>		
Trade payables	338.113	338.813
Advances Received	136.954	233.569
Notes Payable	9.203	8.177
Other Payables	3.677	945
	<u>487.947</u>	<u>581.504</u>

	30 June 2010	31 December 2009
<u>Long term trade payables</u>		
Trade payables	8.331	2.314
	<u>8.331</u>	<u>2.314</u>

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10. COST AND BILLINGS ON UNCOMPLETED CONTRACTS

	30 June 2010	30 June 2009
Construction cost incurred plus	1.747.325	2.416.277
Recognised profit less recognised losses to date	131.779	179.958
	<u>1.879.104</u>	<u>2.596.235</u>
Less: progress billing	(1.883.590)	(2.658.534)
	<u>(4.486)</u>	<u>(62.299)</u>

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

Recognised and included in the financial statements as amount due	30 June 2010	30 June 2009
From customers under construction contracts	22.852	1.562
To customers under construction contract	(27.338)	(63.861)
	<u>(4.486)</u>	<u>(62.299)</u>

As of 30 June 2010, the amount of advances received of subsidiaries and companies shares in joint ventures is USD 109,336 (31 December 2009 – USD 219.990).

11. INVESTMENT PROPERTIES

As of 30 June 2010 and 2009, movement of investment properties is as follows:

	2010	2009
Opening balance as at January 1	1.891.271	1.882.856
Currency translation difference	(42.239)	(83.356)
Transfers from construction in progress	23.432	142
Closing balance as at June 30	<u>1.872.464</u>	<u>1.799.642</u>

12. PROPERTY PLANT AND EQUIPMENT

During the period ended 30 June 2010 the Group purchased property plant and equipment amounting to USD 26.256. In addition during the period ended 30 June 2010 net book value of USD 13.500 property plant and equipment sold for USD 15.311.

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13. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

Future minimum lease payments under non-cancellable operating leases of the Group as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Within one year	7.991	8.938
After one year but not more than five years	22.812	31.670
More than 5 years	8.830	31.476
	<u>39.633</u>	<u>72.084</u>

Operating lease commitments – Group as lessor

The minimum future rental income of the Group under non-cancelable operating leases at 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Within one year	236.256	271.293
After one year but not more than five years	515.333	616.503
More than 5 years	317.119	344.221
	<u>1.068.708</u>	<u>1.232.017</u>

Litigations:

During the period ended 30 June 2010 the Group does not have any new legal claims or progress to existing legal claims that need additional explanation other than disclosed in 31 December 2009 consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

Commitments and contingencies:

During the period ended 30 June 2010 the Group does not have any new commitments and contingencies or progress to existing commitments and contingencies that need additional explanation other than disclosed in 31 December 2009 consolidated financial statements.

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13. COMMITMENTS AND CONTINGENCIES (cont'd)**Commitments and contingencies (cont'd):**

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 30 June 2010 and 31 December 2009 is as follows;

	30 Haziran 2010	31 Aralık 2009
A. Total amount of guarantees provided by the Company on behalf of itself	2.960.031	3.127.731
B. Total amount for guarantees provided on behalf of the consolidated subsidiaries accounted under full consolidation method	383.775	393.460
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-
D. Other guarantees given	512	560
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	512	560
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-
	<u>3.344.318</u>	<u>3.521.751</u>

As of 30 June 2010 the portion of other guarantess given to shareholders' equity is 0,01% (31December 2009: 0,01%).

14. OTHER LIABILITIES

	30 June 2010	31 December 2009
Other non current liabilities		
Deferred revenue (*)	875.993	851.570
Deposits taken	16.618	16.172
Deferred rent revenue	3.974	3.974
	<u>896.585</u>	<u>871.716</u>

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

15. RELATED PARTY BALANCES AND TRANSACTIONS

No extraordinary or significant transaction is realized with the related parties throughout the interim period.

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16. SHARE CAPITAL

The shareholders of the Group during 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010		31 December 2009	
	Hisse oranı	Amount	Hisse oranı	Amount
Tara Holding A.Ş.	48,80%	720.502	48,63%	590.809
Tara ve Gülçelik families	27,71%	409.174	28,63%	347.828
Publicly traded	13,10%	193.398	12,32%	149.677
Enka Spor Eğitim ve Sosyal Yardım Vakfı	6,02%	88.926	6,05%	73.502
Alternatif Aksesuar Sanayi ve Ticaret Ltd. Şti.	4,37%	64.498	4,37%	53.091
	100%	1.476.498	100%	1.214.907

Based on the Group's Ordinary General Assembly held on April 22, 2010; the Group increased the share capital of the Group from TL 1.800.000 to TL 2.200.000; and covered 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.

