

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE MONTH INTERIM PERIOD
ENDED 31 MARCH 2008**

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2008

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	31 March 2008	31 December 2007
ASSETS			
Current Assets		51.199.608	48.788.724
Cash and Cash Equivalents	5	8.935.389	2.901.156
Financial Assets (net)			
- Marketable Securities	6.a	2.393.627	4.833.069
- Available for sale	6.b	6.044.715	9.548.528
Derivative Financial Instruments	25	158.751	81.282
Reserve Deposits with the Central Bank of the Republic of Turkey	31.3	2.176.746	1.667.269
Trade Receivables (net)	8	1.235.187	1.140.924
Receivables From Financial Operations (net)	26	27.838.105	26.068.770
Other Receivables (net)	9	601.685	571.433
Inventories (net)	10	1.416.810	1.197.573
Other Current Assets	18	320.081	194.672
		51.121.096	48.204.676
Non-current Assets Held for Sale	20	78.512	584.048
Non-current assets		37.053.153	30.541.456
Trade Receivables (net)	8	20.257	23.637
Receivables From Financial Operations (net)	26	16.414.279	13.842.985
Other Receivables (net)	9	153.863	45.818
Financial Assets (net)			
- Available for sale	6.b	15.497.555	11.692.082
Investments Accounted Under Equity Method	11	149.025	179.390
Investment Property (net)	12	221.957	222.430
Property, Plant and Equipment (net)	13	3.729.389	3.691.370
Intangible Assets (net)	14	336.882	327.514
Goodwill	15	365.503	365.503
Deferred Tax Assets	24	164.443	150.727
Total Assets		88.252.761	79.330.180

These consolidated interim financial statements have been approved by the Board of Directors on 6 June 2008 and signed on its behalf by Ahmet Dördüncü and Nedim Bozfakioğlu.

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	31 March 2008	31 December 2007
LIABILITIES			
Current Liabilities		66.060.409	58.018.151
Short-term Borrowings (net)	7	5.643.333	4.382.957
Current Portion of Long-term Borrowings (net)	7	2.404.325	1.752.250
Trade Payables (net)	8	890.046	938.384
Other Payables (net)	9	2.705.654	2.596.446
Payables From Financial Operations	27	53.520.604	47.176.169
Derivative Financial Instruments	25	82.414	105.591
Insurance Technical Reserves		374.763	302.808
Income Taxes Payable	24	159.726	192.855
Other Current Liabilities	18	253.266	214.629
		66.034.131	57.662.089
Liabilities Associated with Non-current			
Assets Held for Sale	20	26.278	356.062
Non-current Liabilities		5.736.200	5.271.449
Long-term Borrowings (net)	7	4.466.439	4.113.529
Trade Payables (net)	8	3.048	3.885
Other Payables (net)	9	168.303	201.913
Payables From Financial Operations	27	439.906	325.899
Insurance Technical Reserves		275.605	268.215
Provision For Employee Benefits	17	154.419	147.961
Deferred Tax Liabilities	24	228.480	210.047
EQUITY		16.456.152	16.040.580
Equity Attributable to the Shareholders of the Group		9.059.492	8.549.695
Share Capital	19	1.800.000	1.800.000
Treasury Shares	19	-	-
Capital Reserves		3.457.760	3.513.304
Share Premium		21.670	21.670
Value Increase Fund		9.329	64.873
Adjustment to Equity		3.426.761	3.426.761
Restricted Reserves	19	235.819	215.478
Translation Reserve		(126.333)	(215.298)
Net Income for the Period		481.783	969.487
Retained Earnings	19	3.210.463	2.266.724
Minority Interests		7.396.660	7.490.885
- Sabancı Family Members		2.266.567	2.311.095
- Others		5.130.093	5.179.790
Total Equity and Liabilities		88.252.761	79.330.180
Commitments, contingent assets and liabilities	16		

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED INTERIM STATEMENTS OF INCOME FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	31 March 2008	31 March 2007
CONTINUING OPERATIONS			
Revenue (net)	21	1.936.669	1.928.717
Interest, premium, commission and other income	21	2.870.286	2.480.193
Total revenue	21	4.806.955	4.408.910
Cost of sales (-)		(1.545.110)	(1.587.209)
Interest, premium, commission and other expenses (-)		(1.939.144)	(1.536.764)
Total costs		(3.484.254)	(3.123.973)
Gross profit from non-financial operations		391.559	341.508
Gross profit from financial operations		931.142	943.429
GROSS PROFIT		1.322.701	1.284.937
Marketing, Selling and Distribution Expenses (-)		(148.518)	(140.428)
General and Administrative Expenses (-)		(672.326)	(509.102)
Research and Development Expenses (-)		(11.713)	(7.481)
Other Operating Income	22	330.381	22.594
Other Operating Expenses (-)	22	(13.595)	(23.168)
OPERATING PROFIT		806.930	627.352
Shares of Income of Investments			
Accounted Under Equity Method	11	43.018	29.470
Financial Income	23	218.049	64.463
Financial Expenses (-)	23	(191.370)	(69.286)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		876.627	651.999
Current Tax Expense	24	65.616	(166.837)
Deferred Tax Income	24	48	8.860
NET INCOME FOR THE PERIOD		942.291	494.022
ATTRIBUTABLE TO:			
- Minority interest		460.508	284.059
- Sabancı Family Members		111.702	60.003
- Others		348.806	224.056
- Equity Holders of the Group		481.783	209.963
Earnings per share from continuing operations			
- thousands of ordinary shares (YTL)	29	2,60	1,13

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Share Capital	Share premium	Value Increase Fund	Adjustment to equity	Restricted reserves	Translation reserve	Net income for the period	Retained earnings	Equity Attributable to the Shareholders of the Group	Minority interest	Total
Balances at 1 January 2007	1.800.000	21.670	(43.771)	3.426.761	189.248	(241.428)	494.049	1.207.815	6.854.344	4.997.041	11.851.385
Increase in share premium	-	-	-	-	-	-	-	-	-	1.700.000	1.700.000
Capital increase	-	-	-	-	-	-	-	-	-	200.000	200.000
Transfers	-	-	-	-	4.896	-	(494.049)	489.153	-	-	-
Effect of change in the effective rate of subsidiaries (Note 31.27)	-	-	-	-	-	-	-	(54.739)	(54.739)	259.050	204.311
Establishment of subsidiary	-	-	-	-	-	-	-	-	-	6.344	6.344
Purchase of usufruct shares	-	-	-	-	-	-	-	(14.530)	(14.530)	-	(14.530)
Dividends paid	-	-	-	-	-	-	-	-	-	(415.707)	(415.707)
Partial disposition of subsidiary	-	-	-	-	-	-	-	131.671	131.671	-	131.671
Transfer from revaluation reserve Available for sale investments	-	-	(523)	-	-	-	-	523	-	-	-
net fair value decrease, net of tax	-	-	38.063	-	-	-	-	-	38.063	58.590	96.653
Currency translation differences	-	-	-	-	-	(7.895)	-	-	(7.895)	(13.046)	(20.941)
Net income for the period	-	-	-	-	-	-	209.963	-	209.963	284.059	494.022
Balances at 31 March 2007	1.800.000	21.670	(6.231)	3.426.761	194.144	(249.323)	209.963	1.759.893	7.156.877	7.076.331	14.233.208
Balances at 1 January 2008	1.800.000	21.670	64.873	3.426.761	215.478	(215.298)	969.487	2.266.724	8.549.695	7.490.885	16.040.580
Capital increase	-	-	-	-	-	-	-	-	-	15.946	15.946
Transfers	-	-	-	-	20.341	-	(969.487)	949.146	-	-	-
Effect of change in the effective rate of subsidiaries (Note 31.27)	-	-	-	-	-	-	-	(5.487)	(5.487)	(34.968)	(40.455)
Purchase of usufruct shares	-	-	-	-	-	-	-	-	-	(6.125)	(6.125)
Dividends paid	-	-	-	-	-	-	-	-	-	(474.068)	(474.068)
Transfer from revaluation reserve Available for sale investments	-	-	(80)	-	-	-	-	80	-	-	-
net fair value decrease, net of tax	-	-	(55.464)	-	-	-	-	-	(55.464)	(93.319)	(148.783)
Currency translation differences	-	-	-	-	-	88.965	-	-	88.965	37.801	126.766
Net income for the period	-	-	-	-	-	-	481.783	-	481.783	460.508	942.291
Balances at 31 March 2008	1.800.000	21.670	9.329	3.426.761	235.819	(126.333)	481.783	3.210.463	9.059.492	7.396.660	16.456.152

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Notes	31 March 2008	31 March 2007
Net income before tax from continuing operations		876.627	651.999
Adjustments to reconcile income before taxation and minority interest to net cash provided by operating activities:			
Depreciation and amortisation		98.642	110.327
Provision for loan losses	26	(128.191)	90.410
Insurance technical reserves	4	(55.673)	(23.414)
Provision for employment termination benefits	17	15.255	9.450
Re-measurement of derivatives at fair value		(100.646)	29.396
Income from investments accounted under the equity method	16.c	(43.018)	(29.470)
Currency translation adjustment		60.118	(19.642)
Impairment charge on intangible assets		1.499	-
Sale loss of held for sale tangible and intangible non-current assets and investment properties	22	-	18.635
Loss on sale of subsidiaries	22	1.748	-
Other		(137.718)	(915)
Net cash provided by operating activities before changes in operating assets and liabilities		588.643	836.776
Trade receivables (net)		(90.883)	(195.873)
Inventories (net)		(219.237)	(59.641)
Increase in other receivables and other current assets		(38.997)	(169.566)
Trade payables (net)		(49.175)	5.967
Insurance technical reserve		135.018	48.024
Non-current assets held for sale		53.938	-
Increase in other liabilities and advances received		114.235	481.774
Changes in assets and liabilities in banking segment:			
Marketable securities (net)		2.439.442	18.273
Receivables from financial operations		(4.212.438)	(2.495.896)
Payables from financial operations		6.458.442	1.954.984
Reserve deposits with the Central Bank of the Republic of Turkey		(509.477)	958.562
Cash flow provided by operating activities		4.080.868	546.608
Income taxes paid		(192.137)	350
Employment termination benefits paid	17	(8.797)	(7.994)
Net cash provided by operating activities		4.468.577	1.375.740
Cash flows from investing activities:			
Capital expenditures	3	(106.899)	(108.155)
Purchase of available-for-sale and held-to-maturity securities		(450.443)	(3.489.918)
Establishment of subsidiary		-	(14.869)
Proceeds from partial sale of subsidiary		-	131.671
Proceeds from sale of subsidiary		52.139	-
Proceeds from sale of property, plant and equipment		232.847	11.374
Dividends received		77.353	94.863
Net cash used in investing activities		(195.003)	(3.375.034)
Cash flows from financing activities:			
Increase in borrowings		2.265.361	(292.881)
Purchase of usufruct shares		-	(14.530)
Dividends paid to minority interests		(474.068)	(415.707)
Increase in share capital of minority interests		15.946	200.000
Increase in share premium of minority interests		-	1.700.000
Purchase of usufruct shares of minority interests		(6.125)	-
Effect of change in the effective rate of subsidiaries		(40.455)	204.311
Minority interest in establishment of subsidiary		-	6.344
Net cash provided by financing activities		1.760.659	1.387.537
Net (decrease)/increase in cash and cash equivalents		6.034.233	(611.757)
Cash and cash equivalents at the beginning of the period		2.901.156	4.855.781
Cash and cash equivalents at the end of the period		8.935.389	4.244.024

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hacı Ömer Sabancı Holding A.Ş. (the “Holding”) was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and is owned by the members of the Sabancı family (Note 19). The number of employees in 2008 is 52.900 (31 December 2007: 53.700). The address of the registered office is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye

Subsidiaries

The business nature of the business of the Subsidiaries consolidated in these consolidated interim financial statements and, for the purposes of these consolidated interim financial statements, their respective business segments at 31 March 2008 are as follows:

Subsidiaries	Nature of business	Business segment
Akbank T.A.Ş. (“Akbank”)	Banking	Finance
Aksigorta A.Ş. (“Aksigorta”)	Insurance	Finance
Advansa B.V. (“Advansa”)	Textile	Textile
Bossa Ticaret ve Sanayi İşletmeleri A.Ş. (“Bossa”)	Textile	Textile
Yünsa Yünlü Sanayi ve Ticaret A.Ş. (“Yünsa”)	Textile	Textile
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (“Kordsa Global”)	Tire and tire reinforcement	Tire and tire reinforcement
Temsa Global A.Ş. (“Temsa Global”)	Automotive	Automotive
Toyotasa Toyota-Sabancı Pazarlama ve Satış A.Ş. (“Toyotasa Pazarlama”)	Automotive	Automotive
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	Cement and clinker	Cement
Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)	Trade	Retailing
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”)	Trade	Other
Exsa UK Ltd. (“Exsa UK”)	Trade	Other
Universal Trading (Jersey) Ltd. (“Universal”)	Trade	Other
Ankara Enternasyonal Otelcilik A.Ş. (“AEO”)	Tourism	Other
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	Tourism	Other
Sapeksa Mensucat ve Toprak Mahsulleri Sanayi ve Ticaret A.Ş. (“Sapeksa”)	Agriculture	Other
Sabancı Telekomünikasyon Hizmetleri A.Ş. (“Sabancı Telekom”)	Telecommunication	Other
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. (“Bimsa”)	Trade of data processing systems	Other

For the purposes of segment information, Holding’s stand-alone financial statements have been included within the “Other” business segment (Note 3).