Regarding the distribution of the year 2009 profit, based on the resolution taken at the Group's Ordinary General Assembly, the Group distributed 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 Group during 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010		31 December 2009	
	Share Amount	TL	Share Amount	TL
At 1 January,	180.000.000.000	1.800.000	120.000.000.000	1.200.000
- Bonus shares issued out of general led	40.000.000.000	400.000	60.000.000.000	600.000
	220.000.000.000	2.200.000	180.000.000.000	1.800.000

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17. TAXATION ON INCOME

Tax legislation in Turkey

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.

In Turkey, the corporation tax rate is 20% (31 December 2009 - 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% 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.

Dividend income obtained from full fledged tax payer subsidiaries are exempt from corporate tax (except dividend obtained from investment fund shares and equities). 75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The cost of the sale has to be collected up until the end of the second calendar year the sale was realized. Brokerage houses and real estate companies who are dealing with the trading and the leasing of real estate can not benefit from this exemption.

15% (31 December 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.

As of 30 June 2010 and 30 June 2009 components of tax expense are as follows:

	30 June 2010	30 June 2009
Consolidated income statement		
Current corporate tax	(43.068)	(57.017)
Deferred tax income / (expense)	(9.910)	(32.316)
	<u>(52.978)</u>	<u>(89.333)</u>

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17. TAXATION ON INCOME (cont'd)**Tax legislations in other countries**

As of 30 June 2010 and 31 December 2009 effective corporation tax rate in other countries are as follows:

	30 June 2010	31 December 2009
Russia	20%	20%
Netherlands	25,5%	25,5%
Kazakhstan	20% - 30%	30% - 37%
Romania	16%	16%
Albania	10%	10%
Oman	12%	12%
Libya	20%	15% - 40%
Kosova	10%	10%

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

	2010	2009
1 January	16.120	23.847
Current year tax expense	43.068	57.017
Taxes paid	(39.671)	(54.929)
	<u>19.517</u>	<u>25.935</u>

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17. TAXATION ON INCOME (cont'd)

Deferred tax assets and liabilities

As of 30 June 2010 and 31 December 2009, the breakdown of temporary differences which give rise to deferred taxes is as follows:

	2010	2009
Remeasurement and revaluation of property, plant and equipment, intangible assets and investment property	(424.382)	(421.709)
Adjustment for percentage of completion method on construction projects	(62)	-
GE Inventory in the context of "PSA" (*)	(11.468)	(16.878)
Others	(5.511)	(5.249)
Gross deferred income tax liabilities	(441.423)	(443.836)
Adjustment of revenue levelization	173.446	168.606
Adjustment for percentage of completion method on construction projects	-	454
Tax loss carry-forward	131	16.481
Unused vacation pay accrual	1.787	1.856
Allowance for doubtful receivables	1.721	1.640
Remeasurement of inventories	431	470
IAS 39 adjustments on financial instruments and derivatives	819	-
Deferred financial expenses	518	476
Others	-	1.488
Gross deferred income tax assets	178.853	191.471
Net deferred tax liability	(262.570)	(252.365)

(*) Implies deferred tax liabilities estimated from temporary differences related to "Parts and Services Agreement" PSA made with the Group's spare part supplier General Electric (GE).

Reflected as:

	30 June 2010	31 December 2009
Deferred tax assets	17.723	21.909
Deferred tax liabilities	(280.293)	(274.274)
Net deferred tax liabilities	(262.570)	(252.365)

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17. TAXATION ON INCOME (cont'd)

Deferred tax assets and liabilities (cont'd)

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

	30 June 2010	30 June 2009
Balance at 1 January of Enka İnşaat and its subsidiaries	252.365	201.473
Balance at 1 January of the joint ventures	(673)	1.276
Balance at 1 January	251.692	202.749
Deferred income tax expense recognized in income statement	9.910	32.316
Deferred income tax expense recognized in equity	2.108	2.640
Translation loss	(1.140)	(13.775)
Total net deferred tax liabilities	262.570	223.930
Balance at 30 June of Enka İnşaat and its subsidiaries	263.137	224.193
Balance at 30 June, of the joint ventures	(567)	(263)
Total net deferred tax liabilities	262.570	223.930

As of 30 June 2010 and 30 June 2009, the breakdown of deferred taxes which are recognised in other comprehensive income is as follows:

	30 June 2010			30 June 2009		
	Before taxation	Deferred tax (expense)/i ncome	Netted off deferred tax	Before taxation	Deferred tax (expense)/i ncome	Netted off deferred tax
Changes in fair value of financial assets	10.794	(2.159)	8.635	11.739	(2.349)	9.390
Changes in fair value of derivative assets	(255)	51	(204)	1.456	(291)	1.165
Changes in currency translation differences	(99.718)	-	(99.718)	(79.480)	-	(79.480)
	(89.179)	(2.108)	(91.287)	(66.285)	(2.640)	(68.925)

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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.