All the Subsidiaries are registered in Turkey except for Exsa UK, Universal and Advansa (collectively referred to as the “Foreign Subsidiaries”). Exsa UK and Universal are registered in the United Kingdom, Advansa in the Netherlands.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated interim financial statements at 31 March 2008 and, for the purposes of these consolidated interim financial statements, their respective business segments are as follows:

Joint Ventures	Nature of business	Segment	Venturer
Avivasa Emeklilik ve Hayat A.Ş. (“Avivasa”)	Pension	Finance	Aviva
Beksa Çelik Kord Sanayi ve Ticaret A.Ş. (“Beksa”)	Tire and tire reinforcement	Tire and tire reinforcement	Bekaert
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	Tire and tire reinforcement	Tire and tire reinforcement	Bridgestone
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	Cement and clinker	Cement	Heidelberg
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)	Trade of consumer goods	Retailing	Carrefour
Diasa Dia Sabancı Süpermarketleri Ticaret A.Ş. (“Diasa”)	Trade of consumer goods	Retailing	Dia S.A.
Enerjisa Enerji Üretim A.Ş. (“Enerjisa”)	Energy production and sales	Energy	Verbund
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. (“ETS”)*	Energy sales	Energy	Verbund
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş. (“Olmuksa”)	Corrugated containers	Other	International Paper
Dönkasan Dönüşen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş. (“Dönkasan”)	Paper	Other	International Paper and Kartonsan

(*) The Group purchased the shares of Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. from Enerjisa Enerji Üretim A.Ş. in accordance with the authorization of Enerji Piyasası Düzenleme Kurulu. Enerjisa Enerji Üretim A.Ş. had 49,99% interest in Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.. Effective from 31 March 2008, ETS is included in the scope of consolidation as a joint venture of the Group.

All the Joint Ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

The Capital Markets Board of Turkey (“CMB”) regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 “The Financial Reporting Standards in the Capital Markets”. According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board (“IASB”) are announced by Turkish Accounting Standards Board (“TASB”), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) issued by the TASB which are in line with the aforementioned standards shall be considered.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Holding did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by the IASB in its financial statements for the accounting periods starting 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, the consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB (“CMB Financial Reporting Standards”) which is based on IAS/IFRS. The consolidated interim financial statements and the related notes to them are presented in accordance with the formats required by the CMB including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative consolidated financial statements (Note 2.4).

Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of accounts and prepare their statutory financial statements (“Statutory Financial Statements”) in YTL in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervising Agency for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated interim financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

2.2 Basis of consolidation

- a) The consolidated interim financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated interim financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated interim financial statements subsequent to the date of acquisition or date of sale respectively.
- b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 March 2008:

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family members %	Proportion of ownership interest %	Proportion of effective interest %
Advansa	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank	40,85	14,91	55,76	36,79
Aksigorta	61,98	-	61,98	61,98
Bossa	50,12	17,68	67,80	50,12
Bimsa	95,11	-	95,11	90,10
Çimsa	52,74	1,42	54,16	51,86
Exsa	45,70	54,30	100,00	29,87
Exsa UK	100,00	-	100,00	99,09
Kordsa Global	91,11	-	91,11	91,11
Sapeksa	52,84	44,87	97,71	36,91
Sabancı Telekom	100,00	-	100,00	100,00
Teknosa	69,17	30,83	100,00	69,17
Temsa	48,70	51,29	99,99	47,66
Toyotasa Pazarlama	65,00	-	65,00	64,99
Tursa	99,52	-	99,52	98,46
Universal	100,00	-	100,00	92,99
Yünsa	59,37	13,66	73,03	58,80

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and effective interest of the Holding in these subsidiaries at 31 December 2007:

Subsidiaries	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Ownership interest shares held by Sabancı family members %	Proportion of ownership interest %	Proportion of effective interest %
Advansa	100,00	-	100,00	99,93
AEO	70,29	-	70,29	70,29
Akbank	40,85	14,91	55,76	36,79
Aksigorta	61,98	-	61,98	61,98
Bossa	50,12	17,68	67,80	50,12
Bimsa	95,11	-	95,11	90,10
Çimsa	52,74	1,42	54,16	51,86
Exsa	45,70	54,30	100,00	29,87
Exsa UK	100,00	-	100,00	99,09
Gıdasa	99,68	-	99,68	99,67
Pilsa	51,23	48,77	100,00	51,23
Kordsa Global	91,11	-	91,11	91,11
Sapeksa	52,84	44,87	97,71	36,91
Sabancı Telekom	100,00	-	100,00	100,00
Teknosa	51,92	48,08	100,00	51,93
Temsa	48,70	51,29	99,99	47,66
Toyotasa Pazarlama	65,00	-	65,00	64,99
Tursa	99,52	-	99,52	98,46
Universal	100,00	-	100,00	92,99
Yünsa	59,37	13,66	73,03	58,80

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Holding and its Subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Holding in its Subsidiaries are eliminated from shareholders’ equity and income for the period, respectively.

Financial statements of subsidiaries, whose financial position at 31 March 2008 and result of operations for the year ended 31 March 2008 are insignificant to the overall consolidated interim financial statements, are not consolidated on the grounds of materiality. Such subsidiaries are classified as available for sale equity securities in these consolidated interim financial statements (Note 6.b).

- c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Holding and one or more other parties. The Group’s interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements.

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 March 2008:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	36,88
Avivasa	49,83	49,83
Beksa	49,99	49,99
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,12
Enerjisa	50,00	50,00
ETS	49,99	49,99
Olmuksa	43,73	43,73

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2007:

Joint Ventures	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of effective interest %
Akçansa	39,72	36,88
Avivasa (*)	49,83	49,83
Beksa	49,99	49,99
Brisa	43,63	43,63
Carrefoursa	38,78	38,78
Diasa	40,00	40,00
Dönkasan	33,13	33,12
Enerjisa (**)	50,00	50,00
Olmuksa	43,73	43,73

(*) The Group sold their portion on its investment in Ak Emeklilik A.Ş. to Aviva International Holdings Limited on 31 October 2007. At 31 December 2006, the Group had interest rate of 99,41% in Ak Emeklilik A.Ş. and after the sale of 10,31% shares, the merger of Aviva International Holdings Limited and Ak Emeklilik A.Ş., Avivasa, became a joint venture with a shareholding structure of 50%-50% by each venturers. Effective from 31 October 2007, Avivasa is included in the scope of consolidation as a joint venture.

(**) Enerjisa, which is owned by Group with an ownership percentage of 94,44% at 31 December 2006, was partly sold to Verbund on 31 May 2007. With a shareholding structure of 49,99%-49,99%, the company is consolidated as a Joint-Venture of Sabancı Holding effective from 31 May 2007.

Sabancı family members do not have any interest in the share capital of Joint Ventures.

- d) Investments in Associates are accounted for by the equity method of accounting. These are entities over which the Holding generally has between 20% and 50% of voting rights, or over which the Holding has significant influence, but which it does not control. Unrealised gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation, whereas unrealised losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost (Note 11 ve Note 2.e).

Associates whose financial position at 31 March 2008 and result of operations for the period ended 31 March 2008 are insignificant to the overall consolidated interim financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 6.b).

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 March 2008:

Associates	Proportion of effective interest by the Holding %
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (“Philsa”)	24,75
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”)	25,00

Sabancı family members do not have any interest in the share capital of Associates.

- e) Other investments in which the Holding and its Subsidiaries, have interest below 20%, or over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value (Note 6.b).
- f) The results of Subsidiaries are included or excluded from consolidation regarding to their effective dates of acquisition and disposal, respectively.

The portion of the profit or loss and net assets of Subsidiaries attributable to equity interests that are not owned, directly or indirectly through the Subsidiaries, by the parents, is presented as minority interest. Certain Sabancı family members, Sabancı Vakfı, a charitable foundation established by Sabancı family members and Akbank Tekaüt Sandığı, a retirement foundation for Akbank employees, have interests in the share capital of certain Subsidiaries and Associates. In these consolidated interim financial statements their interests are treated as minority interest and are not included in the Holding’s net assets and profits attributable to shareholders of the Holding.

2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Comparatives and restatement of prior year financial statements

Comparative information is reclassified in order to conform to the presentation of current period consolidated interim financial statements.

In order to allow for the determination of the financial situation and performance trends, the Group’s consolidated interim financial statements have been presented comparatively with the previous period. The Group presented the consolidated balance sheet as at 31 March 2008 comparatively with the consolidated balance sheet as at 31 December 2007 and presented the consolidated statement of income, statement of cash flows and statement of change in equity for the interim period 1 January-31 March 2008 comparatively with the interim period 1 January - 31 March 2007.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Group has performed reclassifications in the consolidated balance sheet as at 31 December 2007 in order to conform to presentation of financial statements as at 31 March 2008. Such reclassifications are explained as follow:

At the consolidated balance sheet as at 31 December 2007, government bonds denominated in foreign currency, government bonds ve Eurobonds amounting to YTL 145.541 classified under “marketable securities” is reclassified under “cash and cash equivalents”.

At the consolidated balance sheet as at 31 December 2007, loans given to customers amounting to YTL 25.455.494 classified under “Loans and advances to customer” and financial lease receivables amounting to YTL 318.478 classified under “Lease Receivables” are reclassified under “Receivables from Financial Operations”; receivables originated from insurance operations amounting to YTL 294.798 classified under “Trade receivables” and “Due from related parties” are reclassified under “Receivables from financial operations”.

At the consolidated balance sheet as at 31 December 2007, deductible value added tax amounting to YTL 80.960 and job and salary advances given amounting to YTL 7.435 classified under “Other receivables and payables” are reclassified under “Other current assets”.

At the consolidated balance sheet as at 31 December 2007, loans given to customers amounting to YTL 13.510.303 classified under non-current “Loans and advances to customer” and financial lease receivables amounting to YTL 332.682 classified under non-current “Lease Receivables” are reclassified under “Receivables from Financial Operations”.

At the consolidated balance sheet as at 31 December 2007, taxes payable amounting to YTL 192.855 classified under “Provisions” is reclassified under “Income taxes payable”.

At the consolidated balance sheet as at 31 December 2007, payables amounting to YTL 2.702 classified under “Lease payables” and advances amounting to YTL 14.073 YTL classified under “Advances received” are reclassified under “Other payables”.

At the consolidated balance sheet as at 31 December 2007, payables originated from insurance operations amounting to YTL 21.559 classified under “Trade payables” and payables amounting to YTL 11.040 classified under “Due to related parties” are reclassified under “Payables from financial operations”.

At the consolidated balance sheet as at 31 December 2007, extraordinary reserves amounting to YTL 693.869 and legal reserves amounting to YTL 113.797 classified under “Profit reserves” and; inflation adjustment related to legal reserves amounting to YTL 457.160 classified under “Inflation adjustment to shareholders’ equity” are reclassified under “Retained Earnings”. Moreover, at the consolidated balance sheet as of 31 December 2007, YTL 196.900 classified under “Retained earnings” is reclassified under “Restricted reserves”.

2.5 Information to be disclosed, required by the CMB

In accordance with the Communiqué No:XI-29 and the related interpretations, the hedged amount of the total foreign exchange position of the Group and total export and import amounts need to be disclosed at the notes to the financial statements.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Convenience translation into English of consolidated interim financial statements originally issued in Turkish

The accounting principles described in Note 31 to the consolidated interim financial statements (defined as “CMB Financial Reporting Standards”) differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005, measurement principles and disclosure requirements for retirement benefits and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated interim financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

NOTE 3 - BUSINESS COMBINATIONS

There has been no business combination in the period between 1 January - 31 March 2008.

The business combinations between 1 January - 31 March 2007 are as follows:

Yünsa, a subsidiary of the Holding, became a founding partner (%69,99) of SKT Giyim Sanayi ve Ticaret A.Ş with a nominal capital amounting of YTL 14.615 YTL on 25 January 2007. Establishment of subsidiary is not considered a business combination and is not in the context of IFRS 3.

NOTE 4 - SEGMENT REPORTING

a) External revenues:

	31 March 2008	31 March 2007
Finance	2.870.286	2.480.193
Tire and tire reinforcements	391.545	391.396
Automotive	406.240	385.378
Textile	257.666	285.773
Cement	161.336	153.398
Retail	498.377	427.423
Food and beverage	76.486	106.957
Energy	54.352	49.819
Other	90.667	128.573
Total	4.806.955	4.408.910

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segment assets:	31 March 2008	31 December 2007
Tire and tire reinforcements	1.339.686	1.182.049
Automotive	946.381	762.455
Textile	1.225.212	1.175.351
Cement	1.177.993	1.141.622
Retail	827.329	908.018
Food and beverage (*)	-	314.725
Energy	556.850	550.632
Finance	81.965.829	72.893.936
Banking	80.718.535	71.777.679
Insurance	1.247.294	1.116.257
Other	807.311	819.496
Segment assets (**)	88.846.591	79.748.284
Investment in associated companies	149.025	179.390
Other	149.025	179.390
Unallocated assets	420.487	318.170
Less: intercompany eliminations and reclassifications	(1.163.342)	(915.664)
Total assets per consolidated financial statements	88.252.761	79.330.180

(*) Gıdasa which was solo subsidiary in food and beverage segment was sold on 3 March 2008 and excluded from consolidated balance sheet.

(**) Segment assets mainly comprise of operating assets.

c) Segment liabilities:	31 March 2008	31 December 2007
Tire and tire reinforcements	278.899	242.291
Automotive	330.031	241.337
Textile	262.124	203.048
Cement	159.630	129.439
Retail	383.367	471.472
Food and beverage (*)	-	311.819
Energy	71.536	60.883
Finance	70.884.181	61.610.460
Banking	70.020.381	60.956.732
Insurance	863.800	653.728
Other	172.976	202.770
Segment liabilities (**)	72.542.744	63.473.519
Unallocated liabilities	1.137.611	1.014.620
Less: intercompany eliminations and reclassifications	(1.883.746)	(1.198.539)
Total liabilities per consolidated Interim financial statements	71.796.609	63.289.600

(*) Gıdasa which was solo subsidiary in food and beverage segment was sold on 3 March 2008 and excluded from consolidated balance sheet.

(**) Segment liabilities comprise of operating liabilities and exclude items such as taxation and certain corporate borrowings.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

Segmental analysis for the three-month period ended 31 March 2008

	Tire and tire reinforcements	Automotive	Textile	Cement	Retail	Food and beverage	Energy	Finance		Total finance	Other	Inter segment elimination	Total
								Banking	Insurance				
External revenues	391.545	406.240	257.666	161.336	498.377	76.486	54.352	2.600.845	269.441	2.870.286	90.667	-	4.806.955
Inter segment revenues	1.633	54	1.419	42	643	251	23.060	15.470	814	16.284	4.176	(47.562)	-
Intra segment revenues	9.164	32	367	-	219	-	3.103	-	102	102	517.200	(530.187)	-
Combined revenues	402.342	406.326	259.452	161.378	499.239	76.737	80.515	2.616.315	270.357	2.886.672	612.043	(577.749)	4.806.955
External revenues	391.545	406.240	257.666	161.336	498.377	76.486	54.352	2.600.845	269.441	2.870.286	90.667	-	4.806.955
Inter segment revenues	1.633	54	1.419	42	643	251	23.060	15.470	814	16.284	4.176	(47.562)	-
Consolidated revenue	393.178	406.294	259.085	161.378	499.020	76.737	77.412	2.616.315	270.255	2.886.570	94.843	(47.562)	4.806.955
Cost of sales (*)	(308.724)	(339.197)	(219.242)	(109.289)	(395.172)	(58.959)	(64.251)	(1.657.727)	(266.641)	(1.924.368)	(80.286)	16.058	(3.483.430)
General administrative expenses	(16.166)	(5.961)	(13.778)	(14.625)	(54.232)	(2.391)	(3.709)	(513.849)	(29.823)	(543.672)	(11.301)	6.768	(659.067)
Sales, marketing and distribution expenses	(18.644)	(33.553)	(22.821)	(3.127)	(54.922)	(10.165)	(109)	-	-	-	(6.445)	1.268	(148.518)
Research and development expenses	(2.424)	(5.860)	(3.390)	-	-	(60)	-	-	-	-	-	21	(11.713)
Inter segment adjustment	-	(141)	-	(25)	-	-	-	(30.420)	(642)	(31.062)	(658)	31.062	(824)
Operating result	47.220	21.582	(146)	34.312	(5.306)	5.162	9.343	414.319	(26.851)	387.468	(3.847)	7.615	503.403
Other unallocated operating expenses													(13.259)
Other income/(expense) - net	(1.597)	(2.521)	19.135	622	120.493	9.137	(137)	197.295	(26.746)	170.549	1.105	-	316.786
Segment result	45.623	19.061	18.989	34.934	115.187	14.299	9.206	611.614	(53.597)	558.017	(2.742)	-	806.930

(*) In the banking segment cost of sales includes interest expenses, fee and commission expenses, provision for loan losses and other operating income. In the insurance segment cost of sales includes premium ceded to reinsurance.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

Segmental analysis for the three-month period ended 31 March 2007

	Tire and tire reinforcements	Automotive	Textile	Cement	Retail	Food and beverage	Energy	Finance		Total finance	Other	Inter segment elimination	Total
								Banking	Insurance				
External revenues	391.396	385.378	285.773	153.398	427.423	106.957	49.819	2.242.530	237.663	2.480.193	128.573	-	4.408.910
Inter segment revenues	1.101	268	4.553	207	481	2.228	39.614	12.218	1.628	13.846	4.698	(66.996)	-
Intra segment revenues	10.771	-	449	962	417	-	-	-	247	247	566.271	(579.117)	-
Combined revenues	403.268	385.646	290.775	154.567	428.321	109.185	89.433	2.254.748	239.538	2.494.286	699.542	(646.113)	4.408.910
External revenues	391.396	385.378	285.773	153.398	427.423	106.957	49.819	2.242.530	237.663	2.480.193	128.573	-	4.408.910
Inter segment revenues	1.101	268	4.553	207	481	2.228	39.614	12.218	1.628	13.846	4.698	(66.996)	-
Consolidated revenue	392.497	385.646	290.326	153.605	427.904	109.185	89.433	2.254.748	239.291	2.494.039	133.271	(66.996)	4.408.910
Cost of sales (*)	(326.734)	(328.329)	(247.956)	(103.918)	(346.511)	(88.820)	(90.156)	(1.339.775)	(213.491)	(1.553.266)	(107.247)	68.475	(3.124.462)
General administrative expenses	(18.507)	(8.366)	(12.097)	(4.310)	(47.429)	(4.159)	(2.625)	(370.806)	(21.020)	(391.826)	(13.328)	5.192	(497.455)
Sales, marketing and distribution expenses	(19.091)	(35.655)	(21.546)	(792)	(40.427)	(16.981)	-	-	-	-	(8.750)	2.814	(140.428)
Research and development expenses	(1.493)	(2.027)	(3.915)	-	-	(70)	-	-	-	-	-	24	(7.481)
Inter segment adjustment	-	(184)	23	(25)	-	-	-	3.656	(1.145)	2.511	685	(2.521)	489
Operating result	26.672	11.085	4.835	44.560	(6.463)	(845)	(3.348)	547.823	3.635	551.458	4.631	6.988	639.573
Other unallocated operating expenses													(11.647)
Other income/(expense) - net	1.883	410	(906)	(5.139)	(17.211)	(1.281)	(3.461)	8.836	2.137	10.973	14.158		(574)
Segment result	28.555	11.495	3.929	39.421	(23.674)	(2.126)	(6.809)	556.659	5.772	562.431	18.789		627.352

(*) In the banking segment cost of sales includes interest expenses, fee and commission expenses, provision for loan losses and other operating income. In the insurance segment cost of sales includes premium ceded to reinsurance.

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NOTE 4 - SEGMENT REPORTING (Continued)

e) Operating results

i) Banking

	31 March 2008	31 March 2007
Interest on loans	1.412.549	1.184.138
Interest on investment and trading securities	803.675	631.740
Commission income	299.270	290.134
Interest from other banks	74.692	99.494
Trading gain on securities	(22.355)	10.495
Other interest income	33.014	26.529
Total operating revenues	2.600.845	2.242.530
Less: commission income and trading gains on securities	(276.915)	(300.629)
Total interest income	2.323.930	1.941.901
Interest expense	(1.378.105)	(1.198.172)
Interest income - net	945.825	743.729
<u>Operating costs</u>		
Interest expense	(1.378.105)	(1.198.172)
Foreign exchange trading gain - net	63.123	17.420
Operating expense	(513.849)	(370.806)
Commission expense	(55.760)	(56.268)
Provision for loan losses	(301.935)	(86.881)
Total operating costs	(2.186.526)	(1.694.707)
Add: interest expense	1.378.105	1.198.172
Add: commission income and trading gain on securities	276.915	300.629
Other operating income/(expense)	197.295	8.836
Operating result	611.614	556.659

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NOTE 4 - SEGMENT REPORTING (Continued)

ii) Insurance

	31 March 2008	31 March 2007
Gross premiums written	269.441	237.663
Outward reinsurance premiums	(108.957)	(115.028)
Change in the provision for unearned premiums, net of reinsurance	(52.771)	(21.136)
Earned premiums, net of reinsurance	107.713	101.499
Claims paid	(150.401)	(122.476)
Claims paid - reinsures' share	52.968	59.146
Change in the provision for claims	(13.508)	(2.818)
Claims incurred, net of reinsurance	(110.941)	(66.148)
Change in life assurance provision	10.606	540
Commission expense - net	(4.406)	(11.092)
Technical income	2.972	24.799
General administrative expenses	(29.823)	(21.164)
Other operating income/(expense)	(26.746)	2.137
Operating result	(53.597)	5.772

iii) Non-financial products

	31 March 2008	31 March 2007
Net sales	1.936.669	1.928.717
Cost of sales	(1.545.110)	(1.587.209)
Gross profit	391.559	341.508
Operating expenses	(288.883)	(265.040)
Other operating income/(expense)	146.237	(11.547)
Operating profit	248.913	64.921

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) Interests in Joint Ventures

Aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities and income and expense items related to Joint Ventures which are proportionally consolidated in the consolidated interim financial statements as expressed in Note 31, are as follows on a combined basis:

	31 March 2008	31 December 2007
Balance sheet		
Current assets	796.650	645.219
Non-current assets	1.821.701	1.765.564
Total assets	2.618.351	2.410.783
Current liabilities	646.772	553.469
Non-current liabilities	545.710	520.811
Total liabilities	1.192.482	1.074.280
Minority interests	4.235	4.701
Shareholders' equity	1.421.634	1.331.802
Total liabilities, minority interests and shareholders' equity	2.618.351	2.410.783
Income statement	31 March 2008	31 March 2007
Operating profit	146.940	3.894
Financial income/(expense)- net	(25.995)	3.469
Income before tax and minority interests	120.945	7.363
Taxation on income	(14.121)	(6.416)
Income before minority interests	106.824	947
Minority interests	3	(112)
Net income for the period	106.827	835

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

g) Depreciation and amortisation charge and capital expenditures:

1 January - 31 March 2008

	Finance		Tire and tire enforcements	Automotive	Textile	Cement	Food and beverage	Energy	Retail	Other	Total
	Banking	Insurance									
Depreciation and amortisation	21.150	1.530	16.596	2.162	16.951	18.840	1.497	6.164	8.843	4.909	98.642
Impairment of intangible assets	-	-	-	-	-	-	-	-	1.499	-	1.499
Capital expenditure	19.248	1.591	15.682	9.906	14.729	12.050	-	7.174	10.303	16.216	106.899

1 January - 31 March 2007

	Finance		Tire and tire enforcements	Automotive	Textile	Cement	Food and beverage	Energy	Retail	Other	Total
	Banking	Insurance									
Depreciation and amortisation	29.103	1.139	19.285	3.846	15.861	11.868	3.522	9.582	8.077	8.044	110.327
Capital expenditure	8.078	1.138	13.192	10.221	6.239	35.783	10.061	9.719	10.446	3.278	108.155

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 March 2008 and 31 December 2007 is as follows:

	31 March 2008	31 December 2007
Cash in hand		
- banking	1.150.464	1.095.189
- other companies	3.890	6.621
Banks - time deposits	1.972.564	898.347
Banks - demand deposits	633.782	749.684
Government bonds denominated in foreign currency	3.083.888	126.904
Government bonds	1.887.657	-
Due from reverse repo transactions	189.461	2.547
Treasury bills	230	3.592
Eurobonds	-	15.045
Other cash and cash equivalents	13.453	3.227
Total	8.935.389	2.901.156

The analysis of maturities at 31 March 2008 and 31 December 2007 is as follows:

	31 March 2008	31 December 2007
Demand	1.791.123	1.854.721
Up to 3 months	7.144.266	1.046.435
Total	8.935.389	2.901.156

NOTE 6 - FINANCIAL ASSETS

a) Marketable securities:

The analysis of securities at fair value through profit and loss is as follows:

	31 March 2008	31 December 2007
Government bonds denominated in foreign currency	2.186.411	4.550.781
Eurobonds	117.650	207.409
Government bonds	55.690	42.375
Treasury bills	27.336	-
Share certificates	4.954	4.637
Mutual funds	-	26.617
Other	1.586	1.250
Total	2.393.627	4.833.069

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL ASSETS (Continued)

The analysis of maturities at 31 March 2008 and 31 December 2007 is as follows:

Period remaining to contractual maturity dates:

	31 March 2008			31 December 2007		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	16.010	-	16.010	2.621.474	-	2.621.474
1 to 5 years	2.272.071	2.746	2.274.817	2.026.426	-	2.026.426
Over 5 years	65.412	3.830	69.242	152.664	-	152.664
No maturity	6.539	27.019	33.558	5.888	26.617	32.505
Total	2.360.032	33.595	2.393.627	4.806.452	26.617	4.833.069

Period remaining to contractual repricing dates:

	31 March 2008			31 December 2007		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	9.599	-	9.599	1.879.553	-	1.879.553
3 to 12 months	2.117.802	-	2.117.802	2.628.457	-	2.628.457
1 to 5 years	160.917	2.746	163.663	139.932	-	139.932
Over 5 years	65.174	3.831	69.005	152.622	-	152.622
No maturity	6.540	27.018	33.558	5.888	26.617	32.505
Total	2.360.032	33.595	2.393.627	4.806.452	26.617	4.833.069

b) Securities available-for-sale:

	31 March 2008	31 December 2007
Debt securities		
- Government bonds	16.649.232	16.915.166
- Government bonds denominated in foreign currency	2.573.328	2.356.264
- Eurobonds	1.947.996	1.743.173
- Treasury bills	110.235	91.145
- Other bonds denominated in foreign currency	190.703	86.020
Sub-total	21.471.494	21.191.768
Equity securities		
- Listed	19.379	19.395
- Unlisted	51.397	29.447
Sub-total	70.776	48.842
Total securities available for sale	21.542.270	21.240.610

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL ASSETS (Continued)

The maturity analysis at 31 March 2008 and 31 December 2007 is as follows.

Period remaining to contractual maturity dates for available-for-sale securities:

	31 March 2008			31 December 2007		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	669.604	-	669.604	6.417.304	-	6.417.304
3 to 12 months	10.697.363	2.955	10.700.318	8.773.362	123.019	8.896.381
1 to 5 years	8.298.396	182.950	8.481.346	4.334.279	149.331	4.483.610
Over 5 years	1.438.017	71.972	1.509.989	1.315.221	79.252	1.394.473
No maturity	29.626	151.387	181.013	29.626	19.216	48.842
Total	21.133.006	409.264	21.542.270	20.869.792	370.818	21.240.610

Period remaining to contractual repricing dates for available-for-sales securities:

	31 March 2008			31 December 2007		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	6.041.760	2.955	6.044.715	9.425.509	123.019	9.548.528
Current	6.041.760	2.955	6.044.715	9.425.509	123.019	9.548.528
1 to 5 years	11.005.972	182.950	11.188.922	7.201.002	149.331	7.350.333
Over 5 years	4.055.648	71.972	4.127.620	4.213.655	79.252	4.292.907
No maturity	29.626	151.387	181.013	29.626	19.216	48.842
Non-current	15.091.246	406.309	15.497.555	11.444.283	247.799	11.692.082
Total	21.133.006	409.264	21.542.270	20.869.792	370.818	21.240.610

The breakdown of available-for-sale equity securities at 31 March 2008 is as follows:

Listed	Share (%)	Carrying amount	Business
Ak Yatırım Ortaklığı A.Ş. (*)	65	19.302	Investment management
Others		77	
Total		19.379	

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 6 - FINANCIAL ASSETS (Continued)

Unlisted	Share (%)	Carrying amount	Business
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,53	8.358	Vessel transportation
Ak Portföy Yönetimi A.Ş. (*)	99,99	3.592	Portfolio management
Others		39.447	
Total		51.397	

(*) The Group owns 65% and 99,99% of the shares of Ak Yatırım Ortaklığı A.Ş. and Ak Portföy Yönetimi A.Ş., respectively (2007: 47% and 99,99%). Due to the insignificance of the financial impact on the financial position and results of the Group, these companies were not consolidated and carried at cost at 31 March 2008 and 31 December 2007.

The breakdown of available-for-sale equity securities at 31 December 2007 is as follows:

Listed	Share (%)	Carrying amount	Business
Ak Yatırım Ortaklığı A.Ş.	65	19.302	Investment management
Others		93	-
Total		19.395	

Unlisted	Share (%)	Carrying amount	Business
Liman İşletmeleri Nakliyat ve Tic. A.Ş.	5,53	8.358	Vessel transportation
Ak Portföy Yönetimi A.Ş.	99,99	3.592	Portfolio management
Others		17.497	-
Total		29.447	

NOTE 7 - BORROWINGS

Short-term funds borrowed, bank borrowings and debt securities in issue:

	31 March 2008	31 December 2007
Short-term	5.643.333	4.382.957
Short-term portion of long term	2.404.325	1.752.250
Total short term	8.047.658	6.135.207

Long-term funds borrowed, bank borrowings and debt securities in issue:

Long-term	4.466.439	4.113.529
Total	12.514.097	10.248.736

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 7 - BORROWINGS (Continued)

The maturity schedule of borrowings at 31 March 2008 and 31 December 2007 is summarised below:

	31 March 2008	31 December 2007
Up to 3 months	2.196.692	1.771.610
3 to 12 months	5.850.966	4.363.597
1 to 5 year	3.246.282	3.047.458
Over 5 years	1.220.157	1.066.071
Total	12.514.097	10.248.736

The maturity schedule of long term borrowings at 31 March and 31 December 2007 is summarised below:

Period	31 March 2008
2009	1.519.264
2010	574.901
2011	583.612
2012	568.504
2013 and over	1.220.158
Total	4.466.439

Period	31 December 2007
2009	1.469.890
2010	529.039
2011	499.116
2012	549.413
2013 and over	1.066.071
Total	4.113.529

The repricing schedule of borrowings at 31 March 2007 and 31 December 2007 is summarised below:

	31 March 2008	31 December 2007
Up to 3 months	9.783.591	8.236.307
3 to 12 months	2.042.636	1.584.701
1 to 5 years	635.544	421.695
Over 5 years	52.326	6.033
Total	12.514.097	10.248.736

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term and long-term trade receivables:	31 March 2008	31 December 2007
Trade receivables	1.127.804	1.034.504
Notes and cheques receivable	93.534	146.059
Due from related parties (*)	59.695	11.700
Sub-total	1.281.033	1.192.263
Less: doubtful receivables provision	(25.589)	(27.702)
Total	1.255.444	1.164.561

As at 31 March 2008, trade receivables of YTL 99.360 were past due but not impaired (31 December 2007: YTL 72.465). The aging analysis of these trade receivables is as follows:

	31 March 2008	31 December 2007
Up to 3 months	81.987	59.316
3 to 6 months	14.056	9.302
6 to 9 months	844	698
Over 9 months	2.473	3.149
Total	99.360	72.465

As of 31 March 2008, the aging analysis of overdue and impaired trade receivables is as follows:

	31 March 2008	31 December 2007
Up to 3 months	1.449	1.820
3 to 6 months	3.029	2.261
6 to 9 months	55	2.267
Over 9 months	21.056	21.354
Total	25.589	27.702

Short-term and long-term trade payables:	31 March 2008	31 December 2007
Trade payables	884.445	931.057
Due to related parties (*)	8.558	11.040
Notes payable	91	172
Total	893.094	942.269

(*) Due from related parties and due to related parties are explained in Note 30 Related Party Disclosures.

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other receivables:	31 March 2008	31 December 2007
Receivables on cheques in clearance	311.423	331.920
Receivables from credit cards payments	3.572	6.742
Receivables from sale of chemical segment	26.570	22.546
Others	413.983	256.043
Total	755.548	617.251

Other payables:	31 March 2008	31 December 2007
Payables related to credit card transactions	808.574	811.776
Payables on cheques in clearance	312.280	411.050
Unearned commission income	224.736	148.269
Other taxes and funds	215.889	171.938
Bonus liability to credit card customers	122.099	114.762
Import deposits and transfer orders	60.484	32.144
Payment orders to correspondent banks	26.910	20.171
Saving deposits insurance	18.698	18.035
Advances received	18.391	14.073
Due to personnel	17.379	25.454
Lease payables	6.501	6.983
Payables due to acquisition of subsidiaries	-	35.614
Others	1.042.016	988.090
Total	2.873.957	2.798.359

NOTE 10 - INVENTORIES

	31 March 2008	31 December 2007
Raw materials and supplies	310.253	394.186
Semi-finished goods	185.411	131.519
Finished goods and merchandise	721.373	565.157
Spare parts	199.773	106.711
Total	1.416.810	1.197.573

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	31 March 2008	Share (%)	31 December 2007	Share (%)
Philsa	129.446	25,00	152.804	25,00
Philip Morrissa	19.579	24,75	26.586	24,75
Total	149.025		179.390	

Income from associates is as follows:

	31 March 2008	31 March 2007
Philsa	34.633	21.724
Philip Morrissa	8.385	7.746
Total	43.018	29.470

The summary financial information of associates is as follows:

	31 March 2008		31 December 2007	
	Total assets	Total liabilities	Total assets	Total liabilities
Philsa	1.131.879	614.098	1.402.815	791.598
Philip Morrissa	311.050	231.941	390.378	282.959
Total	1.442.929	846.039	1.793.193	1.074.557

Sales revenue	31 March 2008	31 March 2007
Philsa (*)	1.572.353	1.333.362
Philip Morrissa	1.670.341	1.429.767

(*) Philsa conducts its sales activities over Philip Morrissa.

Net income	31 March 2008	31 March 2007
Philsa	138.652	95.742
Philip Morrissa	33.876	32.594
Total	172.528	128.336

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 12 - INVESTMENT PROPERTY

Movement schedule of investment property, during the three-month periods ended 31 March 2008 and 2007 is as follows:

	1 January 2008	Additions	Disposals	31 March 2008
Cost:				
Land	70.826	599	-	71.425
Building	179.945	-	-	179.945
Total	250.771			251.370
Accumulated depreciation:				
Buildings	28.341	1.072	-	29.413
Net book value	222.430			221.957
	1 January 2007	Additions	Disposals	31 March 2007
Cost:				
Land	85.981	-	(3.400)	82.581
Building	223.467	-	-	223.467
Total	309.448	-	-	306.048
Accumulated depreciation:				
Buildings	32.010	1.298	-	33.308
Net book value	277.438			272.740

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Movement schedule of property, plant and equipments during the three month period ended 31 March 2008 is as follows:

	1 January 2008	Currency translation differences	Additions	Transfers	Disposals	31 March 2008
Cost:						
Land and land improvements	344.035	3.461	1.492	330	(3.389)	345.929
Buildings	2.140.544	11.461	2.904	2.527	(40.143)	2.117.293
Machinery and equipment	3.643.717	21.146	12.150	58.903	(27.179)	3.708.737
Motor vehicles	131.143	785	462	173	(4.185)	128.378
Furniture and fixtures	1.478.658	6.770	29.518	105	(61.587)	1.453.464
	7.738.097	43.623	46.526	62.038	(136.483)	7.753.801
Construction in progress	186.550	4.913	42.733	(62.233)	(1.552)	170.411
Total	7.924.647	48.536	89.259	(195)	(138.035)	7.924.212
Accumulated depreciation:						
Land and land improvements	81.601	897	2.710	-	(1.881)	83.327
Buildings	734.816	2.998	11.692	-	(33.418)	716.088
Machinery and equipment	2.243.183	(16.888)	45.085	-	(25.554)	2.245.826
Motor vehicles	93.482	545	2.573	-	(2.766)	93.834
Furniture and fixtures	1.080.195	4.030	28.960	-	(57.437)	1.055.748
Total	4.233.277	(8.418)	91.020	-	(121.056)	4.194.823
Net book value	3.691.370					3.729.389

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement schedule of property, plant and equipments during the three month period ended 31 March 2007 is as follows:

	1 January 2007	Currency translation differences	Additions	Transfers	Disposals	Establishment of a subsidiary	31 March 2007
Cost:							
Land and land improvements	364.554	(3.003)	383	103	(1.082)	-	360.955
Buildings	2.113.286	(2.613)	736	4.049	(564)	12.545	2.127.439
Machinery and equipment	4.089.720	(1.227)	6.815	15.141	(12.676)	1.302	4.099.075
Motor vehicles	144.717	(123)	1.414	2.524	(5.910)	167	142.789
Furniture and fixtures	1.436.837	(582)	15.862	233	(8.981)	411	1.443.780
	8.149.114	(7.548)	25.210	22.050	(29.213)	14.425	8.174.038
Construction in progress	221.015	(2.721)	76.552	(23.317)	-	-	271.529
Total	8.370.129	(10.269)	101.762	(1.267)	(29.213)	14.425	8.445.567
Accumulated depreciation:							
Land and land improvements	79.953	(326)	2.255	-	(12)	-	81.870
Buildings	713.870	(564)	14.216	-	(35)	78	727.565
Machinery and equipment	2.374.519	(245)	49.304	-	(11.710)	478	2.412.346
Motor vehicles	105.133	(75)	3.109	-	(3.833)	66	104.400
Furniture and fixtures	1.057.443	(374)	35.148	-	(7.573)	271	1.084.915
Total	4.330.918	(1.584)	104.032	-	(23.163)	893	4.411.096
Net book value	4.039.211						4.034.471

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS

Movement schedules of intangible assets during the three month periods ended 31 March 2008 and 2007 are as follows:

	1 January 2008	Currency translation differences	Additions	Transfers	Disposals	Establishment of a subsidiary	Impairment	31 March 2008
Cost	422.393	6.813	17.041	195	(5.545)	-	(1.499)	439.398
Accumulated depreciation	94.879	2.776	6.550	-	(1.689)	-	-	102.516
Net book value	327.514							336.882

	1 January 2007	Currency translation differences	Additions	Transfers	Disposals	Establishment of a subsidiary	Impairment	31 March 2007
Cost	396.277	(1.246)	6.393	1.267	(447)	857	-	403.101
Accumulated depreciation	129.113	(630)	4.997	-	(301)	157	-	133.336
Net book value	267.164							269.765

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 15 - GOODWILL

	31 March 2008	31 December 2007
Goodwill	365.503	365.503

There is no movement in the balance of goodwill during the periods 1 January-31 March 2008 and 1 January-31 March 2007.

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities

Commitments - Banking segment	31 March 2008	31 December 2007
Letters of guarantee issued	3.732.097	3.415.879
Letters of credits	1.329.999	1.075.048
Foreign currency acceptance credits	57.324	46.857
Total	5.119.420	4.537.784

Commitments - Non-banking segments

Letters of guarantee issued	486.085	483.426
Other guarantees issued	184.913	308.405
Total	670.998	791.831

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 March 2008 and 31 December 2007 are as follows:

	31 March 2008	31 December 2007
Repurchase commitments	5.940.076	4.853.945
Resale commitments	734	3

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NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments to forward currency purchase/sale and swap transactions:

	31 March 2008	31 December 2007
Forward currency purchases		
EUR	123.559	50.176
YTL	78.438	67.201
USD	50.285	19.012
JPY	29.976	49.278
GBP	648	-
Total	282.906	185.667
Forward currency sales		
YTL	120.881	64.442
EUR	88.834	91.729
USD	51.725	18.750
Other	-	267
Total	261.440	175.188
	31 March 2008	31 December 2007
Currency swap purchases		
EUR	4.225.020	1.711.827
GBP	448.759	505.556
USD	95.536	72.440
YTL	33.878	72.669
CHF	33.042	27.810
Other	115.374	103.940
Total	4.951.609	2.494.242
Currency swap sales		
USD	4.558.299	1.605.084
EUR	129.971	759.084
YTL	39.874	75.165
JPY	12.745	23.008
GBP	7.782	21.062
Other	19.295	6.023
Total	4.767.966	2.489.426

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 March 2008	31 December 2007
Interest rate swap purchases		
YTL	2.015.000	1.965.000
USD	1.571.730	1.321.642
EUR	1.193.572	1.001.478
CHF	1.971	1.450
GBP	-	-
Total	4.782.273	4.289.570
Interest rate swap sales		
YTL	2.015.000	1.965.000
USD	1.571.730	1.321.717
EUR	1.193.572	1.001.394
CHF	1.971	1.457
GBP	-	-
Total	4.782.273	4.289.568
	31 March 2008	31 December 2007
Spot purchases	375.861	210.947
Spot sales	376.318	211.081
Money options purchases	851.328	388.882
Money options sales	852.055	392.841
	31 March 2008	31 December 2007
Futures purchases	42.590	27.577
Futures sales	43.672	26.104

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(Amounts expressed in thousands of New Turkish Lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 17- EMPLOYEE BENEFITS

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 March 2008, the amount payable consists of one month’s salary limited to a maximum of YTL 2,09 (31 December 2007: YTL 2,09) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above.

The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Holding arising from the retirement of the employees.

IAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company’s defined benefit plan and legal framework in which those companies operate.

Movements in the reserve for employment termination benefits for the periods ended 31 March 2008 and 2007 are as follows:

	31 March 2008	31 March 2007
Balances at 1 January	147.961	150.298
Establishment of a subsidiary	-	139
Payments during the period	(8.797)	(7.994)
Charge for the period	15.255	9.450
Balances at 31 March	154.419	151.893

Employee benefits

As disclosed in Note 31 to the consolidated interim financial statements, Akbank T.A.Ş. Tekaüt Sandığı Vakfı (the “Fund”) is a separate legal entity and a foundation recognised by an official decree, founded on the basis of Social Insurance Law No: 506, temporary article No: 20, providing all qualified Akbank employees with pension and post retirement benefits. According to the temporary article numbered 38 of the Turkish Insurance Law, and the “Decree on Actuaries”, the Fund is subject to the inspection of a listed actuary. There is no technical or actual deficit of the Fund as detailed in Note 31.18 necessitating the accounting of a provision.

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NOTE 18 - OTHER CURRENT ASSETS AND CURRENT LIABILITIES

Other Current Assets:	31 March 2008	31 December 2007
Prepaid expenses	188.813	92.322
Deductible Value Added Tax ("VAT")	101.387	80.960
Income accrual	18.066	13.955
Job and salary advances given	11.815	7.435
Total	320.081	194.672

Other Current Liabilities:

Expense accruals	253.266	214.629
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NOTE 19 - EQUITY

The Holding's authorised and issued capital consists of 180.000.000.000 (31 December 2007: 180.000.000.000) shares of YKr1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 March 2008 and 31 December 2007 is as follows:

Shareholders:	Share (%)	31 March 2008	Share (%)	31 December 2007
Sabancı family members	61,31	1.103.566	61,31	1.103.566
Public quotation	22,26	400.714	22,26	400.714
Sakıp Sabancı Holding A.Ş.	14,81	266.578	14,81	266.578
Sabancı University	1,62	29.142	1,62	29.142
Share capital	100,00	1.800.000	100,00	1.800.000
Share premium		21.670		21.670

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Holding's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the %5 tax exemption for gains from sale of equity investments and property, 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 details of restricted reserves mentioned above are as follows:

	31 March 2008	31 December 2007
Legal reserves	196.900	196.900
Investments sales income	38.919	18.578
Total	235.819	215.478

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 19 - EQUITY (Continued)

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Holding's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. However, this does not apply to Holding companies. Under the TCC, the legal reserves can only be used to offset loss and are not available for any other usage unless the loss exceeds 50% of paid-in share capital.

Dividend distribution is made by the Holding in New Turkish Lira in accordance with its Articles after deducting taxes and setting aside the legal reserves as discussed above. In accordance with the Articles, dividends may also be paid to the Board of Directors of the Holding in amounts of up to 4% and to Vaksa in the amount of 3%, in each case, of the distributable profits remaining after deducting taxes, legal reserves and the first dividend.

Public companies distribute dividends according to CMB regulations as follows:

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum dividend distribution ratio for the publicly listed joint stock companies shall be applied as 20% (2006: 20%). Accordingly, it has been made possible that based on the decisions taken in general assemblies of the companies the distribution can be made in cash, non-cash by issuance of free shares with respect to the transfer of profits to the capital or a combination of both as partially in cash and non-cash. For the cases when the initial dividend determined is less than 5% of issued/paid in capital, it is allowed to retain the dividends within the companies. However, for those companies which are going to distribute dividends over the profits generated from 2007 operations and which increased their share capitals without distributing dividends in the previous year and thus have a distinguish of shares as "new" and "old" shares, it is enforced to make the distribution of initial dividends in cash.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";
- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts determined based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

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NOTE 19 - EQUITY (Continued)

In accordance with the above explanations for the Communiqué No:XI-29, the composition of the Holding's shareholders' equity, which is considered as the basis for profit distribution is as follows:

	31 March 2008	31 December 2007
Capital	1.800.000	1.800.000
Share premium	21.670	21.670
Restricted reserves	235.819	215.478
Shareholders' equity restatement difference	3.426.761	3.426.761
Net income for the period	481.783	969.487
Retained earnings	3.210.463	2.266.724
Total shareholders' equity subject to dividend distribution	9.176.496	8.700.120
Translation reserve	(126.333)	(215.298)
Revaluation reserve	9.329	64.873
Equity attributable to the shareholders of the Group	9.059.492	8.549.695

NOTE 20 - DISCONTINUED OPERATIONS

The Holding signed a letter of intent to sell its 49,99% share in Beksa Çelik Kord Sanayi ve Ticaret A.Ş to NV Bekaert SA on 18 February 2008. The transfer of the shares will be realized after the grant of necessary permissions. There is no impairment loss which may occur as a result of this transaction.

	31 March 2008
Revenues	17.893
Expenses	(16.744)
Profit before income taxes	1.149
Income taxes	(1.515)
Loss for the period	(366)

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NOTE 20 - DISCONTINUED OPERATIONS (Continued)

As of 31 March 2008 and 31 December 2007, the balances of assets and liabilities classified as non-current assets held for sale to be disposed as a result of sale transaction are as follows:

	31 March 2008	31 December 2007
Assets	78.512	68.019
Cash and cash equivalents	4.920	4.793
Trade receivables (net)	13.122	10.469
Inventories (net)	12.871	10.718
Property plant and equipment and intangible assets (net)	45.963	40.231
Other Assets	824	816
Deferred income tax asset	812	992
Liabilities	26.278	23.351
Financial liabilities	20.200	17.142
Trade payables (net)	3.191	4.123
Other liabilities	1.621	2.034
Deferred income tax liability	1.266	52
Net assets	52.234	44.668

The Holding signed an agreement with MGS Marmara Gıda Sanayi ve Ticaret A.Ş on 14 August 2007 to sell its 99.65% share in Gıdasa. In accordance with the agreement, sale transaction was completed after the grant of necessary permissions on 3 March 2008.

The summary income statement of Gıdasa for the period 1 January-3 March 2008 is as follows:

	3 March 2008
Revenues	76.737
Expenses	(66.605)
Profit before income taxes	10.132
Income taxes	(1.718)
Net income for the period	8.414

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NOTE 20 - DISCONTINUED OPERATIONS (Continued)

At 31 December 2007 the balances of assets and liabilities classified as non-current assets held for sale which were disposed as a result of sale transaction are as follows:

Assets	288.671
Cash and cash equivalents	1.597
Trade receivables (net)	59.343
Inventories (net)	56.012
Other current assets	23.911
Property, plant and equipment (net)	140.272
Intangible assets (net)	7.440
Financial Assets	96
Liabilities	286.141
Financial liabilities	165.508
Trade payables (net)	69.315
Other liabilities	23.556
Provision for employment termination benefit	3.488
Provision for discontinued operations	20.227
Deferred income tax liability	4.047
Net assets	2.530

The Holding signed an agreement with Wavin B.V. located in Netherland on 21 November 2007 to sell its 51,23% share in Pilsa. Sale transaction was completed on 10 January 2008 in consideration of USD 41.000.000 and collection was received. There is no impairment loss which may occur as a result of this transaction.

At 31 December 2007 the balances of assets and liabilities classified as non-current assets held for sale which were disposed from consolidated financial statements as a result of sale transaction are as follows:

Assets	134.494
Cash and cash equivalents	36.562
Trade receivables (net)	43.493
Inventories (net)	20.785
Property, plant and equipment and intangible assets (net)	31.621
Deferred income tax asset	560
Other Assets	1.473
Liabilities	46.570
Financial liabilities	14.318
Trade payables (net)	12.999
Other liabilities	17.172
Deferred income tax liability	2.081
Net assets	87.924

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NOTE 20 - DISCONTINUED OPERATIONS (Continued)

Carrefoursa, a joint venture of the Holding, classified Merter Mall Project, lands in Mersin, İzmit, Bursa and Ankara and Bayrampaşa Hypermarket and Mall as non-current assets to be held for sale in the balance sheet as of 31 December 2007. Carrying amount of these assets in the consolidated balance sheet of the Group as of 31 December 2007 is YTL 114.402. The Group made provision, amounting to YTL 21.538 for the possible loss as a result of sales of Bayrampaşa Hypermarket and Mall and other lands in the financial statements.

NOTE 21 - REVENUE

	31 March 2008	31 March 2007
Finance	2.870.286	2.480.193
Non-finance	1.936.669	1.928.717
Total	4.806.955	4.408.910

NOTE 22 - OTHER OPERATING INCOME/EXPENSES AND GAINS/LOSSES

Other income:	31 March 2008	31 March 2007
Fixed asset sales income	144.519	3.827
Gain on sale of subsidiary (*)	7.096	-
Other	178.766	18.767
Total	330.381	22.594
Other expenses:	31 March 2008	31 March 2007
Loss on sale of subsidiary (**)	8.844	-
Idle time expenses	2.819	2.484
Impairment of property, plant and equipment and intangible assets	1.499	18.635
Fixed asset sales loss	433	2.049
Total	13.595	23.168

(*) Pilsa gain on sale of subsidiary (Note 20).

(**) Gidasa loss on sale of subsidiary (Note 20).

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NOTE 23 - FINANCIAL INCOME/EXPENSES

	31 March 2008	31 March 2007
Financial income		
Foreign exchange income	189.799	36.149
Interest income	28.250	28.314
Total	218.049	64.463
Financial expense		
Foreign exchange losses	156.384	25.555
Interest expense	31.788	38.207
Other financial expenses	3.198	5.524
Total	191.370	69.286

Financial expenses relate to segments other than banking.

NOTE 24 - TAX ASSETS AND LIABILITIES

	31 March 2008	31 December 2007
Corporation and income taxes currently payable	162.195	693.925
Less: prepaid taxes	(2.469)	(501.070)
Total taxes payable	159.726	192.855

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated interim financial statements, have been calculated on a separate-entity basis.

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 01 January 2006. The corporation tax rate of the fiscal year 2007 is 20% (2006: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on an investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses can not be carried back to offset profits from previous periods.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Exemption for participation in subsidiaries:

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Preferential right certificate sales and issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

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 following the year the sale was realised.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate can not benefit from this exemption.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for investment allowance

The investment allowance application which had been in force for a significant period of time was abolished by Law No.5479 dated 30 March 2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the following amounts from their income related to the years 2006, 2007 and 2008 as well as the investment allowance amounts they could not offset against 2005 gains which were present as of 31 December 2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 31 December 2005.

- a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law No.193, with Law No.4842.
- b) In the scope of the abolished 19th article of Income Tax Law No.193, the investment allowance amounts to be calculated in accordance with the legislation in force at 31 December 2005 for investments which were started before 1 January 2006 and which display an economical and technical integrity.

Accordingly, gains of the above nature which are in the profit/loss figures are taken into consideration, in the calculation of corporate tax.

Apart from the above mentioned exceptions in the determination of the corporate tax base, allowances cited in the articles 8, 9 and 10 of Corporate Tax Law and article 40 of Income Tax Law are taken into consideration.

Total taxes payable for the period ended 31 March 2008 and 2007 were reconciled to current period tax charge as follows:

	31 March 2008	31 March 2007
Corporation and income taxes currently payable	162.195	146.795
Tax adjustment to previous years (*)	(224.709)	-
Tax charge to equity relating to financial assets fair value reserve	(3.102)	20.029
Translation gain	-	13
Current period tax charge	(65.616)	166.837
Deferred taxation (Note 12)	48	(8.860)
Taxation on income	(65.664)	157.977

In accordance with temporary article 4 added to Banking Law No.4389 which lost its effect on 1 November 2005, by Law No.4743 and based on decision of article 14, paragraph 7 of abrogated Corporate Tax Law No. 5422 foreseeing that “Losses subject to capital decrease by legal and other reserves, could be deducted from corporate tax base” in the financial statements as at 31 December 2001, Akbank has filed three lawsuits against the Turkish Ministry of Finance (“Ministry”) with a claim to correct the taxation errors on corporate tax amounting to YTL 754.303 that was accrued and paid as a result of taxation errors in 2001, 2002 and 2003.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

As a result of the assessment of whole legal and administrative process Akbank Board of Directors has agreed upon with the T.R. Ministry of Finance, in scope of the article 3 of the "Act on collection of some public receivables through settlement" published in the Official Gazette No.26800 dated 27 February 2008.

According the settlement the total amount of receivables of Akbank from Ministry of Finance related to those lawsuits is calculated as YTL 494.710, The remaining part amounting to YTL 224.709 after deducting the amount of YTL 270.000, which was accepted by the Ministry of Finance to be offset against various tax debts of Akbank, is recorded as other operating income by bank.

Deferred taxes

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%. For the group companies which are using investment allowances as a deduction from the corporate tax base, the rate is 30% until 31 December 2008. (31 December 2007: %20)

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 March 2008 and 31 December 2007 using the enacted tax rates, is as follows:

	<u>31 March 2008</u>		<u>31 December 2007</u>	
	Cumulative temporary difference	Deferred tax assets/ (liabilities)	Cumulative temporary difference	Deferred tax assets/ (liabilities)
Deferred income tax assets:				
Difference between tax base and carrying value of:				
- Property, plant and equipment	(34.147)	5.415	(39.188)	8.332
- Inventories	(35.980)	7.292	(37.018)	7.530
Provision for loan losses	(371.794)	74.359	(293.625)	58.725
Provision for employment termination benefits	(126.051)	26.739	(122.753)	25.965
Expense accruals	(75.917)	15.183	(76.305)	15.261
Provision for law suits	(30.729)	6.159	(41.398)	8.309
Carry forward tax losses	(30.562)	6.217	(37.121)	8.158
Other temporary differences	(112.638)	23.079	(90.597)	18.447
Deferred income tax assets		164.443		150.727
Deferred income tax liabilities:				
Difference between tax base and carrying value of:				
- Property, plant and equipment	766.245	(160.544)	664.164	(153.779)
- Inventories	3.092	(618)	2.639	(528)
Reversal of country risk provision	137.690	(55.076)	99.360	(39.744)
Valuation difference on investment securities	8.940	(1.788)	14.396	(2.875)
Deferred financing charges	4.908	(982)	5.289	(1.058)
Other temporary differences	45.249	(9.472)	57.980	(12.063)
Deferred income tax liabilities		(228.480)		(210.047)
Deferred income tax assets/(liabilities), net		(64.037)		(59.320)

Implications of net presentation form for the consolidated balance sheet of the Group are reflected, in consequence of joint ventures and subsidiaries as an independent tax payers, presented their deferred income tax assets and liabilities as a net, however temporary differences, deferred income tax assets and liabilities shown in the table above are prepared on the basis of the gross value of items.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax assets:	31 March 2008	31 December 2007
To be recovered after one year	62.056	65.498
To be recovered within one year	102.387	85.229
Total	164.443	150.727

Deferred income tax liabilities:	31 March 2008	31 December 2007
To be recovered after more than one year	165.762	159.814
To be recovered within one year	62.718	50.233
Total	228.480	210.047

The movements in deferred income tax assets for the periods ended 31 March 2008 and 2007 are as follows:

	31 March 2008	31 March 2007
Balances at 1 January	(59.320)	(66.819)
Disposal of a subsidiary	1.718	-
Establishment of subsidiary	-	(66)
Effect of currency translation	(7.846)	127
Transfer to non-current assets held for sale	1.363	-
Charged to income statement	48	8.860
Balances at 31 March	(64.037)	(57.898)

NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS

31 March 2008

Derivatives held for trading	Fair values	
	Assets	Liabilities
Foreign exchange derivatives		
Currency forwards	44.729	19.338
Currency swaps	111.182	4.366
Total over-the-counter derivatives	155.911	23.704
Interest rate derivatives		
Interest rate swaps	2.840	58.710
Total derivatives held for trading	158.751	82.414

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NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

31 December 2007	Fair values	
	Assets	Liabilities
Derivatives held for trading		
Foreign exchange derivatives		
Currency forwards	35.154	13.414
Currency swaps	25.625	18.445
Total over-the-counter derivatives	60.779	31.859
Interest rate derivatives		
Interest rate swaps	20.503	73.732
Total derivatives held for trading	81.282	105.591

NOTE 26 - RECEIVABLES FROM FINANCIAL OPERATIONS

a) Banking

Loans and advances to customers	31 March 2008	31 December 2007
Consumer loans and credit cards receivables	13.231.393	12.549.666
Financial institutions	3.521.994	3.058.770
Small-scale enterprises	3.167.076	3.350.936
Construction	3.085.263	2.053.527
Project finance loans	3.045.485	2.434.204
Other manufacturing industries	2.373.191	1.992.545
Food and beverage, wholesale and retail	1.578.298	1.358.464
Mining	1.548.386	1.391.498
Chemicals	1.276.453	1.102.932
Agriculture and forestry	769.143	760.626
Electronics	602.392	581.826
Textile	598.631	573.772
Automotive	580.042	642.714
Health care and social services	448.370	449.819
Tourism	368.331	196.671
Telecommunication	301.073	355.305
Other	7.107.671	6.406.147
Sub-total	43.603.192	39.259.422
Non-performing loans	801.268	1.007.628
Total loans and advances to customers	44.404.460	40.267.050
Allowance for loan losses	(1.173.062)	(1.301.253)
Net loans and advances to customers	43.231.398	38.965.797

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NOTE 26 - RECEIVABLES FROM FINANCIAL OPERATIONS (Continued)

The movements in loan loss provision as of 31 March 2008 are as follows:

	Corporate	Commercial	Credit Card	Total
Balance at 1 January	691.209	233.946	376.098	1.301.253
Gross provisions	172.690	75.363	82.187	330.240
Recoveries	(40.509)	(27.309)	(38.304)	(106.122)
Written-off	(186.528)	(36.001)	(129.780)	(352.309)
Foreign exchange gains/(losses)	-	-	-	-
31 March 2008	636.862	245.999	290.201	1.173.062

The movements in loan loss provision as of 31 December 2007 are as follows:

	Corporate	Commercial	Credit Card	Total
Balance at 1 January	357.092	106.796	323.219	787.107
Gross provisions	471.827	198.317	267.697	937.841
Recoveries	(116.721)	(63.993)	(173.319)	(354.033)
Written-off	(20.610)	(7.174)	(41.499)	(69.283)
Foreign exchange gains/(losses)	(379)	-	-	(379)
31 December 2007	691.209	233.946	376.098	1.301.253

The maturity schedule of loans and advances to customers at 31 March 2008 and 31 December 2007 are summarised below:

	31 March 2008	31 December 2007
Up to 3 months	15.842.382	15.226.822
3 to 12 months	11.423.048	10.228.672
Current	27.265.430	25.455.494
1 to 5 year	12.605.315	10.981.329
Over 5 year	3.360.653	2.528.974
Non-current	15.965.968	13.510.303
Total	43.231.398	38.965.797

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NOTE 26 - RECEIVABLES FROM FINANCIAL OPERATIONS (Continued)

The aging analysis of loans and advances past due but not impaired related to banking segment as of 31 March 2008 and 31 December 2007 is as follows:

	Corporate	Commercial	Credit Card	Total
Up to 1 month	415.526	533.111	267.124	1.215.761
1 to 2 months	179.729	239.587	86.349	505.665
2 to 3 months	82.553	79.009	24.722	186.284
31 March 2008	677.808	851.707	378.195	1.907.710

	Corporate	Commercial	Credit Card	Total
Up to 1 month	460.938	519.698	240.286	1.220.922
1 to 2 months	167.522	231.686	84.419	483.627
2 to 3 months	96.593	87.311	25.305	209.209
31 December 2007	725.053	838.695	350.010	1.913.758

The repricing schedule of loans and advances to customers at 31 March 2008 and 31 December 2007 is summarised below:

	31 March 2008	31 December 2007
Up to 3 months	22.942.749	20.121.877
3 to 12 months	12.685.559	12.285.621
1 to 5 year	6.718.788	5.816.734
Over 5 year	884.302	741.565
Total	43.231.398	38.965.797

Long-term and the short-term lease receivables of Ak Finansal Kiralama A.Ş. as a subsidiary of Akbank at 31 March 2008 are summarised below.

Financial lease receivables:	31 March 2008	31 December 2007
Gross investment in finance leases	828.150	779.730
Less: unearned finance income	(118.105)	(118.585)
Total investment in finance leases	710.045	661.145
Less: provision for impairment	(8.122)	(9.985)
Net investment in finance leases	701.923	651.160

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NOTE 26 - RECEIVABLES FROM FINANCIAL OPERATIONS (Continued)

Lease receivables represent the principal lease balances for lease agreements. The maturity schedule as of 31 March 2008 of lease receivables is summarised below:

	31 March 2008	31 December 2007
Up to 1 year	253.612	318.478
1 to 2 year	228.874	168.277
2 to 3 year	131.398	102.739
3 to 4 year	53.457	36.999
4 to 5 year	18.862	13.033
5 year and over	15.720	11.634
Total	701.923	651.160

Application of discounted rate for financial leasing operations was abolished by the article 2, paragraph 1 of the written decree published by the Council of Ministers in the Official Gazette dated 30 December 2007 No.2007/13033, which requires "In financial leasing operations, Value Added Tax ("VAT") rate of goods subject to transaction is applied." Application of New VAT rates is effective for the financial leasing agreements which were issued after the date of publish of the decree of Council of Ministers in the Official Gazette.

b) Insurance

	31 March 2008	31 December 2007
Receivables from insurance operations (net)	319.063	294.798

NOTE 27 - PAYABLES FROM FINANCIAL OPERATIONS

a) Banking

	31 March 2008			31 December 2007		
	Demand	Time	Total	Demand	Time	Total
Savings deposits	4.175.044	29.241.666	33.416.710	3.307.696	26.768.405	30.076.101
Commercial deposits	2.541.952	6.997.754	9.539.706	2.778.315	5.615.589	8.393.904
Bank deposits	114.541	2.633.406	2.747.947	153.252	1.786.712	1.939.964
Funds deposited under						
repo transactions	-	5.772.356	5.772.356	-	4.780.933	4.780.933
Other	1.027.157	1.412.992	2.440.149	952.182	1.326.385	2.278.567
Total	7.858.694	46.058.174	53.916.868	7.191.445	40.278.024	47.469.469

b) Insurance

	31 March 2008	31 December 2007
Payables from insurance operations (net)	43.642	32.599

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NOTE 28 - MUTUAL FUNDS

At 31 March 2008, the Group manages 18 (31 December 2007: 18) mutual funds ("Funds") and 19 pension funds which were established under Capital Markets Board Regulations. At 31 March 2008, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of YTL 4.672.992 (31 December 2007: YTL 4.548.184). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates, provides other services and charges management fees ranging from 0,00275% - 0,01375%. At 31 March 2008, management fees and commissions earned by the Group amounted to YTL 34.237 (31 March 2007: YTL 26.228).

NOTE 29 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in these consolidated statements of income is determined by dividing the net income after translation adjustment attributable to that class of share by the weighted average number of shares of that class that have been outstanding during the year.

	31 March 2008	31 March 2007
Earnings per share in full YTL		
- ordinary share ('000)	2,60	1,13
Weighted average number of shares with YTL 1,000 face value each		
- ordinary shares	180.000.000.000	180.000.000.000

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus calculated before 1 January 2004. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year. When the number of ordinary shares outstanding increases as a result of bonus shares after the balance sheet date but before the issue of financial statements, the earnings per share calculation is based on the new number of shares. No bonus shares were issued during the period 1 January - 31 March 2008.

The earnings attributable to each class of shares for each period are as follows:

	Vaksa share	Ordinary shares	Total
31 March 2008	14.453	467.330	481.783
31 March 2007	6.299	203.664	209.963

There were no differences between the basic and diluted earnings per share for any class of shares for any of these periods.

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NOTE 30 - RELATED PARTY DISCLOSURES

Due from related parties included in Trade receivables are as follows:

Due from related parties:	31 March 2008	31 December 2007
Akçansa	32.163	540
Brisa	16.804	3.143
Carrefoursa	2.663	187
Olmuksa	510	341
Diasa	325	49
Beksa	-	87
Other	7.230	7.353
Total	59.695	11.700

Due to related parties included in Trade payables are as follows:

Due to related parties:	31 March 2008	31 December 2007
Enerjisa	5.866	4.542
Brisa	2.049	5.076
Olmuksa	79	187
Other	564	1.235
Total	8.558	11.040

NOTE 31 - FINANCIAL RISK MANAGEMENT

The significant accounting policies other than Group accounting which is described in Note 2, followed in the preparation of the accompanying consolidated interim financial statements are summarised below:

31.1 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 5).

31.2 Sale and repurchase agreements

In the banking segment, securities sold subject to linked repurchase agreements (“repos”) are retained in the financial statements as trading, available-for-sale or held to maturity financial assets and measured in accordance with the policies used in measuring the relevant class. The counter party liability is included in customer deposits and the difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield method.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Securities purchased under agreements to resell (“reverse repos”) are recorded as cash and cash equivalents. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the reverse repo agreement using the effective yield method.

31.3 Reserve deposits with the Central Bank of the Republic of Turkey

Reserve deposits represent the minimum deposits maintained with the Central Bank of the Republic of Turkey (the “Central Bank”), as required by the Turkish Banking Law (“Banking Law”), calculated on the basis of customer deposits taken at the rates determined by the Central Bank. In accordance with the current legislation, the mandatory reserve deposit rates for New Turkish Lira and foreign currency deposits are 6% (31 December 2007: 6%) and 11% (31 December 2007: 11%), respectively. Interest income is recognised quarterly using the interest rates determined by the Central Bank.

31.4 Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

31.5 Related parties

For the purpose of the consolidated interim financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, Associates and Joint Ventures are considered and referred to as related parties. On consolidation, most of the related party activity is eliminated and the remainder of non-eliminated balances is disclosed in Note 30.

31.6 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 10). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.7 Financial Assets

In accordance with IAS 39, in the banking segment the Group classifies its investments in debt and equity securities in the three following categories; assets held at fair value through profit or loss, held-to-maturity and, available-for-sale assets. Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity are classified as "held-to-maturity financial assets". Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in the interest rates, exchange rates or equity prices, or the client's servicing activity are classified as "available-for-sale financial assets". The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

All investment securities are initially recognised at cost. Transaction costs are included in the initial measurement of debt securities. Available-for-sale debt and equity investment securities are subsequently re-measured at fair value if the fair values can be reliably measured.

Investments in which the Holding has an interest below 20% that do not have a quoted market price in active markets, for which other methods of making a reasonable estimate of fair value are clearly inappropriate or unworkable and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. Unrealised gains and losses arising from changes in the fair value of available for sale debt securities are the differences between the fair value of such securities and their amortised cost at the balance sheet date. When available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Held to maturity investments are carried at amortised cost using the effective yield method.

Financial assets at fair value through profit or loss are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the income statement.

Interest received from financial assets at fair value through profit or loss is recognised in the income statement as part of interest income and dividend received is recognised in the income statement as part of dividend income. All purchases and sales of financial assets at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the trade date, which is the date that the banks commit to purchase or sell the assets.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.8 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract, discounted to 31 March 2008. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, do not qualify for hedge accounting under the specific rules under IAS 39 and are therefore treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

Gains and losses on forward foreign exchange contracts are calculated by valuing the contract with the spot exchange rate prevailing at the balance sheet date and comparing the amount arrived at with the original amount calculated on a straight line basis by using the spot rate prevailing at the beginning of the contracts. Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps are included in the interest income and expense as appropriate.

31.9 Investment property

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 12). The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies IAS 16 "Property, Plant and Equipment". At that date, the property becomes investment property and thus is transferred to investment property.

31.10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated interim financial statements (Note 13). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Years</u>
Land improvements	4-50
Buildings	18-50
Machinery and equipment	2-25
Motor vehicles	2-15
Furniture and fixtures	3-10

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets.

Costs to property plant and equipment are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

31.11 Intangible assets

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 14). The amortisation of mining rights commences when the extraction begins.

31.12 Non-current assets held for sale and discontinued operations

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in consolidated income statement.

31.13 Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.14 Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

31.15 Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. The Group opted for early adoption and changed accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

31.16 Deferred financing charges

Deferred financing charges (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised using the effective interest method over the remaining life of the long-term bank borrowings.

31.17 Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to measure deferred income taxes.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 24).

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.18 Employee benefits

Retirement benefits

Akbank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund"), established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Pension Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

On 18 November 2005, Banking Law No.5411 ("New Law") which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date was published in the Official Gazette. However, President of the Turkish Republic applied to the Constitutional Court on 2 November 2005 for the abrogation of the related article of Banking Law, and this article was abrogated with the decision No E. 2005/39, K. 2007/33 dated 22 March 2007, which was published in the Official Gazette No 26479 dated 31 March 2007, and its execution was annulled at the publication date of the decision.

Following the publication of the reasoned ruling of the Constitutional Court in December 2007, the relevant commission of the Turkish Parliament began to work on a new law provision establishing the transfer of the pension funds. The law provision was drawn up as a draft in the first months of 2008 and the legislation processes are in progress as of the preparation date of these financial statements.

As of 31 March 2008, the pension fund has no technical or actuarial deficit which requires a provision, in accordance with the technical balance sheet report audited pursuant to the framework stated in the above first paragraph, and which was prepared in consideration of the draft law provisions mentioned above. Furthermore, Akbank management is of the opinion that the liability amount to arise during and after the transfer will be at a reasonable level that can be met by the Fund's assets and it will not cause any additional burden for Akbank.

Employment termination benefits

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 17).

31.19 Provisions, contingent liabilities and assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.20 Loans and advances to customers and provisions for loan impairment

Loans originated by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated and are carried at amortised cost using the effective yield method. Costs incurred due to obtaining guarantees for originated loans are not considered as transaction costs and are charged to the income statement. Loans originated by providing money directly to banks such as time or demand deposits are classified as due from banks.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

The provision made during the period is charged against the profit for the period. Loans that cannot be recovered are written off and charged against the allowance for loan losses. Such loans are written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for loan losses for the period.

31.21 Government grants

The Group benefits from research and development (“R&D”) grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey (“TÜBİTAK”) and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.22 Insurance technical reserves

Unearned premiums reserve

Unearned premiums are those proportions of the premiums written in a year that relate to the period of risk subsequent to the balance sheet date for all policies with more than one year of maturity.

Claim provisions

Claims are recorded in the period in which they occur, based on reported claims or on the basis of estimates when not reported. The provision for claims outstanding is the total estimated ultimate cost of settling all claims arising from events, which have occurred up to the end of the accounting period. Full provision is made for outstanding claims, including claim settlements, reported at the end of the period according to the insurance expert's report, or according to the initial estimations of the insured and the expert.

Life assurance provision

The Subsidiaries dealing in life assurance are required to establish benefit reserves, which in the aggregate must be sufficient to provide for future guaranteed benefits as they become due. The life assurance provision is based on the level of premiums, as adjusted by commission, and administrative expenses and risk premiums that are computed on the basis of actuarial mortality assumptions, as approved by the Insurance Supervisory Office, which are applicable for Turkish insurance companies. The revenues obtained upon the investment activities in relation to the provisions held, are set aside as life assurance provision.

31.23 Leasing transactions

31.23.1 The Group as a lessee

Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in leasing payables.

Obligations under finance leases are stated in the consolidated interim financial statements at the acquisition values of the related property, plant and equipment. The interest element of the finance cost is charged to the income statement over the lease period.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.23.2 The Group as a lessor

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

31.24 Revenue recognition

Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills (Note 4.e).

Commission income and fees for various banking services are recorded as income at the time they affect the transactions to which they relate.

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period (Note 4.e).

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

Other segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.25 Earnings per share

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 42 earnings per share are calculated in accordance with IAS 33 “Earnings Per Share”.

32.26 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated interim financial statements are presented in New Turkish lira, which is the functional currency of the Holding.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into New Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

Foreign Group companies

The results of Group undertakings using a measurement currency other than New Turkish lira are first translated into New Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and year-end rates are included in translation reserve as a separate item in the shareholders’ equity.

31.27 Business combinations

In accordance with IFRS 3 “Business Combinations” all business combinations are accounted for by applying the purchase method. If the acquisition cost is higher than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as goodwill. Prior to the acquisition, the fair value differences of the net assets are accounted as fair value reserve in equity. Goodwill recognised in a business combination is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs the impairment test of goodwill at year-ends.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period (Note 3).

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Partial share purchase-sale transactions with minority interests

The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are recorded in equity under retained earnings since there is no caption for these gains or losses in accordance with the CMB Financial Reporting Standards.

31.28 Use of estimates

The preparation of consolidated interim financial statements in conformity with CMB Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

31.29 Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has selected business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have not been disclosed in these consolidated interim financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated interim financial statements.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.30 Financial Instruments and Financial Risk Management

31.30.1 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies, approved by their Board of Directors.

31.30.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analysing foreign currency position through obtaining positions within the approved limits (Note 29). The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

The Group is exposed to foreign exchange risk arising primarily from the Euro, US dollar and UK pound.

The foreign exchange risk of Group companies other than that of the banking segment is as follows (please refer to 31.30.1.5 for the foreign exchange risk of the Banking segment).

At 31 March 2008, if the Euro had strengthened/weakened by 10% against the YTL with all other variables held constant, income before monetary loss, minority interest and tax for the year would have been YTL 28.298 (31 March 2007: YTL 1.991) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of Euro assets and liabilities.

At 31 March 2008, if the US dollar had strengthened/weakened by 10% against the YTL with all other variables held constant, income before monetary loss, minority interest and tax for the year would have been YTL 34.120 (31 March 2007: YTL 31.798 lower/higher) higher/lower, mainly as a result of foreign exchange losses/gains on the translation of US dollar assets and liabilities.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

At 31 March 2008, if the GBP had strengthened/weakened by 10% against the YTL with all other variables held constant, income before monetary loss, minority interest and tax for the year would have been YTL 4.027 (31 March 2007: YTL 5.242) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP assets and liabilities.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 31 March 2008 and 31 December 2007 terms of YTL are as follows:

	31 March 2008	31 December 2007			
Assets	36.502.723	29.809.256			
Liabilities	(36.602.133)	(29.779.885)			
Net foreign currency balance sheet position	(99.410)	29.371			
	31 March 2008				
	USD	EUR	GBP	Other	Total
Cash and cash equivalents	4.790.859	2.585.254	50.742	47.294	7.474.149
Derivative financial instruments	50.257	72.101	-	-	122.358
Reserve deposits at Central Bank	1.735.315	-	-	-	1.735.315
Loans and advances to customers	11.877.586	6.833.938	43.652	73.646	18.828.822
Financial assets	4.333.242	2.682.843	-	-	7.016.085
Financial lease receivables	172.758	339.326	-	-	512.084
Trade receivables	185.504	326.539	37.886	44.012	593.941
Other current assets	11.730	82.547	71.539	54.153	219.969
Total foreign currency denominated assets	23.157.251	12.922.548	203.819	219.105	36.502.723
Borrowings	7.339.815	5.418.833	5.838	62.411	12.826.897
Customer deposits	11.041.441	11.010.374	682.107	182.650	22.916.572
Derivative financial instruments	58.840	5.117	2	-	63.959
Trade payables	94.276	191.508	7.143	133.242	426.169
Other payables	157.948	155.464	11.672	43.452	368.536
Total foreign currency denominated liabilities	18.692.320	16.781.296	706.762	421.755	36.602.133
Net balance sheet position	4.464.931	(3.858.748)	(502.943)	(202.650)	(99.410)

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2007				
	USD	EUR	GBP	Other	Total
Cash and cash equivalents	1.147.776	2.016.418	45.106	54.129	3.263.429
Derivative financial instruments	28.891	17.991	-	-	46.882
Reserve deposits at Central Bank	-	1.545.654	-	-	1.545.654
Loans and advances to customers	9.513.804	5.292.396	26.165	42.568	14.874.933
Financial assets	6.754.187	2.189.459	-	-	8.943.646
Financial lease receivables	152.753	289.221	-	-	441.974
Trade receivables	190.310	287.179	54.196	38.716	570.401
Other current assets	19.580	71.415	3.026	28.316	122.337
Total foreign currency denominated assets	17.807.301	11.709.733	128.493	163.729	29.809.256
Borrowings	6.215.537	4.187.420	11.844	52.928	10.467.729
Customer deposits	9.831.632	8.130.777	556.830	165.601	18.684.840
Derivative financial instruments	19.658	29.093	-	-	48.751
Trade payables	95.512	180.400	16.642	46.446	339.000
Other payables	99.963	97.595	7.052	34.955	239.565
Total foreign currency denominated liabilities	16.262.302	12.625.285	592.368	299.930	29.779.885
Net balance sheet position	1.544.999	(915.552)	(463.875)	(136.201)	29.371

	USD	
	31 March 2008	31 March 2007
Total export amount	298.500	269.000
Total import amount	464.100	320.100
Ratio of the total hedging of foreign currency exposure	%64	%84

31.30.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2008 and 2007, the Group's borrowings at variable rate are denominated in YTL, US dollar and Euro.

31.30.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities.

The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

31.30.1.4 Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk to any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base and their dispersion across many different industries.

The credit risk on all products of Akbank including placements to customers, commitments and letters of credit is managed by detailed loan policies and procedures.

Akbank rates all borrowers and third parties in order to assess the quality of loans provided. The credit risk analysis is based on the Basel II Advanced Risk Decisioning and Monitoring approach (Advanced IRB).

Scoring systems calculate the risk of default for different types of customers and form different rating systems for corporate, consumer and credit card loans.

The credit risk analysis on loans and advances by credit rating at 31 March 2008 is as follows:

31 March 2008	Corporate	Consumer	Credit Card	Total
Investment grade	29.246.059	8.664.071	3.735.530	41.645.660
Standard monitoring	1.145.492	589.585	222.455	1.957.532
Loans under follow-up	562.245	167.416	71.607	801.268
Total	30.953.796	9.421.072	4.029.592	44.404.460
General provision	(562.245)	(167.416)	(71.607)	(801.268)
Specific provision	(173.402)	(45.566)	(152.826)	(371.794)
Total provision	(735.647)	(212.982)	(224.433)	(1.173.062)
Loans and advances, net	30.218.149	9.208.090	3.805.159	43.231.398

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

The credit risk analysis on loans and advances by credit rating at 31 December 2007 is as follows:

31 December 2007	Corporate	Consumer	Credit Card	Total
Investment grade	25.654.604	8.137.838	3.651.369	37.443.811
Standard monitoring	953.145	626.211	236.255	1.815.611
Loans under follow-up	526.434	200.743	280.451	1.007.628
Total	27.134.183	8.964.792	4.168.075	40.267.050
General provision	(131.591)	(33.254)	(128.780)	(293.625)
Specific provision	(526.434)	(200.743)	(280.451)	(1.007.628)
Total provision	(658.025)	(233.997)	(409.231)	(1.301.253)
Loans and advances, net	26.476.158	8.730.795	3.758.844	38.965.797

The maximum exposure of the banking segment to credit risk is as follows:

	31 March 2008	31 December 2007
Due from banks	2.700.346	1.572.712
Loans and advances	43.231.398	38.965.797
loans to individuals	13.013.249	12.489.639
- credit cards	3.805.159	3.758.844
- consumer loans	9.208.090	8.730.795
loans and advances to corporate customers	30.218.149	26.476.158
Lease receivables	700.106	651.160
Trading securities	5.345.732	4.813.851
Derivative financial instruments	158.751	81.282
Financial assets	23.129.550	21.005.426
Other assets	500.779	432.724
Total	75.766.662	67.522.952

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Moody's rating analysis of trading securities and available for sale financial assets in the banking segment at 31 March 2008 and 31 December 2007 is as follows:

31 March 2008	Fair value through profit or loss	Available for sale financial assets	Total
Aaa	-	21.480	21.480
A1, A2, A3	-	155.130	155.130
Baa1, Baa2, Baa3	-	26.176	26.176
Ba3 (*)	5.345.732	22.926.764	28.272.496
Total	5.345.732	23.129.550	28.475.282

31 December 2007	Fair value through profit or loss	Available for sale financial assets	Total
Aaa	-	6.072	6.072
A1, A2, A3	-	46.344	46.344
Baa1, Baa2, Baa3	-	23.260	23.260
Ba3 (*)	4.813.851	20.929.750	25.743.601
Total	4.813.851	21.005.426	25.819.277

(*) Government bond and treasury bills of Turkish Treasury.

The geographical distribution of financial assets of the banking segment at 31 March 2008 and 31 December 2007 is as follows:

31 March 2008	Turkey	US	European Union	Non-European Union	Total
Due from other banks	2.807	310.360	2.379.136	8.043	2.700.346
Loans and advances	41.843.005	-	840.007	548.386	43.231.398
Loans and advances to customers	13.013.249	-	-	-	13.013.249
- credit cards	3.805.159	-	-	-	3.805.159
- consumer loan	9.208.090	-	-	-	9.208.090
Loans and advances to corporate customers	28.829.756	-	840.007	548.386	30.218.149
Lease receivables	700.106	-	-	-	700.106
Trading securities	5.345.732	-	-	-	5.345.732
Derivative financial instruments	44.580	2.193	111.978	-	158.751
Financial assets	22.918.107	-	211.443	-	23.129.550
Other assets	407.608	-	93.171	-	500.779
Total	71.261.945	312.553	3.635.735	556.429	75.766.662

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2007	Turkey	US	European Union	Non-European Union	Total
Due from other banks	212.038	426.407	884.123	50.144	1.572.712
Loans and advances	38.092.236	11.441	405.239	456.881	38.965.797
Loans and advances to customers	12.489.639	-	-	-	12.489.639
- credit cards	3.758.844	-	-	-	3.758.844
- consumer loan	8.730.795	-	-	-	8.730.795
Loans and advances to corporate customers	25.602.597	11.441	405.239	456.881	26.476.158
Lease receivables	651.160	-	-	-	651.160
Trading securities	4.813.851	-	-	-	4.813.851
Derivative financial instruments	42.422	-	38.860	-	81.282
Financial assets	20.919.296	110	86.020	-	21.005.426
Other assets	380.514	-	52.210	-	432.724
Total	65.111.517	437.958	1.466.452	507.025	67.522.952

31.30.1.5 Value at Risk

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The determined limits are subject to an approval mechanism and authority limitations which enhance the control effectiveness. The market risk is measured based on investment securities portfolio and an analysis of market risk that also includes the foreign exchange risk is reported to the Risk Management Committee of Akbank.

The table (*) below represents average market risk table at 31 March 2008 and 31 December 2007 calculated in accordance with the "Standard Method for Market Risk Calculations" as set out in Section 3 of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio", published in the Official Gazette No.26333 dated 1 November 2006, "Calculation of Market Risk with the Standard Method".

	31 March 2008	31 December 2007
Interest rate risk	186.283	167.506
Foreign exchange risk	667	39.077
Equities risk	21.525	598
Total (**)	208.475	207.181

(*) The table above has been prepared using Akbank's consolidated financial statements prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, related to the 5411 numbered Banking Law which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency.

(**) Total balance represents the total capital to be employed for market risk.

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

31.30.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as the total liability less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

The net liability/invested capital ratios at 31 March 2008 and 31 December 2007 are as follows:

	31 March 2008	31 December 2007
Total liability	71.642.190	63.141.639
Cash and cash equivalents	(8.935.389)	(2.901.156)
Net liability	62.706.801	60.240.483
Equity	16.456.152	16.040.580
Invested capital	79.162.953	76.281.063
Net liability/invested capital ratio	79%	79%

NOTE 32 - FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Holding and its Subsidiaries and Joint Ventures using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Holding and its Subsidiaries and Joint Ventures could realise in a current market exchange.

For all other segments other than those of the banking segment the following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS (Continued)

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables are carried at amortised cost using the effective yield method, and hence are considered to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are stated at their fair values and accordingly their carrying amounts approximate their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

NOTE 33 - SUBSEQUENT EVENTS

At the Ordinary General Meeting of shareholders of Hacı Ömer Sabancı Holding A.Ş. held on 21 May 2008, in respect of the distribution of the consolidated net profit for the period 01.01.2007 -31.12.2007 amounting to YTL 969.487.420,54, in accordance with its article, it's decided that after allocating first legal reserve fund amounting YTL 21.998.844,82, a gross cash profit share of YTL 180.000.000. will be paid to the shareholders holding the shares representing the corporate capital of YTL 1.800.000.000, YTL 10.031.473,24 to the Hacı Ömer Sabancı Foundation and YTL 390.000 to the members of the Board of Directors and the rest will be set aside as the Extraordinary Reserve Fund, and, the profit share payments will be started as of 22 May 2008.

Hacı Ömer Sabancı Holding A.Ş., contributed to the capital increase of Enerjisa Enerji Üretim A.Ş. from YTL 413.908.535 to YTL 565.708.535. The share of Holding amounting to EUR 45.985.788 was paid on 18 April 2008.

Hacı Ömer Sabancı Holding A.Ş., contributed to the capital increase of Temsa Sanayi ve Ticaret A.Ş., a subsidiary of Holding, from YTL 70.000.000 to YTL 210.000.000. The share of Holding amounting to YTL 64.339.156 was paid on 28 May 2008.

The title of Temsa Sanayi ve Ticaret A.Ş. was changed as Temsa Global A.Ş. as of the registration date 12 May 2008.