The following table details the Group's foreign currency position as at 30 June 2010 and 31 December 2009:

	30 June 2010	31 December 2009
A.Total assets	1.126.920	1.344.000
B.Total liabilities	(481.264)	(668.111)
Net foreign currency position (A-B)	645.656	675.889

The Group's foreign currency position at 30 June 2010 and 31 December 2009 is as follows (non monetary items are not included in the table as they don't have foreign currency risk):

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

	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	50.064	31.793	159.677	194.870	77.356	56.457	360.476
Investments available-for-sale	73.549	46.707	78.983	96.391	20.773	77.475	241.346
Trade and other receivables	13.053	8.289	70.959	86.598	53.472	7.743	156.103
Other current assets	31.398	19.939	2.168	2.646	21.470	1.154	45.209
Company's share in non current assets of joint ventures	-	-	6.671	8.141	22.609	289	31.040
Current assets	168.064	106.728	318.458	388.646	195.682	143.118	834.173
Financial assets	20.855	13.244	178.743	218.138	22.865	-	254.246
Trade and other receivables	-	-	18.513	22.593	5.027	103	27.723
Other non current assets	1.922	1.221	1.391	1.698	3.229	4.603	10.750
Company's share in non current assets of joint ventures	-	-	-	-	27	-	27
Non-current assets	22.777	14.464	198.647	242.429	31.148	4.706	292.747
Total assets	190.841	121.192	517.105	631.075	226.829	147.824	1.126.920
Short-term borrowings	566	359	54.112	66.038	49.850	11.127	127.375
Trade and other payables	30.379	19.292	37.075	45.246	15.933	11.245	91.716
Other current liabilities and accrued expenses	51.555	32.740	10.142	12.377	9.830	16.126	71.073
Company's share in non current liabilities of joint ventures	1	1	20	24	55.456	1.047	56.528
Current liabilities	82.501	52.392	101.349	123.686	131.069	39.545	346.692
Trade payables	-	-	5.000	6.102	-	1.042	7.144
Long-term borrowings	-	-	39.370	48.047	73.685	5.023	126.755
Other payables	-	-	-	-	-	-	-
Other non-current liabilities	-	-	179	218	-	269	487
Company's share in non current liabilities of joint ventures	-	-	-	-	186	-	186
Non-current liabilities	-	-	44.549	54.368	73.871	6.334	134.573
Total liabilities	82.501	52.392	145.898	178.054	204.940	45.879	481.264
Net foreign currency position	108.340	68.800	371.207	453.021	21.889	101.945	645.656
Net notional amount of derivatives	-	-	600	732	-	-	732
Hedging ratio of foreign exchange liabilities	-	-	-	-	-	-	-
Export	-	-	51.915	63.357	3.877	1.183	68.417
Import	7	4	29.576	36.095	51.915	17.388	105.402

(*) 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.

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

	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 non 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
Financial assets	40.569	26.944	157.119	225.419	18.713	-	271.076
Trade and other receivables	-	-	19.962	28.639	8.034	145	36.818
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 non 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.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated.)

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

The following table demonstrates the sensitivity to reasonably possible increase of 10% in the exchange rates against functional currency, with all other variables held constant, of the Group's profit before tax and the Group's equity.

The following table details the Group's foreign currency sensitivity as at 30 June 2010 and 31 December 2009:

Currency	30 June 2010		31 December 2009	
	Increase rate	Effect on profit before tax	Increase rate	Effect on profit before tax
Euro	10%	45.375	10%	56.080
TL	10%	6.880	10%	5.638
Other currencies	10%	2.189	10%	(3.080)

19. SUBSEQUENT EVENTS

Board of Directors of the Group have decided to take over 5.000.000 shares of 25.000.000 shares of Soli Gemi Sanayi ve Ticaret Anonim Şirketi amounting to TL 5.000.000 and to sign a share transfer agreement with shareholders of Soli Gemi İnşa Sanayi ve Ticaret A.Ş. Total cost of shares is equal to USD 4.000. In addition, an acquisition notice has given out to Turkish Competition Authority related to the share transfer. Upon the authorization of Turkish Competition Authority, share transfer is planned to be completed as of 2 September 2010.

Remaining shares that are equal to 80% of financial investment have been purchased by Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş.