

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2006
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hacı Ömer Sabancı Holding A.Ş.

1. We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Holding") which comprise the consolidated balance sheet as of 31 December 2006 and the related consolidated statement of income, changes in shareholders' equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Holding management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing independent audit techniques to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The techniques selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Hacı Ömer Sabancı Holding A.Ş. as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Emphasis of Matter

5. The consolidated financial statements include the accounts of Holding, the parent company, its Subsidiaries and Joint Ventures. Subsidiaries are companies in which the parent company has the power to govern the financial and operating policies. In these consolidated financial statements, subsidiaries are companies in which Holding exercises a dominant influence and power to govern the financial and operating policies through the exercise of voting power relating to shares held by Holding and its Subsidiaries together with voting power which Holding effectively exercises relating to shares held by Sabancı family members. Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Holding and one or more other parties. In effect the family members allow Holding to exercise voting power in respect of their shares held in these companies. In these consolidated financial statements the shares held by Sabancı family members in the consolidated subsidiaries are treated as minority interests.

Additional paragraph for convenience translation into English:

6. The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Accounting Standards") differ from International Financial Reporting Standards ("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 in the period subsequent to balance sheet date and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz, SMMM
Partner

Istanbul, 13 April 2007

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2006 AND 2005

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

| | Notes | 2006 USD (*) | 2006 | (Restated) 2005 |
|---|-------|-------------------|-------------------|--------------------|
| ASSETS | | | | |
| Current assets | | 32.071.720 | 45.080.012 | 40.728.140 |
| Cash and cash equivalents | 4 | 3.454.597 | 4.855.781 | 4.255.300 |
| Marketable securities (net) | 5 | 4.720.680 | 6.635.388 | 6.557.102 |
| Financial assets (net) | | | | |
| - Available for sale | 16.a | 5.243.530 | 7.370.306 | 7.126.968 |
| - Held-to-maturity | 16.b | 5.800 | 8.152 | 536.811 |
| Derivative financial instruments | 44 | 64.745 | 91.005 | 12.128 |
| Reserve deposits with the Central Bank of the Republic of Turkey | | 1.915.749 | 2.692.777 | 3.927.451 |
| Loans and advances to customers | 45 | 14.286.804 | 20.081.532 | 15.608.156 |
| Trade receivables (net) | 7 | 1.002.692 | 1.409.384 | 1.292.252 |
| Lease receivables (net) | 8 | 148.734 | 209.060 | 122.576 |
| Due from related parties (net) | 9 | 15.378 | 21.616 | 19.615 |
| Other receivables (net) | 10 | 268.512 | 377.423 | 299.398 |
| Biological assets (net) | 11 | - | - | - |
| Inventories (net) | 12 | 898.298 | 1.262.648 | 900.504 |
| Receivables from construction contracts work in progress (net) | 13 | - | - | - |
| Deferred income tax assets | 14 | - | - | - |
| Other current assets | 15 | 46.201 | 64.940 | 69.879 |
| Non-current assets | | 16.035.065 | 22.538.888 | 21.114.260 |
| Loans and advances to customers | 45 | 6.618.650 | 9.303.174 | 6.288.896 |
| Trade receivables (net) | 7 | 307.767 | 432.597 | 234.407 |
| Lease receivables (net) | 8 | 197.889 | 278.153 | 136.869 |
| Due from related parties (net) | 9 | - | - | - |
| Other receivables (net) | 10 | 26.934 | 37.859 | 47.564 |
| Financial assets (net) | | | | |
| - Available for sale | 16.a | 5.191.152 | 7.296.683 | 8.664.435 |
| - Held-to-maturity | 16.b | - | - | 244.525 |
| - Investments | 16.c | 129.350 | 181.814 | 114.965 |
| Goodwill / negative goodwill (net) | 17 | 200.236 | 281.452 | 297.118 |
| Investment properties (net) | 18 | 197.380 | 277.438 | 290.965 |
| Property, plant and equipment (net) | 19 | 2.873.656 | 4.039.211 | 4.229.444 |
| Intangible assets (net) | 20 | 190.071 | 267.164 | 199.265 |
| Deferred income tax assets | 14 | 101.980 | 143.343 | 365.807 |
| Other non-current assets | 15 | - | - | - |
| Total Assets | | 48.106.785 | 67.618.900 | 61.842.400 |

These consolidated financial statements have been approved by Board of Directors on 13 April 2007 and signed on its behalf by Ahmet C. Dördüncü and Nedim Bozfakioğlu.

(*) USD amounts presented above are translated from YTL for convenience purposes only, at the official YTL exchange rate announced by CBRT at 31 December 2006, and therefore do not form part of these consolidated financial statements (Note 2.6).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2006 AND 2005

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

| | Notes | 2006 USD (*) | 2006 | (Restated) 2005 |
|--|-----------|-------------------|-------------------|--------------------|
| LIABILITIES | | | | |
| Current liabilities | | 33.964.069 | 47.739.897 | 45.791.192 |
| Short-term borrowings (net) | 6 | 2.673.522 | 3.757.903 | 5.945.359 |
| Current portion of long-term borrowings (net) | 6 | 493.047 | 693.027 | 230.329 |
| Banking customer deposits | 46 | 28.565.740 | 40.152.004 | 36.778.571 |
| Derivative financial instruments | 44 | 52.889 | 74.341 | 70.280 |
| Lease payables (net) | 8 | 2.861 | 4.022 | 8.500 |
| Other financial liabilities (net) | 10 | - | - | - |
| Insurance technical reserves | | 158.882 | 223.325 | 157.520 |
| Trade payables (net) | 7 | 695.371 | 977.413 | 908.348 |
| Due to related parties (net) | 9 | 5.833 | 8.199 | 8.399 |
| Advances received | 21 | 13.593 | 19.107 | 29.491 |
| Construction contracts progress billings (net) | 13 | - | - | - |
| Provisions | 23 | 87.120 | 122.456 | 233.862 |
| Current liabilities | 15 | 154.397 | 217.020 | 157.035 |
| Deferred income tax liabilities | 14 | - | - | - |
| Other current liabilities (net) | 10 | 1.060.814 | 1.491.080 | 1.263.498 |
| Non-current liabilities | | 5.711.169 | 8.027.618 | 4.395.131 |
| Long-term borrowings (net) | 6 | 4.814.132 | 6.766.744 | 3.519.917 |
| Banking customer deposits | 46 | 268.295 | 377.115 | 149.082 |
| Lease payables (net) | 8 | 2.122 | 2.983 | 5.129 |
| Other financial liabilities (net) | 10 | - | - | - |
| Trade payables (net) | 7 | 287.346 | 403.894 | 204.135 |
| Due to related parties (net) | 9 | - | - | - |
| Advances received | 21 | - | - | - |
| Insurance technical reserves | | 42.546 | 59.802 | 81.088 |
| Provisions | 23 | 106.928 | 150.298 | 142.373 |
| Deferred income tax liabilities | 14 | 149.518 | 210.162 | 271.401 |
| Government grants | 30 | - | - | - |
| Other payables (net) | 10 | 40.282 | 56.620 | 22.006 |
| MINORITY INTERESTS | 24 | 3.555.094 | 4.997.041 | 4.856.918 |
| - Sabancı family members | | 1.489.893 | 2.094.194 | 1.986.062 |
| - Others | | 2.065.201 | 2.902.847 | 2.870.856 |
| SHAREHOLDERS' EQUITY | | 4.876.453 | 6.854.344 | 6.799.159 |
| Share capital | 25 | 1.280.592 | 1.800.000 | 1.800.000 |
| Treasury shares | 25 | - | - | - |
| Capital reserves | 26 | 2.747.453 | 3.861.820 | 4.010.259 |
| Share premium | | 15.417 | 21.670 | 21.670 |
| Share cancellation gains | | - | - | - |
| Revaluation fund | | 7.467 | 10.496 | 12.455 |
| Fair value reserve of financial assets | | (38.608) | (54.267) | 92.213 |
| Inflation adjustment to shareholders' equity | | 2.763.177 | 3.883.921 | 3.883.921 |
| Profit reserves | 27 | 234.093 | 329.042 | 282.114 |
| Legal reserves | | 65.782 | 92.463 | 76.136 |
| Statutory reserves | | - | - | - |
| Extraordinary reserves | | 340.073 | 478.007 | 567.538 |
| Special reserves | | - | - | - |
| Investment and property sales income to be added to the share capital | | - | - | - |
| Translation reserve | | (171.762) | (241.428) | (361.560) |
| Net income for the period | | 351.486 | 494.049 | 689.765 |
| Retained earnings | 28 | 262.829 | 369.433 | 17.021 |
| Total liabilities and shareholders' equity | | 48.106.785 | 67.618.900 | 61.842.400 |
| Commitments and contingent assets and liabilities | 31 | | | |

(*) USD amounts presented above are translated from YTL for convenience purposes only, at the official YTL exchange rate announced by CBRT at 31 December 2006, and therefore do not form part of these consolidated financial statements (Note 2.6).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

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

| | Notes | 2006 USD (*) | 2006 | (Restated) 2005 |
|---|-----------|-------------------|-------------------|--------------------|
| OPERATING REVENUE | | 12.052.476 | 16.940.961 | 14.153.193 |
| Sales (net) | 36 | 7.221.913 | 10.151.121 | 8.666.070 |
| Interest Income | 36 | 4.830.563 | 6.789.840 | 5.487.123 |
| Cost of Sales (-) | | (5.591.234) | (7.859.038) | (6.618.282) |
| Interest Expense | | (2.932.428) | (4.121.821) | (2.753.289) |
| Service Income (net) | 36 | - | - | - |
| Other Operating Income | 36 | - | - | - |
| GROSS PROFIT | | 3.528.814 | 4.960.102 | 4.781.622 |
| Operating expenses (-) | 37 | (1.974.376) | (2.775.183) | (2.324.313) |
| OPERATING PROFIT | | 1.554.438 | 2.184.919 | 2.457.309 |
| Other income | 38 | 321.832 | 452.367 | 291.222 |
| Other expenses (-) | 38 | (166.942) | (234.653) | (162.692) |
| Financial expenses (-) | 39 | (299.836) | (421.450) | (233.394) |
| Income from associates | 16 | 79.504 | 111.751 | 52.909 |
| INCOME BEFORE MONETARY LOSS, MINORITY INTEREST AND TAX | | 1.488.996 | 2.092.934 | 2.405.354 |
| Monetary gain/ (loss) | 40 | - | - | - |
| PROFIT/LOSS OF MINORITY INTEREST | 24 | (705.956) | (992.292) | (993.927) |
| - Sabancı Family Members | | (282.590) | (397.209) | (406.948) |
| - Others | | (423.366) | (595.083) | (586.979) |
| INCOME BEFORE TAX | | 783.040 | 1.100.642 | 1.411.427 |
| Taxation on income | 41 | (431.554) | (606.593) | (721.662) |
| NET INCOME FOR THE PERIOD | | 351.486 | 494.049 | 689.765 |
| Earnings per share | | | | |
| - usufruct shares (TRY) | 42 | | - | 218.973 |
| - thousands of ordinary shares (TRY) | 42 | | 2,66 | 3,49 |

(*) USD amounts presented above are translated from YTL for convenience purposes only, at the official YTL exchange rate announced by CBRT at 31 December 2006, and therefore do not form part of these consolidated financial statements (Note 2.6).

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

HACI ÖMER SABANCI HOLDING A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

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

| | Share Capital | Share premium in excess of par value | Revaluation reserve | Fair value reserve of financial assets | Inflation adjustment to shareholders' equity | Legal reserves | Extraordinary reserves | Translation reserve | Net income for the period | Retained earnings | Total |
|---|------------------|---|------------------------|---|---|-------------------|---------------------------|------------------------|------------------------------|----------------------|------------------|
| Balances at 31 December 2004 | | | | | | | | | | | |
| - as previously reported | 1.200.000 | 21.670 | - | 2.583 | 4.065.395 | 54.110 | 255.893 | (307.744) | 724.132 | 173.678 | 6.189.717 |
| Accounting policy change (Note 2.3) | - | - | - | 21.584 | - | - | - | - | - | - | 21.584 |
| Balances at 1 January 2005 | | | | | | | | | | | |
| - as restated | 1.200.000 | 21.670 | - | 24.167 | 4.065.395 | 54.110 | 255.893 | (307.744) | 724.132 | 173.678 | 6.211.301 |
| Effect of application of IFRS 3 (Note 2.3) | - | - | - | - | - | - | - | - | - | 14.595 | 14.595 |
| Transfers | - | - | - | - | - | 22.026 | 311.645 | - | (724.132) | 390.461 | - |
| Capital increase | 600.000 | - | - | - | (181.474) | - | - | - | - | (418.526) | - |
| Effect of change in the effective rate of subsidiaries | - | - | - | - | - | - | - | - | - | (14.501) | (14.501) |
| Dividends paid | - | - | - | - | - | - | - | - | - | (128.686) | (128.686) |
| Addition to revaluation reserve | - | - | 12.455 | - | - | - | - | - | - | - | 12.455 |
| Available for sale investments- net fair value gains, net of tax | - | - | - | 68.046 | - | - | - | - | - | - | 68.046 |
| Currency translation differences | - | - | - | - | - | - | - | (53.816) | - | - | (53.816) |
| Net income for the period | - | - | - | - | - | - | - | - | 689.765 | - | 689.765 |
| Balances at 31 December 2005 | 1.800.000 | 21.670 | 12.455 | 92.213 | 3.883.921 | 76.136 | 567.538 | (361.560) | 689.765 | 17.021 | 6.799.159 |
| Balances at 1 January 2006 | 1.800.000 | 21.670 | 12.455 | 92.213 | 3.883.921 | 76.136 | 567.538 | (361.560) | 689.765 | 17.021 | 6.799.159 |
| Transfers | - | - | - | - | - | 16.327 | 179.794 | - | (689.765) | 493.644 | - |
| Effect of change in the effective rate of subsidiaries | - | - | - | - | - | - | - | - | - | 5.864 | 5.864 |
| Purchase of usufruct shares (Note 42) | - | - | - | - | - | - | (269.325) | - | - | - | (269.325) |
| Dividends paid | - | - | - | - | - | - | - | - | - | (149.055) | (149.055) |
| Transfer from revaluation reserve | - | - | (1.959) | - | - | - | - | - | - | 1.959 | - |
| Available for sale investments net fair value losses, net of tax | - | - | - | (146.480) | - | - | - | - | - | - | (146.480) |
| Currency translation differences | - | - | - | - | - | - | - | 120.132 | - | - | 120.132 |
| Net income for the period | - | - | - | - | - | - | - | - | 494.049 | - | 494.049 |
| Balances at 31 December 2006 | 1.800.000 | 21.670 | 10.496 | (54.267) | 3.883.921 | 92.463 | 478.007 | (241.428) | 494.049 | 369.433 | 6.854.344 |

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

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

| | Notes | USD (*) | 2006 | 2005 |
|--|----------|------------------|--------------------|--------------------|
| Income before taxation and minority interests | | 1.488.996 | 2.092.934 | 2.405.354 |
| Adjustments to reconcile income before taxation and outside interest to net cash provided by operating activities: | | | | |
| Depreciation and amortisation | | 337.957 | 475.033 | 451.392 |
| Provision for loan losses | | 177.887 | 250.038 | 200.441 |
| Insurance technical reserves | | (45.270) | (63.632) | (56.900) |
| Change in employment termination benefits reserve | 23 | 37.647 | 52.917 | 49.943 |
| Re-measurement of derivatives at fair value | | (53.227) | (74.816) | 261.683 |
| Income from associates | 16 | (79.504) | (111.751) | (52.909) |
| Currency translation adjustment | | 58.993 | 82.920 | (39.217) |
| Goodwill impairment | 17 | 7.606 | 10.691 | 131.022 |
| Goodwill charge to the income statement | | 9.277 | 13.040 | - |
| Impairment charge on tangible assets and investment property | 38 | 100.729 | 141.584 | 14.009 |
| Negative goodwill income | 38 | (2.464) | (3.464) | (87.686) |
| Loss on sale of subsidiaries | | 31.920 | 44.867 | - |
| Other | | 20.491 | 28.802 | (53.047) |
| Net cash provided by operating activities before changes in operating assets and liabilities | | 2.091.038 | 2.939.163 | 3.224.085 |
| Changes in operating assets and liabilities | | | | |
| Increase in trade receivable | | (192.989) | (271.265) | (315.020) |
| Increase in due from related parties | | (1.259) | (1.770) | (654) |
| Increase in inventory | | (211.825) | (297.741) | (31.158) |
| Increase in other receivables and other current assets | | (272.854) | (383.523) | (23.351) |
| Increase in lease receivables | | (162.043) | (227.768) | (259.445) |
| Increase in trade payables | | 168.608 | 236.996 | 337.147 |
| Decrease in due to related parties | | (277) | (390) | (5.672) |
| Increase in insurance technical reserve | | 76.947 | 108.157 | 89.295 |
| Increase in other liabilities and advances received | | 215.899 | 303.468 | (54.954) |
| Changes in assets and liabilities in banking segment | | | | |
| Increase in marketable securities | | (54.113) | (76.061) | (2.290.023) |
| Increase in loans | | (5.504.903) | (7.737.692) | (8.535.322) |
| Increase in customer deposits | | 2.562.227 | 3.601.466 | 13.374.932 |
| Decrease / (increase) in reserve with the Central Bank of the Republic of Turkey | | 878.396 | 1.234.674 | (1.982.418) |
| | | (407.148) | (572.286) | 3.527.442 |
| Income taxes paid | | (415.622) | (584.198) | (716.941) |
| Employment termination benefits paid | 23 | (34.623) | (48.666) | (40.726) |
| Net cash (used in) / provided by operating activities | | (857.393) | (1.205.150) | 2.769.775 |
| Cash flows from investing activities: | | | | |
| Capital expenditures | | (480.223) | (675.001) | (594.101) |
| Investment in available-for-sale and held-to-maturity securities (non-banking segments) | | 1.093.850 | 1.537.516 | (3.002.107) |
| Subsidiary acquisition | 32 | (152.385) | (214.193) | (507.542) |
| Partial disposal of the Subsidiary | 24 | 23.266 | 32.702 | - |
| Proceeds from sale of Subsidiary | | 457.612 | 643.219 | - |
| Proceeds from sale of property, plant and equipment | | 140.230 | 197.107 | 205.965 |
| Dividends received | | 28.750 | 40.411 | 40.990 |
| Net cash provided by / (used in) investing activities | | 1.111.100 | 1.561.761 | (3.856.795) |
| Cash flows from financing activities: | | | | |
| Increase in short term funds borrowed, bank borrowings and debt securities in issue | | 1.048.992 | 1.474.463 | 3.212.159 |
| Decrease on finance lease payables | | (4.713) | (6.624) | (2.637) |
| Dividends paid | | (106.044) | (149.055) | (128.686) |
| Effect of change in the effective rate of subsidiaries | | (292.341) | (410.915) | (39.814) |
| Acquisition of usufruct shares | 42 | (191.609) | (269.325) | - |
| Dividends paid to outside interests | 24 | (278.118) | (390.922) | (879.307) |
| Increase in share capital of outside interests | | (2.667) | (3.752) | (51.549) |
| Net cash provided by financing activities | | 173.500 | 243.870 | 2.110.166 |
| Net increase in cash and cash equivalents | | 427.207 | 600.481 | 1.023.146 |
| Cash and cash equivalents at the beginning of the period | 4 | 3.027.390 | 4.255.300 | 3.232.154 |
| Cash and cash equivalents at the end of the period | 4 | 3.454.597 | 4.855.781 | 4.255.300 |

(*) USD amounts presented above are translated from YTL for convenience purposes only, at the official YTL exchange rate announced by CBRT at 31 December 2006, and therefore do not form part of these consolidated financial statements (Note 2.6).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Hacı Ömer Sabancı Holding A.Ş. (the “Holding”) was established in 1967 to coordinate and liaise the activities of companies operating in different fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and owned by the members of the Sabancı family (Note 25). The address of the registered office is as follows:

Sabancı Center, 4. Levent, Istanbul, Turkey.

Subsidiaries

The nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, for the purposes of these consolidated financial statements, their respective business segments as of 31 December 2006 are as follows:

| Subsidiaries | Nature of business | Business segment |
|---|----------------------------------|-----------------------------|
| Akbank T.A.Ş. (“Akbank”) | Banking | Finance |
| Sabancı Bank Plc. (“Sabank”) | Banking | Finance |
| Ak Uluslararası Bankası A.Ş. (“Ak Uluslararası”) (1) | Banking | Finance |
| Ak Emeklilik A.Ş. (“Ak Emeklilik”) | Pension | Finance |
| Aksigorta A.Ş. (“Aksigorta”) | Insurance | Finance |
| Advansa B.V. (“Advansa”) | Chemical | Chemicals |
| Pilsa Plastik Sanayi ve Ticaret A.Ş. (“Pilsa”) | Plastics | Chemicals |
| Bossa Ticaret ve Sanayi İşletmeleri A.Ş. (“Bossa”) | Textile | Textile |
| Yünsa Yünlü Sanayi ve Ticaret A.Ş. (“Yünsa”) | Textile | Textile |
| Companhia Bahiana de Fibras (“Cobafi”) (2) | Tire and tire reinforcement | Tire and tire reinforcement |
| Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (“Kordsa Global”) (3) | Tire and tire reinforcement | Tire and tire reinforcement |
| Temsa Termo Mekanik Sanayi ve Ticaret A.Ş. (“Temsa”) | 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 |
| Gıdasa Sabancı Gıda Sanayi ve Ticaret A.Ş. (“Gıdasa”) (4) | Food and beverage | Food |
| Teknosan İç ve Dış Ticaret A.Ş. (“Teknosan”) | Trade | Retailing |
| Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (“Exsa”) | Trade | Other |
| Exsa UK Ltd. (“Exsa UK”) | Trade | Other |
| Universal Trading (Jersey) Ltd. (“Universal”) | Trade | Other |
| Ankara Entemasyonel Otelcilik A.Ş. (“AEO”) | Tourism | Other |
| Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”) | Tourism | Other |
| Enerjisa Enerji Üretim A.Ş. (“Enerjisa”) | Energy | 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 |

- (1) Effective from 9 March 2005, Akbank, a Subsidiary of the Holding, controls the operating and financial activities of Ak Uluslararası (formerly named BNP-AK Dresdner Bank A.Ş.) Accordingly, the results of operations of Ak Uluslararası has been consolidated since 9 March 2005. In prior periods Ak Uluslararası was included as an Associate in the consolidated financial statements and was accounted for by the equity method of accounting (Note 32).
- (2) Sabancı Industrial Nylon Yam, a Subsidiary of the Holding, acquired the 90,32% of shares of Cobafi on 13 May 2005 (Note 32).
- (3) Kordsa Global was incorporated as a subsidiary of Sabancı Holding on 9 February 2006, as a result of restructuring in the business segment of tire and tire reinforcement.
- (4) The Subsidiary of Sabancı Holding, Marsa Kraft Foods Sabancı Gıda Sanayi ve Ticaret A.Ş. (“Marsa”) was merged on 15 March 2006 with another Subsidiary of the Holding, Gıdasa, through the transfer of Marsa’s total assets and liabilities as of 31 December 2005.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

For the purposes of segment information, Sabancı Holding’s stand-alone financial statements have been included within the “Other” business segment (Note 33).

All the Subsidiaries are registered in Turkey except for Sabank, Exsa UK, Universal, Advansa, Cobafi and Sabancı Industrial Nylon Yarn (collectively referred to as the “Foreign Subsidiaries”). Sabank ve Exsa UK are registered in the United Kingdom, Universal, Advansa and Sabancı Industrial Nylon Yarn in the Netherlands and Cobafi in Brazil.

Joint Ventures

The nature of the business of the Joint Ventures proportionally consolidated in these consolidated financial statements at 31 December 2006 and, for the purposes of these consolidated financial statements, their respective business segments are as follows:

| Joint Ventures | Nature of business | Segment | Venturer |
|---|-----------------------------|-----------------------------|--------------------------|
| Beksa Çelik Kord Sanayi ve Ticaret A.Ş. (“Beksa”) Brisa Bridgestone Sabancı | Tire and tire reinforcement | Tire and tire reinforcement | Bekaert |
| 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 |
| Oysa Çimento Sanayi ve Ticaret A.Ş. (“Oysa Çimento”) | Cement and clinker | Cement | Oyak |
| 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. |
| 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 | Olmuksa and Kartonsan |

All the Joint Ventures are registered in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

Preparation of consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with the accounting and reporting principles issued by CMB, (“CMB Accounting Standards”). The CMB issued a comprehensive set of accounting principles in Communiqué No: XI-25 “The Accounting Standards in the Capital Markets” (the “Communiqué”). In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) is accepted as an alternative to conform to the CMB Accounting Standards. However, the Communiqué is effective for financial statements covering the first interim period after 10 January 2005. The CMB also issued the Communiqué No: XI-27 “Changes in the Accounting Standards in the Capital Markets” stating that applying International Financial Reporting Standards is in line with the requirements stated in the Communiqué.

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 Accounting 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 IASB in its financial statements for the accounting periods starting 1 January 2005. These financial statements and the related notes have been presented in accordance with the formats required by the CMB.

Sabancı Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in TRY 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 (Note 34) 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 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 Accounting Standards.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

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

2.2 Basis of consolidation

- a) The consolidated 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 as of the date of the consolidated financial statements, and are prepared in accordance with CMB Accounting Standards as explained in Note 2.1. The result of operations of Subsidiaries, Joint Ventures and Associated companies are included or excluded in these consolidated 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% 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 actual dominant influence over the financial and operating policies.

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 2006 and 2005:

| 2006 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 | 45,74 | 23,55 | 69,29 | 40,05 |
| Ak Emeklilik | 99,41 | - | 99,41 | 61,61 |
| Aksigorta | 61,98 | - | 61,98 | 61,98 |
| Bossa | 50,12 | 23,14 | 73,26 | 50,12 |
| Bimsa | 95,11 | - | 95,11 | 90,10 |
| Çimsa | 50,80 | 2,06 | 52,86 | 49,82 |
| Enerjisa | 94,44 | - | 94,44 | 90,79 |
| Exsa | 45,70 | 54,30 | 100,00 | 27,71 |
| Exsa UK | 100,00 | - | 100,00 | 99,06 |
| Gdasa | 99,68 | - | 99,68 | 99,67 |
| Pilsa | 51,23 | 48,77 | 100,00 | 51,23 |
| Kordsa Global | 91,11 | - | 91,11 | 91,11 |
| Sabank | 100,00 | - | 100,00 | 58,50 |
| Sapeksa | 52,84 | 44,87 | 97,71 | 34,84 |
| Sabancı Telekom | 100,00 | - | 100,00 | 100,00 |
| Teknosa | 51,92 | 48,08 | 100,00 | 51,91 |
| Temsa | 48,70 | 51,29 | 99,99 | 47,65 |
| Toyotasa Pazarlama | 65,00 | - | 65,00 | 65,00 |
| Tursa | 99,51 | - | 99,51 | 98,46 |
| Universal | 100,00 | - | 100,00 | 92,77 |
| Yünsa | 59,37 | 14,74 | 74,11 | 54,13 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

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

| 2005 Subsidiaries | Direct and indirect ownership interest by Sabancı 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 | 43,61 | 23,50 | 67,11 | 39,46 |
| Ak Emeklilik | 99,41 | - | 99,41 | 45,08 |
| Aksigorta | 61,98 | - | 61,98 | 61,98 |
| Bossa | 50,12 | 25,70 | 75,82 | 50,12 |
| Bimsa | 99,98 | - | 99,98 | 93,11 |
| Çimsa | 50,80 | 2,06 | 52,86 | 49,82 |
| Enerjisa | 86,65 | - | 86,65 | 83,99 |
| Exsa | 45,71 | 54,30 | 100,00 | 27,71 |
| Exsa UK | 100,00 | - | 100,00 | 99,06 |
| Gıdasa | 100,00 | - | 100,00 | 99,99 |
| Marsa | 99,20 | - | 99,20 | 99,19 |
| Pilsa | 51,23 | 48,77 | 100,00 | 51,23 |
| Kordsa LLC | 100,00 | - | 100,00 | 100,00 |
| Sabancı Industrial Nylon Yarn | 100,00 | - | 100,00 | 100,00 |
| Sabancı | 100,00 | - | 100,00 | 58,12 |
| Sapeksa | 52,84 | 44,87 | 97,71 | 34,84 |
| Sabancı Telekom | 100,00 | - | 100,00 | 100,00 |
| Teknosa | 51,92 | 48,08 | 100,00 | 51,91 |
| Temsa | 48,70 | 51,29 | 99,99 | 47,65 |
| Toyotasa Pazarlama | 65,00 | - | 65,00 | 64,99 |
| Tursa | 99,52 | - | 99,52 | 98,46 |
| Universal | 100,00 | - | 100,00 | 92,77 |
| Yünsa | 59,37 | 14,74 | 74,11 | 54,13 |

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 December 2006 and result of operations for the period ended 31 December 2006 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 16.a).

- 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated. Currencies other than TRY 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 2006 and 2005:

| 2006 Joint Ventures | Direct and indirect ownership interest by the Holding and its Subsidiaries % | Proportion of effective interest % |
|--------------------------------|---|---|
| Akçansa | 39,72 | 36,88 |
| 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 |
| Olmuksa | 43,73 | 43,73 |
| Oysa Çimento | 41,09 | 20,47 |

| 2005 Joint Ventures | Direct and indirect ownership interest by the Holding and its Subsidiaries % | Proportion of effective interest % |
|--------------------------------|---|---|
| Akçansa | 39,72 | 36,88 |
| Beksa | 49,99 | 49,99 |
| Brisa | 43,26 | 43,25 |
| Carrefoursa | 40,00 | 40,00 |
| Diasa | 40,00 | 40,00 |
| Dönkasan | 33,13 | 33,12 |
| Olmuksa | 43,73 | 43,73 |
| Oysa Çimento | 41,09 | 20,47 |

- 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 16.c and Note 2.e).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

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

Associates whose financial position at 31 December 2006 and result of operations for the period ended 31 December 2006 are insignificant to the overall consolidated financial statements are not accounted for by the equity method of accounting. Such Associates are classified as available for sale equity securities (Note 16.a).

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2006:

| <u>Associates</u> | Direct and indirect ownership 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 16.a and 16.c).
- 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 subsidiaries, by the parents, is presented as minority interest.

Sabancı family members, Vaksa Hacı Ömer Sabancı Vakfı (the “Vaksa”), 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 financial statements their interests are treated as outside interests and are not included in the Holding’s net assets and profits attributable to shareholders of the Holding.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

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

2.3 Comparatives and restatement of prior years’ financial statements

Adjustments after initial accounting provisionally determined in accordance with IFRS 3

The goodwill arising from the acquisition of Gima Gıda ve İhtiyaç Maddeleri T.A.Ş. (“Gima”) by Carrefoursa, a Joint Venture of the Holding, has been adjusted as a result of the completion of the provisional accounting in accordance with IFRS 3 “Business Combinations” and the amounts and the explanations of the adjustments to the provisional values recognised during the current period is disclosed in the notes to consolidated financial statements (Not 17).

Çimsa, a Subsidiary of the Holding, had initially accounted the acquisition of Standart Çimento - Eskişehir and Lalahan plants from the Savings Deposit Insurance Fund on 26 December 2005 in accordance with provisional accounting basis and as result of completion of provisional accounting, has adjusted the amount of goodwill, inventories and deferred income tax liability in accordance with IFRS 3 (Note 17).

Restatement of IAS 39 “Financial Instruments” and IFRS 3 “Business Combinations”

As explained in Note 3, at 1 January 2005 the Group has derecognised the negative goodwill included in the consolidated financial statements at 31 December 2004 related to the acquisitions before 31 March 2004 in the amount of TRY 14.595 with a corresponding adjustment to the opening balance of retained earnings.

The Group has reclassified the securities under loans and advances to customers as trading financial assets in accordance with the revised IAS 39 “Financial Instruments” which is effective from 31 December 2004. The effect of this reclassification is as follows:

1 January 2005

| | |
|--|-----------|
| - Increase in available-for-sale investment securities | 9.327.271 |
| - Increase in held-to-maturity investment securities | 467.769 |
| - Decrease in loans and advances to customers | 9.713.400 |
| - Increase in deferred tax liability | 26.941 |
| - Increase in financial assets fair value reserve | 21.584 |
| - Increase in minority interest | 33.115 |

Offsetting sales

Carrefoursa, a Joint Venture of the Holding, offset 2005 sales against cost of sales amounting to TRY 69,999 for the purpose of consistent presentation of financial information with the comparative period.

2.4 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

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

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

The accounting principles described in Note 2 to the consolidated financial statements (defined as “CMB Accounting Standards”) differ from International Financial Reporting Standards (“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 in the period subsequent to balance sheet date and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.6 US Dollar translation

USD amounts shown in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, and are translated from YTL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2006 of YTL1,4056 = USD1, respectively and do not form part of these consolidated financial statements. Such translation should not be construed as a representation that the YTL amounts have been or could be converted USD at these or any other rates.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

Where necessary, accounting policies for Subsidiaries and Joint Ventures have been changed to ensure consistency with the policies adopted by the Group. The significant accounting policies other than Group accounting which is described in Note 2, followed in the preparation of the accompanying consolidated financial statements are summarised below:

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.

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, adjusted by the reserve for unearned premiums for annual life policies, during the period.

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 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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. Unit cost of inventories is determined on the weighted average basis (Note 12). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 19). 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 |

Gains or losses on disposals of property, plant and equipment is 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 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 to which they are incurred.

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 18). 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 it is transferred to investment property.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets consist of rights, computer software, development costs, purchased technology, mining rights and other identifiable rights. Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding 20 years (Note 20). The amortisation of mining rights commences when the extraction begins.

Borrowing costs

Borrowings are recognised initially at the proceeds received, net of deferred transaction costs incurred. In subsequent periods, borrowings are 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 over the period of the borrowings.

Investment securities

In accordance with IAS 39, in the banking segment, the Group classifies its investments in debt and equity securities in the three following categories; held-to-maturity, available-for-sale assets and assets at fair value through profit or loss. 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 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 whose fair values can be reliably measured.

Investments in which the Holding has 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 difference 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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

The Group has reclassified its trading securities as financial assets at fair value through profit or loss in accordance with the revised IAS 39 which is effective from 1 January 2005 (Note 16.a).

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.

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 trade date, which is the date that the banks commit to purchase or sell the assets. Otherwise, such transactions are treated as derivatives until settlement occurs.

Financial instruments and financial risk management

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

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

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 by management and limited by analysis of the foreign currency position through obtaining positions within the approved limits (Note 29).

In the banking segment, the difference between the assets and liabilities 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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.

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 at maintaining flexibility in funding by keeping committed credit lines available.

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

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 the Bank indicate that these deposits will provide a long-term and stable source of funding for the Bank.

Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Credit risk

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 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 bases and their dispersion across many different industries.

Fair value of 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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.

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.

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 market prices at balance sheet dates.

The carrying value of loans and advances to customers, along with the related allowances for uncollectibility, is considered to approximate their fair value.

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 customer deposits, 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 period-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are stated at 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.

Earnings per share

Earnings per share for each class of shares disclosed in these consolidated statements of income is 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 “Earning per Share”.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Provisions, contingent assets and liabilities

Provisions are recognized 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 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 recognized in the financial statements since this may result in the recognition of income that may never be realized. 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 recognized in the financial statements of the period in which the change occurs.

Leasing Transactions

(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.

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 lessor 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.

(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.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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.

Related parties

For the purpose of the consolidated 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 is not material to the overall consolidated financial statements.

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 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 financial statements.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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 tax liabilities are recognised for all taxable temporary differences, whereas deferred 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 14 and 41).

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 1 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. In accordance with the New Law, the actuarial calculation of the liability should be performed by a commission including representatives from various institutions. The specified liability will be paid in annual equal instalments for a period not exceeding 15 years. However on 2 November 2005, the President of the Turkish Republic applied to the Constitutional Court of Turkey for abrogation of the relevant article in the New Law.

According to the technical balance sheet report prepared using the technical interest rate of 10,24% in accordance with the written decree published by the Council of Ministers in the Official Gazette dated 15 December 2006 No.26377 for the purpose of determining principles and procedures to be applied during the transfer, the “Pension Fund” has no technical or actual deficit as of 31 December 2006. In addition, Akbank management envisions that the liability amount to be calculated at the transfer date within the framework stated above will be commensurate with the assets of the Fund and will not bring any burden for Akbank.

The liability to be recognised in the balance sheet in respect of retirement benefits is the present value of the retirement benefits at the balance sheet date less the fair value of plan assets. Akbank does not have the legal rights to access to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, and therefore, no assets are recognised in the balance sheet in respect of retirement benefits.

The retirement right is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using expected real interest rates for New Turkish lira.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Employment termination benefits

Provision for employment termination benefits represent 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 23.b).

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 the measuring the relevant class. The counter party liability is included in customer deposits and the difference between sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield method.

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

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 incurring due to obtaining guarantees for originated loans are not considered as transaction costs and 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 can not 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 provision for loan losses for the period.

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.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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 tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs an 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 32).

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.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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. 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 by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2006. 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 reported in the income statement.

Gains and losses on forward foreign exchange contracts were calculated by valuing the contract with the spot exchange rate prevailing on 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 were included in the interest income and expense as appropriate.

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 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 settlement and translation of foreign currency items have been included in the income statement.

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NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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 period-end rates are included in translation reserve as a separate item in the shareholders’ equity.

Research costs

Research costs are recognised as expense in the period in which they are incurred.

Shareholders’ equity

In the restatement of shareholders’ equity items, the addition of funds formed due to hyperinflation such as revaluation value increase fund to 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 is considered. In the restatement of share premium payment dates are considered (Note 25).

Use of estimates

The preparation of consolidated financial statements in conformity with CMB Accounting 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 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.

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% (2005: 6%) and 11% (2005: 11%), respectively. Interest income is recognised quarterly by using the interest rates determined by the Central Bank.

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NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 December 2006 and 2005 were as follows:

| | 2006 | 2005 |
|------------------------------------|------------------|------------------|
| Cash in hand | | |
| - banking | 1.864.589 | 859.554 |
| - other companies | 10.877 | 10.202 |
| Banks - time deposits | 2.644.076 | 2.598.640 |
| Banks - demand deposits | 327.074 | 292.691 |
| Interbank money market placements | - | 400.300 |
| Due from reverse repo transactions | 27 | 91.888 |
| Other cash and cash equivalents | 9.138 | 2.025 |
| | 4.855.781 | 4.255.300 |

Effective interest rates of USD, EUR denominated, and TRY time deposits are 5,27% p.a. (2005: 4,43% p.a.), 3,37% p.a. (2005: 2,41% p.a.) and 18,39% p.a. (2005: 14,07% p.a.), respectively.

Due from reverse repo transactions are secured with Turkish government bonds and treasury bills held for resale to banks under reverse repurchase agreements. The maturity of loan to banks is less than three months. Effective interest rate of loan to banks is 17,95% p.a. (2005: 15,79% p.a.). The market values of such securities approximate carrying values, including accrued income at the respective balance sheet date.

Analysis of maturities at 31 December 2006 and 2005 was as follows:

| | 2006 | 2005 |
|----------------|------------------|------------------|
| Demand | 2.211.678 | 1.564.772 |
| Up to 3 month | 2.641.294 | 2.481.571 |
| 3 to 12 months | 32 | 107.501 |
| 1 to 5 years | 2.777 | 101.456 |
| | 4.855.781 | 4.255.300 |

Akbank, a Subsidiary of the Holding, pledged its demand deposits as off-shore cash reserve and payment accounts in connection with long-term securitised borrowings from foreign institutions in the amount of USD 2.811 million (2005: USD 1.879 million). The details of demand deposits unavailable for use at the balance sheet date were as follows:

| | 2006 | 2005 |
|--|----------------|---------------|
| Regarding long term securitised borrowings | 70.540 | 67.064 |
| Regarding debt securities in issue | 29.548 | 2.618 |
| | 100.088 | 69.682 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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NOTE 5 - MARKETABLE SECURITIES

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

| | 2006 | 2005 |
|---|------------------|------------------|
| Government bonds denominated in foreign currency | 6.415.387 | 5.958.594 |
| Eurobonds | 108.973 | 482.553 |
| Share certificates | 47.273 | 18.997 |
| Government bonds | 33.008 | 29.114 |
| Mutual funds | 22.608 | 21.711 |
| Treasury bills | 7.647 | 46.133 |
| Other | 492 | - |
| | 6.635.388 | 6.557.102 |

Effective interest rates of USD, EUR and TRY denominated securities at fair value through profit and loss, are 6,93% p.a. (2005: 6,26% p.a.), 5,35% p.a. (2005: 5,05% p.a.) and 17,85% p.a. (2005: 14,47% p.a.), respectively.

Analysis of maturities at 31 December 2006 and 2005 was as follows:

Period remaining to contractual maturity dates:

| | 2006 | | | 2005 | | |
|----------------|------------------|--------------------|------------------|------------------|--------------------|------------------|
| | Banking | Other Companies | Total | Banking | Other Companies | Total |
| Up to 3 months | 8.650 | - | 8.650 | 46.056 | 209 | 46.265 |
| 3 to 12 months | 931.571 | - | 931.571 | 87.937 | 38.647 | 126.584 |
| 1 to 5 years | 5.544.903 | - | 5.544.903 | 6.142.559 | - | 6.142.559 |
| Over 5 years | 75.571 | - | 75.571 | 200.986 | - | 200.986 |
| No maturity | 47.765 | 26.928 | 74.693 | 18.997 | 21.711 | 40.708 |
| | 6.608.460 | 26.928 | 6.635.388 | 6.496.535 | 60.567 | 6.557.102 |

Period remaining to contractual repricing dates:

| | 2006 | | | 2005 | | |
|----------------|------------------|--------------------|------------------|------------------|--------------------|------------------|
| | Banking | Other Companies | Total | Banking | Other Companies | Total |
| Up to 3 months | 2.204.855 | - | 2.204.855 | 2.032.380 | 209 | 2.032.589 |
| 3 to 12 months | 4.156.458 | - | 4.156.458 | 3.183.960 | 38.647 | 3.222.607 |
| 1 to 5 years | 123.811 | - | 123.811 | 1.060.212 | - | 1.060.212 |
| Over 5 years | 75.571 | - | 75.571 | 200.986 | - | 200.986 |
| No maturity | 47.765 | 26.928 | 74.693 | 18.997 | 21.711 | 40.708 |
| | 6.608.460 | 26.928 | 6.635.388 | 6.496.535 | 60.567 | 6.557.102 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 6 - FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE

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

| | 2006 | 2005 |
|---------------------------------|-----------|-----------|
| Short-term | 3.757.903 | 5.945.359 |
| Short-term portion of long term | 693.027 | 230.329 |
| Total short term | 4.450.930 | 6.175.688 |

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

| | | |
|--------------|-------------------|------------------|
| Long-term | 6.766.744 | 3.519.917 |
| Total | 11.217.674 | 9.695.605 |

Effective interest rates of USD, EUR and TRY denominated funds borrowed borrowings and debt securities in issue are 6,14% p.a. (2005: 4,86% p.a.), 4,11% p.a. (2005: 2,73% p.a.) and 15,65% p.a. (2005: 12,72% p.a.), respectively.

The maturity schedule at 31 December 2006 and 2005 are summarised below:

| | 2006 | 2005 |
|----------------|-------------------|------------------|
| Up to 3 months | 1.236.933 | 2.246.286 |
| 3 to 12 months | 3.213.997 | 3.929.402 |
| 1 to 5 year | 5.173.734 | 2.426.379 |
| Over 5 year | 1.593.010 | 1.093.538 |
| | 11.217.674 | 9.695.605 |

The maturity schedule of long term borrowing at 31 December 2006 and 2005 are summarised below:

| Period | 2006 | 2005 |
|---------------|------------------|------------------|
| 2007 | - | 365.625 |
| 2008 | 2.291.302 | 868.047 |
| 2009 | 1.613.404 | 675.897 |
| 2010 | 657.823 | 516.808 |
| 2011 and over | 2.204.215 | 1.093.540 |
| | 6.766.744 | 3.519.917 |

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NOTE 6 - FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE (Continued)

The repricing schedule of borrowings at 31 December 2006 and 2005 are summarised below:

| | 2006 | 2005 |
|----------------|-------------------|------------------|
| Up to 3 months | 8.963.008 | 6.949.673 |
| 3 to 12 months | 1.729.505 | 2.093.234 |
| 1 to 5 years | 503.297 | 647.370 |
| Over 5 years | 21.864 | 5.328 |
| | 11.217.674 | 9.695.605 |

Major borrowing transactions of Sabanci Holding and its banking subsidiaries as of 31 December 2006 are as follows:

Funds borrowed:

a) Funds borrowed from West LB AG London Branch

At 31 December 2006, funds borrowed from foreign institutions include syndicated credit facilities in the amount of EUR 500 million with an interest rate of Libor + 0,6% p.a. provided by 11 international banks with West LB AG, London Branch acting as the agent, and mature on 30 December 2008.

b) Funds borrowed via UFJ Bank Limited

At 31 December 2006, funds borrowed from foreign institutions include syndicated credit facilities in the amount of USD 925 million and EUR 500 million, with an interest rate of Libor + 0,4% p.a. and Libor + 0,55% p.a. provided by 27 and 10 international banks with UFJ Bank Limited acting as the agent, and maturing on 28 September 2007 and 29 June 2009 respectively.

c) Funds borrowed from Bank of New York

At 31 December 2006, funds borrowed from foreign institutions include syndicated credit facilities in the amount of USD 550 million, with an interest rate of Libor + 0,43% p.a. provided by 16 international banks with Bank of New York acting as the agent, and maturing on 18 December 2008.

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

NOTE 6 - FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE (Continued)

d) Debt securities in issue

In November 1999, the Bank finalised a structured finance deal of USD 400 million by securitising its foreign currency denominated present and future remittances (international payment orders, cash against goods, letter of credit reimbursement rights, cash against documents and other amounts in deposit accounts) for the issue of floating-rate notes. The Bank obtained further tranches related with the same deal in the amount of USD 2.125 million between 2000 and 2006. Interest rates on the tranches vary between Libor + 0,25% p.a. and Libor + 1,1% p.a. At 31 December 2006, the outstanding principal amount of the securitization deal amounts to USD 2.811 million after the repayment of USD 1.259 million between January 2000 and December 2006.

In December 2005, the Bank finalised another structured finance deal of USD 500 million by securitising its foreign currency denominated present and future remittances (credit card receivables). The interest rates vary between Libor + 0,16% p.a. and Libor +1,01% p.a.

The repayment schedule of the total floating-rate notes in issue is as follows:

| | 2006 | | 2005 | |
|--------------|------------------|------------------|------------------|------------------|
| | USD | TRY | USD | TRY |
| 2006 (*) | - | - | 129.790 | 178.461 |
| 2007 | 235.273 | 332.912 | 82.105 | 112.895 |
| 2008 | 360.832 | 510.577 | 216.837 | 298.150 |
| 2009 | 372.399 | 526.945 | 349.322 | 480.318 |
| 2010 | 379.220 | 536.596 | 356.143 | 489.697 |
| 2011 | 383.769 | 543.033 | 354.373 | 487.263 |
| 2012 | 394.039 | 557.564 | 253.429 | 348.465 |
| 2013 | 390.463 | 552.506 | 136.677 | 187.930 |
| 2014 | 200.880 | 284.245 | - | - |
| 2015 | 47.059 | 66.588 | - | - |
| 2016 | 47.059 | 66.588 | - | - |
| Total | 2.810.993 | 3.977.554 | 1.878.676 | 2.583.179 |

(*) The repayments in 2006 include accrued interest payables in the amount of USD 12.151 thousands (31 December 2005: USD 3.676 thousands) and TRY 10.794 (31 December 2005: TRY 5.054), respectively.

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

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

Short-term and long-term trade receivables:

| | 2006 | 2005 |
|--------------------------------------|------------------|------------------|
| Trade receivables | 1.648.540 | 1.404.482 |
| Notes and cheques receivable | 226.721 | 146.881 |
| | 1.875.261 | 1.551.363 |
| Less: doubtful receivables provision | (33.280) | (24.704) |
| | 1.841.981 | 1.526.659 |

Short-term and long-term trade payables:

| | 2006 | 2005 |
|----------------|------------------|------------------|
| Trade payables | 1.376.644 | 1.112.215 |
| Notes payable | 4.663 | 268 |
| | 1.381.307 | 1.112.483 |

NOTE 8 - LEASE RECEIVABLES AND LEASE PAYABLES

Lease receivables at 31 December 2006 and 2005 are summarized below (*):

| | 2006 | 2005 |
|---|----------------|----------------|
| Gross investment in finance leases | 584.163 | 306.788 |
| Less: unearned finance income | (90.409) | (45.610) |
| Total investment in finance leases | 493.754 | 261.178 |
| Less: fair value loss | (6.541) | (1.733) |
| Net investment in finance leases | 487.213 | 259.445 |

Lease receivables are originated rent amounts in agreement terms. The maturity schedule of receivables is summarized below.

| | 2006 | 2005 |
|--------------|----------------|----------------|
| 2006 | - | 122.576 |
| 2007 | 209.060 | 80.866 |
| 2008 | 159.425 | 41.265 |
| 2009 | 81.734 | 12.276 |
| 2010 | 31.289 | 2.462 |
| Over 5 years | 5.705 | - |
| | 487.213 | 259.445 |

(*) Finance lease receivables are related to Ak Finansal Kiralama A.Ş., a subsidiary of Ak Uluslararası.

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NOTE 8 - LEASE RECEIVABLES AND LEASE PAYABLES (Continued)

Lease payables at 31 December 2006 and 2005 are summarized below.

| | 2006 | 2005 |
|-----------------------|--------------|---------------|
| Lease payables | | |
| Current | 4.022 | 8.500 |
| Non-current | 2.983 | 5.129 |
| | 7.005 | 13.629 |

NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES

Due from related parties

| | 2006 | 2005 |
|-------------|---------------|---------------|
| Brisa | 4.162 | 2.387 |
| Carrefoursa | 3.153 | 2.593 |
| Akçansa | 1.869 | 3.284 |
| Oysa | 1.726 | 1.118 |
| Diasa | 778 | 849 |
| Beksa | 718 | 716 |
| Olmuksa | 230 | 427 |
| Other | 8.980 | 8.241 |
| | 21.616 | 19.615 |

Due to related parties

| | 2006 | 2005 |
|---------|--------------|--------------|
| Brisa | 4.968 | 5.522 |
| Olmuksa | 1.640 | 1.455 |
| Akçansa | 92 | 127 |
| Beksa | 23 | 75 |
| Other | 1.476 | 1.220 |
| | 8.199 | 8.399 |

Key management personnel compensation :

| | 2006 | 2005 |
|--------------------------------------|--------|--------|
| Key management personel compensation | 61.074 | 58.952 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other current / non-current receivables

| | 2006 | 2005 |
|--|----------------|----------------|
| Deductible VAT | 76.463 | 58.108 |
| Receivables on cheques in clearance | 42.662 | 95.567 |
| Receivables from credit cards payments | 5.682 | 11.364 |
| Job advances given | 6.334 | 2.431 |
| Other (*) | 284.141 | 179.492 |
| | 415.282 | 346.962 |

Other current / non-current payables

| | 2006 | 2005 |
|--|------------------|------------------|
| Payables related to credit card transactions | 674.807 | 536.835 |
| Other taxes and funds | 162.440 | 113.899 |
| Import deposits and transfer orders | 123.199 | 20.176 |
| Bonus liability to credit card customers | 105.886 | 75.857 |
| Unearned commission income | 60.604 | 74.696 |
| Payables on cheques in clearance | 42.100 | 114.824 |
| Payment orders to correspondent banks | 24.365 | 27.848 |
| Due to personnel | 17.962 | 28.203 |
| Saving deposits insurance | 8.202 | 6.900 |
| Other | 328.135 | 286.266 |
| | 1.547.700 | 1.285.504 |

(*) The receivables amounting to TRY 24.070 accounted under other current receivables of the Group has been due as of 31 December 2006 and was not collected as of the issuance date of these financial statements. The Group management does not estimate any impairment for such receivables.

NOTE 11 - BIOLOGICAL ASSETS

None (2005: None).

NOTE 12 - INVENTORIES

| | 2006 | 2005 |
|--------------------------------|------------------|----------------|
| Raw materials and supplies | 427.015 | 318.144 |
| Semi-finished goods | 139.905 | 87.417 |
| Finished goods and merchandise | 594.837 | 432.759 |
| Spare parts | 100.891 | 62.184 |
| | 1.262.648 | 900.504 |

NOTE 13 - RECEIVABLES FROM CONSTRUCTION CONTRACTS WORK IN PROGRESS AND CONSTRUCTION CONTRACTS PROGRESS BILLINGS

None (2005: None).

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

NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES

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

Deferred income taxes will be 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% (2005: 30%) (The rate is 30% for the companies using the investment allowance as deduction from the corporate tax base after 1 January 2006).

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2006 and 2005 using the enacted tax rates, were as follows:

| | 2006 | | 2005 | |
|---|---------------------------------------|---|---------------------------------------|---|
| | 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 | (61.671) | 12.542 | (62.872) | 18.861 |
| - Inventories | (28.991) | 6.257 | (32.727) | 8.280 |
| Provision for loan losses | (196.781) | 39.937 | (177.095) | 53.128 |
| Provision for employment termination benefits | (125.544) | 26.762 | (120.650) | 35.689 |
| Tax losses carried forward | (87.810) | 18.175 | (252.470) | 75.805 |
| Investment allowances | (75.563) | 7.898 | (1.029.166) | 120.250 |
| Unearned interest income | (5.732) | 1.182 | (5.136) | 1.556 |
| Other temporary differences | (150.016) | 30.590 | (173.175) | 52.238 |
| Deferred income tax assets | | 143.343 | | 365.807 |
| Deferred income tax liabilities: | | | | |
| Difference between tax base and carrying value of: | | | | |
| - Property, plant and equipment | 592.842 | (146.261) | 777.134 | (204.436) |
| - Inventories | 2.258 | (452) | 1.751 | (525) |
| Reversal of country risk provision | 107.298 | (42.919) | 76.826 | (30.731) |
| Deferred financing charges | 13.626 | (2.725) | 16.484 | (4.945) |
| Valuation difference on investment securities | 5.693 | (1.139) | 56.478 | (16.937) |
| Other temporary differences | 82.971 | (16.666) | 44.118 | (13.827) |
| Deferred income tax liabilities | | (210.162) | | (271.401) |
| Deferred income tax (liabilities)/assets - net | | (66.819) | | 94.406 |

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NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax assets:

| | 2006 | 2005 |
|--|----------------|----------------|
| Deferred income tax assets to be recovered after more than 12 months | 82.469 | 280.461 |
| Deferred income tax assets to be recovered within 12 months | 60.874 | 85.346 |
| | 143.343 | 365.807 |

Deferred income tax liabilities:

| | 2006 | 2005 |
|---|----------------|----------------|
| Deferred income tax liabilities to be recovered after more than 12 months | 160.584 | 214.029 |
| Deferred income tax liabilities to be recovered within 12 months | 49.578 | 57.372 |
| | 210.162 | 271.401 |

Movements of deferred income tax assets for the periods ended at 31 December 2006 and 2005 were as follows:

| | 2006 | 2005 |
|--|-----------------|---------------|
| Balances at 1 January-as previously reported | 84.206 | 62.822 |
| Effect of business combination | 10.200 | - |
| Balances at 1 January-as restated | 94.406 | 62.822 |
| Business combinations | (17.322) | 15.288 |
| Effect of change in scope of consolidation | (1.309) | - |
| Fair value increase of financial assets | - | (18.414) |
| Effect of currency translation | (8.793) | (7.344) |
| (Charged)/credited to income statement | (133.801) | 42.054 |
| Balances at 31 December | (66.819) | 94.406 |

NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES

| | 2006 | 2005 |
|---|---------------|---------------|
| Other current/non-current assets | | |
| Prepaid expenses | 51.412 | 47.003 |
| Income Accrual | 13.528 | 22.876 |
| | 64.940 | 69.879 |

Other current/non-current liabilities

| | | |
|------------------|---------|---------|
| Expense accruals | 217.020 | 157.035 |
|------------------|---------|---------|

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NOTE 16 - FINANCIAL ASSETS

| a) Securities available-for-sale: | 2006 | 2005 |
|--|-------------------|-------------------|
| Debt securities | | |
| - Government bonds | 11.055.781 | 11.373.387 |
| - Government bonds denominated in foreign currency | 2.740.723 | 3.410.951 |
| - Eurobonds | 765.835 | 658.108 |
| - Treasury bills | 46.813 | 202.356 |
| - Mutual Funds | 8.764 | 33.672 |
| - Other bonds denominated in foreign currency | 6.525 | - |
| | <hr/> | <hr/> |
| | 14.624.441 | 15.678.474 |
| Equity securities | | |
| - Listed | 15.804 | 82.550 |
| - Unlisted | 26.744 | 30.379 |
| | <hr/> | <hr/> |
| | 42.548 | 112.929 |
| Total securities available-for-sale | 14.666.989 | 15.791.403 |

Effective interest rates of USD, EUR and TRY denominated available-for-sale debt securities, are 7,28% p.a. (2005: 8,21% p.a.) and 4,54% p.a. (2005: 5,70% p.a.), 18,20 % p.a. (2005: 18,42% p.a.) respectively.

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NOTE 16 - FINANCIAL ASSETS (Continued)

Analysis of maturities at 31 December 2006 and 2005 were as follows:

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

| | 2006 | | | 2005 | | |
|----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| Up to 3 months | 5.700.494 | 4.590 | 5.705.084 | 3.044.761 | 15.807 | 3.060.568 |
| 3 to 12 months | 5.336.096 | 72.188 | 5.408.284 | 7.805.444 | 110.340 | 7.915.784 |
| 1 to 5 years | 3.149.918 | 40.471 | 3.190.389 | 4.410.631 | 77.420 | 4.488.051 |
| Over 5 years | 309.154 | 8.671 | 317.825 | 193.149 | - | 193.149 |
| No maturity | 23.925 | 21.482 | 45.407 | 88.371 | 45.480 | 133.851 |
| | 14.519.587 | 147.402 | 14.666.989 | 15.542.356 | 249.047 | 15.791.403 |

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

| | 2006 | | | 2005 | | |
|----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| Up to 3 months | 2.061.223 | 4.590 | 2.065.813 | 305.904 | 3.056 | 308.960 |
| 3 to 12 months | 5.232.305 | 72.188 | 5.304.493 | 6.707.667 | 110.341 | 6.818.008 |
| Current | 7.293.528 | 76.778 | 7.370.306 | 7.013.571 | 113.397 | 7.126.968 |
| 1 to 5 years | 6.892.980 | 40.471 | 6.933.451 | 8.247.265 | 77.420 | 8.324.685 |
| Over 5 years | 309.154 | 8.671 | 317.825 | 193.149 | - | 193.149 |
| No maturity | 23.925 | 21.482 | 45.407 | 88.371 | 58.230 | 146.601 |
| Non-current | 7.226.059 | 70.624 | 7.296.683 | 8.528.785 | 135.650 | 8.664.435 |
| | 14.519.587 | 147.402 | 14.666.989 | 15.542.356 | 249.047 | 15.791.403 |

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NOTE 16 - FINANCIAL ASSETS (Continued)

The breakdown of available-for-sale equity securities at 31 December 2006 was as follows:

| Listed | Share (%) | Carrying amount | Business |
|---|------------------|------------------------|-----------------------|
| Ak Yatırım Ortaklığı A.Ş.(*) | 47 | 14.765 | Investment management |
| Others | | 1.039 | |
| 15.804 | | | |
| 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 | | 14.794 | |
| 26.744 | | | |

(*) The Group owns 47% of the shares of Ak Yatırım Ortaklığı A.Ş. Due to the insignificance of the financial impact on the financial position and results of Sabancı Holding, Ak Yatırım Ortaklığı A.Ş. was not accounted by equity method of accounting and carried at cost less provision for diminution in value at 31 December 2006 and 2005.

(**) The Group owns 99,99% of the shares of Ak Portföy Yönetimi A.Ş. Due to the insignificance of the financial impact on the financial position and results of Sabancı Holding, Ak Portföy Yönetimi A.Ş. was not accounted by equity method of accounting and carried at cost less provision for diminution in value at 31 December 2006 and 2005.

The breakdown of available-for-sale equity securities at 31 December 2005 is as follows:

| Listed | Share (%) | Carrying amount | Business |
|-------------------------------------|------------------|------------------------|-----------------------|
| Türkiye Sınai Kalkınma Bankası A.Ş. | 6,45 | 59.312 | Investment banking |
| Ak Yatırım Ortaklığı A.Ş. | 45,62 | 19.976 | Investment management |
| Others | | 3.262 | - |
| 82.550 | | | |

(*) Akbank, a subsidiary of the Holding, sold the 6,45% of the shares of Türkiye Sınai Kalkınma Bankası A.Ş. with a nominal value of TRY 12.893.915 in Istanbul Stock Exchange wholesale market. The investment sales income amounted to TRY 52.975.

| Unlisted | Share (%) | Carrying amount | Business |
|---|------------------|------------------------|-----------------------|
| Liman İşletmeleri Nakliyat ve Tic. A.Ş. | 15,00 | 8.358 | Vessel transportation |
| Ak Portföy Yönetimi A.Ş. | 99,99 | 3.591 | Portfolio management |
| Others | | 18.430 | - |
| 30.379 | | | |

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NOTE 16 - FINANCIAL ASSETS (Continued)

| b) Securities held-to-maturity: | 2006 | 2005 |
|--|--------------|----------------|
| Debt securities | | |
| - Treasury bills | 8.152 | 21.256 |
| - Treasury bills denominated in foreign currency | - | 152.724 |
| - Bonds denominated in foreign currency | - | 120.421 |
| - Government bonds | - | 6.414 |
| - Government bonds denominated in foreign currency | - | 480.521 |
| | 8.152 | 781.336 |

Period remaining to contractual maturity dates for held-to-maturity securities:

| | 2006 | | | 2005 | | |
|----------------|----------------|------------------------|--------------|----------------|------------------------|----------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| Up to 3 months | - | 8.152 | 8.152 | 31.071 | - | 31.071 |
| 3 to 12 months | - | - | - | 498.295 | 7.445 | 505.740 |
| Current | - | 8.152 | 8.152 | 529.366 | 7.445 | 536.811 |
| 1 to 5 years | - | - | - | 163.025 | - | 163.025 |
| Over 5 years | - | - | - | 81.500 | - | 81.500 |
| Non-current | - | - | - | 244.525 | - | 244.525 |
| | - | 8.152 | 8.152 | 773.891 | 7.445 | 781.336 |

Period remaining to contractual repricing dates for held-to maturity securities:

| | 2006 | | | 2005 | | |
|----------------|----------------|------------------------|--------------|----------------|------------------------|----------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| Up to 3 months | - | 8.152 | 8.152 | 34.130 | - | 34.130 |
| 3 to 12 months | - | - | - | 495.236 | 7.445 | 502.681 |
| 1 to 5 years | - | - | - | 163.025 | - | 163.025 |
| Over 5 years | - | - | - | 81.500 | - | 81.500 |
| | - | 8.152 | 8.152 | 773.891 | 7.445 | 781.336 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 16 - FINANCIAL ASSETS (Continued)

c) Investment in associates

| | 2006 | Share(%) | 2005 | Share(%) |
|-----------------|----------------|----------|----------------|----------|
| Philsa | 153.901 | 25,00 | 96.216 | 25,00 |
| Philip Morrissa | 27.913 | 24,75 | 18.749 | 24,75 |
| | 181.814 | | 114.965 | |

Income from Associates was as follows:

| | 2006 | 2005 |
|-----------------|----------------|---------------|
| Philsa | 90.095 | 38.918 |
| Philip Morrissa | 21.656 | 13.991 |
| | 111.751 | 52.909 |

Deleted: N

The summary financial information of associates is as follows:

| | 2006 | | 2005 | |
|-----------------|--------------|-------------------|--------------|-------------------|
| | Total assets | Total liabilities | Total assets | Total liabilities |
| Philsa | 1.085.496 | 469.892 | 892.089 | 507.226 |
| Philip Morrissa | 328.813 | 216.035 | 342.072 | 266.317 |

Sales revenue

| | 2006 | 2005 |
|-----------------|-----------|-----------|
| Philsa (*) | 5.286.736 | 4.595.484 |
| Philip Morrissa | 5.685.822 | 4.790.465 |

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

Net income

| | 2006 | 2005 |
|-----------------|---------|---------|
| Philsa | 353.722 | 154.471 |
| Philip Morrissa | 87.918 | 56.250 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2006

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

NOTE 17 - GOODWILL / NEGATIVE GOODWILL (NET)

The movements in goodwill during the years ended 31 December 2006 and 2005 is as follows:

| | Goodwill |
|--|-----------------|
| Balances at 1 January-as previously reported | 290.968 |
| Adjustment to goodwill provisionally accounted under IFRS3 | 6.150 |
| 1 January 2006-adjusted | 297.118 |
| Credited to income statement | (13.040) |
| Additions | 8.479 |
| Impairment | (10.691) |
| Effect of change in scope of consolidation | (3.350) |
| Currency translation difference | 2.936 |
| 31 December 2006 | 281.452 |
| | Goodwill |
| 1 January 2005 | 176.162 |
| Additions | 253.015 |
| Currency translation difference | (1.037) |
| Impairment | (131.022) |
| 31 December 2005 | 297.118 |

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006**

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

NOTE 18 - INVESTMENT PROPERTY (NET)

| Cost | 1 January 2006 | Additions | Disposals | Transfers | Change in the scope of consolidation | Impairment | 31 December 2006 |
|---------------------------------|-----------------------|------------------|------------------|------------------|---|-------------------|-------------------------|
| Land | 88.266 | - | - | - | (1.228) | (6.303) | 80.735 |
| Buildings | 229.628 | - | - | - | (915) | - | 228.713 |
| Total | 317.894 | - | - | - | (2.143) | (6.303) | 309.448 |
| Accumulated depreciation | | | | | | | |
| Buildings | 26.929 | 5.194 | - | - | (113) | - | 32.010 |
| Net book value | 290.965 | | | | | | 277.438 |

| Cost | 1 January 2005 | Additions | Disposals | Transfers | Change in the scope of consolidation | Impairment | 31 December 2005 |
|---------------------------------|-----------------------|------------------|------------------|------------------|---|-------------------|-------------------------|
| Land | 119.548 | - | (25.908) | - | - | (5.374) | 88.266 |
| Buildings | 253.497 | - | (23.869) | - | - | - | 229.628 |
| Total | 373.045 | - | (49.777) | - | - | (5.374) | 317.894 |
| Accumulated depreciation | | | | | | | |
| Buildings | 36.317 | 1.419 | (10.807) | - | - | - | 26.929 |
| Net book value | 336.728 | | | | | | 290.965 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET)

| Cost | 1 January 2006 | Currency translation differences | Additions | Disposals | Change in the scope of consolidation | Impairment | Disposal of subsidiary | Business combinations | 31 December 2006 |
|---------------------------------|------------------|----------------------------------|-----------|-----------|--------------------------------------|------------|------------------------|-----------------------|------------------|
| Land and land improvements | 317.292 | 5.610 | 10.892 | (3.990) | (3.770) | - | (13.499) | 45.052 | 357.587 |
| Buildings | 2.012.984 | 11.231 | 112.597 | (37.089) | (2.930) | (1.736) | (13.257) | 38.953 | 2.120.753 |
| Machinery and equipment | 4.789.203 | 78.956 | 292.595 | (357.270) | 2.897 | (130.367) | (751.920) | 161.693 | 4.085.787 |
| Motor vehicles | 136.140 | 1.364 | 17.814 | (14.777) | 14 | - | (19) | 4.160 | 144.696 |
| Furniture and fixtures | 1.357.827 | 13.420 | 166.588 | (87.838) | (7.675) | (150) | (3.546) | 1.762 | 1.440.388 |
| | 8.613.446 | 110.581 | 600.486 | (500.964) | (11.464) | (132.253) | (782.241) | 251.620 | 8.149.211 |
| Construction in progress | 181.395 | 8.362 | 46.348 | (501) | (3.322) | - | (11.976) | 709 | 221.015 |
| | 8.794.841 | 118.943 | 646.834 | (501.465) | (14.786) | (132.253) | (794.217) | 252.329 | 8.370.226 |
| Accumulated depreciation | | | | | | | | | |
| Land and land improvements | 64.485 | 527 | 6.508 | (184) | 33 | - | - | 8.586 | 79.955 |
| Buildings | 669.397 | 2.409 | 47.847 | (14.265) | (899) | - | (5.993) | 14.776 | 713.272 |
| Machinery and equipment | 2.719.257 | 21.811 | 238.903 | (269.138) | 2.372 | - | (429.076) | 87.218 | 2.371.347 |
| Motor vehicles | 103.938 | 781 | 10.566 | (12.328) | 9 | - | - | 2.205 | 105.171 |
| Furniture and fixtures | 1.008.320 | 5.799 | 134.501 | (81.158) | (5.242) | - | (1.885) | 935 | 1.061.270 |
| | 4.565.397 | 31.327 | 438.325 | (377.073) | (3.727) | - | (436.954) | 113.720 | 4.331.015 |
| Net book value | 4.229.444 | | | | | | | | 4.039.211 |

At 31 December 2006 there are mortgages amounting to USD 32.000 and TRY 89.647 on buildings as security for bank borrowings and legal requirements (2005: USD 32.000 and TRY 114.298).

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006**

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET) (Continued)

| Cost | 1 January 2005 | Currency translation differences | Additions | Disposals | Change in the scope of consolidation | Impairment | Business combinations | Revaluation | 31 December 2005 |
|---------------------------------|---------------------------|---|------------------|------------------|---|-------------------|----------------------------------|--------------------|-----------------------------|
| Land and land improvements | 345.225 | (3.084) | 6.170 | (54.474) | 577 | (4.136) | 27.014 | - | 317.292 |
| Buildings | 1.948.840 | (10.550) | 47.881 | (74.145) | 1.255 | - | 81.623 | 18.080 | 2.012.984 |
| Machinery and equipment | 4.532.557 | (40.662) | 287.537 | (223.520) | 5.989 | (3.243) | 226.997 | 3.548 | 4.789.203 |
| Motor vehicles | 127.828 | (378) | 19.010 | (11.132) | 362 | - | 228 | 222 | 136.140 |
| Furniture and fixtures | 1.194.714 | 6.354 | 208.986 | (83.984) | 129 | (1.256) | 32.175 | 709 | 1.357.827 |
| | 8.149.164 | (48.320) | 569.584 | (447.255) | 8.312 | (8.635) | 368.037 | 22.559 | 8.613.446 |
| Construction in progress | 193.899 | (4.937) | - | (22.060) | 48 | - | 14.445 | - | 181.395 |
| | 8.343.063 | (53.257) | 569.584 | (469.315) | 8.360 | (8.635) | 382.482 | 22.559 | 8.794.841 |
| Accumulated depreciation | | | | | | | | | |
| Land and land improvements | 59.147 | (142) | 6.614 | (1.377) | 243 | - | - | - | 64.485 |
| Buildings | 670.025 | (3.281) | 26.207 | (24.282) | 728 | - | - | - | 669.397 |
| Machinery and equipment | 2.703.931 | 3.595 | 219.583 | (212.522) | 4.670 | - | - | - | 2.719.257 |
| Motor vehicles | 102.456 | (270) | 8.884 | (7.456) | 324 | - | - | - | 103.938 |
| Furniture and fixtures | 897.858 | 7.753 | 167.393 | (64.796) | 112 | - | - | - | 1.008.320 |
| | 4.433.417 | 7.655 | 428.681 | (310.433) | 6.077 | - | - | - | 4.565.397 |
| Net book value | 3.909.646 | | | | | | | | 4.229.444 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

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NOTE 20 - INTANGIBLE ASSETS

| | 1 January 2006 | Currency translation differences | Additions | Disposals | Change in the scope of consolidation | Impairment | Business combinations | 31 December 2006 |
|--------------------------|-------------------|--|-----------|-----------|--|------------|--------------------------|---------------------|
| Cost | 299.047 | 10.650 | 28.167 | (84.873) | (188) | (3.028) | 146.502 | 396.277 |
| Accumulated depreciation | 99.782 | 2.344 | 31.514 | (4.415) | (200) | - | 88 | 129.113 |
| | 199.265 | | | | | | | 267.164 |

| | 1 January 2005 | Currency translation differences | Additions | Disposals | Change in the scope of consolidation | Impairment | Business combinations | 31 December 2005 |
|--------------------------|-------------------|--|-----------|-----------|--|------------|--------------------------|---------------------|
| Cost | 239.212 | 12.112 | 24.517 | (4.025) | 87 | - | 27.144 | 299.047 |
| Accumulated depreciation | 84.193 | (1.909) | 21.292 | (3.825) | 31 | - | - | 99.782 |
| | 155.019 | | | | | | | 199.265 |

TRY 142.357 increase in intangible assets relates to the mining rights acquired in connection with the acquisition of Tufanbeyli Elektrik Üretim A.Ş. by Enerjisa (Note 32).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006

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

NOTE 21 - ADVANCES RECEIVED

| | 2006 | 2005 |
|----------------------------------|--------|--------|
| Advances received from customers | 19.107 | 29.491 |

NOTE 22 - RETIREMENT PLANS

As disclosed in Note 3 to the consolidated financial statements, Akbank T.A.Ş. Tekaüt Sandığı Vakfi (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 bank 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 in the financial statements of the Fund necessitating the accounting of a provision.

NOTE 23 - PROVISIONS

a) Income taxes payable

| | 2006 | 2005 |
|--|----------------|----------------|
| Corporation and income taxes currently payable | 379.892 | 792.376 |
| Less: prepaid taxes | (257.436) | (558.514) |
| Total taxes payable | 122.456 | 233.862 |

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 financial statements, have been calculated on a separate-entity basis.

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NOTE 23 - PROVISIONS (Continued)

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 01.01.2006. Corporation tax rate of the fiscal year 2006 is 20% (2005: 30%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, 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 the 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, dividends paid after 23 July 2006 are 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 by 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.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the year 2005.

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

Tax returns are open for 5 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 5 years. Tax losses can not be carried back to offset profits from previous periods.

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NOTE 23 - PROVISIONS (Continued)

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Sabancı Holding 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 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 are subject to corporate income tax, or alike, in their country of legal or business centre at the rate of at least 15% (at 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 has 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 5 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 realized.

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 23 - PROVISIONS (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 with the above nature which are in the profit/loss figures are taken into consideration, in the calculation of corporate tax.

Apart from the abovementioned 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.

b) Provision for employment termination 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 who retires after completing 25 years of service (20 years for women) and 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 December 2006 the amount payable consists of one month's salary limited to a maximum of TRY 1.857,44 (2005: TRY 1.727,15) 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.

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NOTE 23 - PROVISIONS (Continued)

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 December are as follows:

| | 2006 | 2005 |
|--------------------------------------|----------------|----------------|
| Balances at 1 January | 142.373 | 124.925 |
| Business combinations | 3.734 | 8.262 |
| Liquidation of subsidiaries | - | (31) |
| Payments during the period | (48.666) | (40.726) |
| Charge for the period | 52.917 | 49.943 |
| Change in the scope of consolidation | (60) | - |
| Balances at 31 December | 150.298 | 142.373 |

NOTE 24 - MINORITY INTEREST

| | 2006 | 2005 |
|--|------------------|------------------|
| Balances at 1 January - as previously reported | 4.856.918 | 4.693.824 |
| Accounting policy change | - | 33.115 |
| Balances at 1 January - as restated | 4.856.918 | 4.726.939 |
| Effect of change in the effective rate of subsidiaries | (416.779) | (54.409) |
| Non-cash capital increase correction | (18.583) | (91.759) |
| Disposal of subsidiary | - | (4.224) |
| Capital increase | 5.485 | 40.210 |
| Increase in share premium | 9.346 | - |
| Partial disposition of subsidiary | 32.702 | - |
| Dividends paid | (390.922) | (879.307) |
| Business combination | 99.570 | 25.838 |
| Currency translation differences | 48.704 | (38.326) |
| Available for sale investments net fair value change, net of tax | (221.692) | 138.029 |
| Net income for the period | 992.292 | 993.927 |
| Balances at 31 December | 4.997.041 | 4.856.918 |

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NOTE 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL

The Holding's authorised and issued capital consists of 180.000.000.000 (2005: 180.000.000.000) shares of YKr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2006 and 2005 were as follows:

| Shareholders: | Share (%) | 2006 | Share (%) | 2005 |
|----------------------------|------------------|------------------|------------------|------------------|
| Sabancı family members | 58,36 | 1.050.566 | 58,37 | 1.050.594 |
| Public quotation | 25,21 | 453.714 | 25,20 | 453.686 |
| 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 |

NOTE 26 - CAPITAL RESERVES

At 31 December 2006 and 2005, the restated amounts and the shareholders' equity restatement differences of equity accounts were as follows:

| 31 December 2006 | Historical amount | Restated amount | Restatement difference |
|-------------------------|--------------------------|------------------------|-------------------------------|
| Share capital | 1.800.000 | 5.226.761 | 3.426.761 |
| Share premium | 21.670 | 300.122 | 278.452 |
| Legal reserves | 92.463 | 175.566 | 83.103 |
| Extraordinary reserves | 478.007 | 573.612 | 95.605 |
| | 2.392.140 | 6.276.061 | 3.883.921 |

| 31 December 2005 | Historical amount | Restated amount | Restatement difference |
|-------------------------|--------------------------|------------------------|-------------------------------|
| Share capital | 1.800.000 | 5.226.761 | 3.426.761 |
| Share premium | 21.670 | 300.122 | 278.452 |
| Legal reserves | 76.136 | 159.239 | 83.103 |
| Extraordinary reserves | 567.538 | 663.143 | 95.605 |
| | 2.465.344 | 6.349.265 | 3.883.921 |

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NOTE 27 - PROFIT RESERVES

Retained earnings, as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

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 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%, to the holders of the usufruct shares in the amount of 3% 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 Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 20% of their distributable profit, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. The income of the Subsidiaries, Joint Ventures and Associated companies of the Holding will not be taken into consideration in the calculation of dividends of the parent company, if they have not declared dividends in their general assemblies.

For the purposes of profit distribution in accordance with related CMB regulations, items of statutory shareholders' equity such as share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves, are presented at their historical amounts. The difference between the inflated and historical amounts of these items is presented in shareholders' equity in total as restatement difference.

Restatement difference of shareholders' equity can only be netted off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted off against prior years' losses, used in distribution of bonus shares and distribution of dividends to shareholders.

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NOTE 27 - PROFIT RESERVES (Continued)

In accordance with the above explanation, the composition of the Holding's shareholders' equity, which is considered as the basis for profit distribution is as follows:

| | 2006 | 2005 |
|--|------------------|------------------|
| Capital | 1.800.000 | 1.800.000 |
| Share premium | 21.670 | 21.670 |
| Legal reserves | 92.463 | 76.136 |
| Extraordinary reserves | 478.007 | 567.538 |
| Shareholders' equity restatement difference | 3.883.921 | 3.883.921 |
| Net income | 494.049 | 689.765 |
| Retained earnings | 369.433 | 17.021 |
| Total shareholders' equity subject to dividend distribution | 7.139.543 | 7.056.051 |
| Translation reserve | (241.428) | (361.560) |
| Revaluation reserve | 10.496 | 12.455 |
| Fair value reserve | (54.267) | 92.213 |
| Shareholders' equity per consolidated financial statements | 6.854.344 | 6.799.159 |

NOTE 28 - RETAINED EARNINGS

| | 2006 | 2005 |
|---|----------------|---------------|
| Balance at 1 January 2006 | 17.021 | 173.678 |
| Effect of IFRS 3 application | - | 14.595 |
| Capital increase | - | (418.526) |
| Effect of change in the effective interest rate of subsidiaries | 5.864 | (14.501) |
| Transfer of net income | 493.644 | 390.461 |
| Dividends paid | (149.055) | (128.686) |
| Transfer from revaluation fund | 1.959 | - |
| Balance at 31 December | 369.433 | 17.021 |

NOTE 29 - FOREIGN CURRENCY POSITION

Foreign currency denominated assets and liabilities held by the Holding before consolidation eliminations at 31 December 2006 and 2005 were as follows:

| | 2006 | 2005 |
|--------------------------------------|------------------|------------------|
| Assets | 28.724.193 | 25.304.424 |
| Liabilities | (29.276.764) | (26.118.652) |
| Net foreign currency position | (552.571) | (814.228) |

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006

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

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

| | 2006 | | | | |
|---|-------------------|-------------------|------------------|------------------|-------------------|
| | USD | EUR | GBP | Other | Total |
| Cash and due from banks | 2.235.597 | 2.167.084 | 340.457 | 46.317 | 4.789.455 |
| Trading securities | 5.657.980 | 866.379 | - | - | 6.524.359 |
| Derivative financial instruments | 31.766 | 25.177 | 7.145 | - | 64.088 |
| Reserve deposits at Central Bank | - | 1.521.198 | - | - | 1.521.198 |
| Loans and advances to customers | 6.659.251 | 4.343.793 | 60.943 | 15.581 | 11.079.568 |
| Investment securities | 2.908.774 | 608.899 | - | - | 3.517.673 |
| Financial lease receivables | 122.526 | 185.367 | - | - | 307.893 |
| Trade receivables | 192.129 | 355.636 | 111.240 | 63.198 | 722.203 |
| Other receivables | 35.408 | 114.833 | 22.801 | 24.714 | 197.756 |
| Total foreign currency denominated assets | 17.843.431 | 10.188.366 | 542.586 | 149.810 | 28.724.193 |
| Funds borrowed, bank borrowings and debt securities in issue | 8.855.577 | 2.292.960 | 43.488 | 54.591 | 11.246.616 |
| Customer deposits | 9.148.845 | 7.017.545 | 739.051 | 160.447 | 17.065.888 |
| Derivative financial instruments | 29.107 | 15.526 | 12.952 | - | 57.585 |
| Trade payables | 157.282 | 261.735 | 88.342 | 47.988 | 555.347 |
| Other payables | 208.901 | 86.463 | 20.987 | 34.977 | 351.328 |
| Total foreign currency denominated liabilities | 18.399.712 | 9.674.229 | 904.820 | 298.003 | 29.276.764 |
| Net balance sheet position | (556.281) | 514.137 | (362.234) | (148.193) | (552.571) |
| | 2005 | | | | |
| | USD | EUR | GBP | Other | Total |
| Cash and due from banks | 1.770.368 | 1.372.953 | 217.502 | 33.872 | 3.394.695 |
| Trading securities | 5.638.279 | 802.868 | - | - | 6.441.147 |
| Derivative financial instruments | 4.863 | 1.020 | 5.991 | 254 | 12.128 |
| Reserve deposits at Central Bank | - | 1.190.957 | - | - | 1.190.957 |
| Loans and advances to customers | 5.160.374 | 3.353.073 | 57.515 | 2.013 | 8.572.975 |
| Investment securities | 4.155.071 | 572.988 | 76.675 | 20.536 | 4.825.270 |
| Trade receivables | 192.583 | 465.722 | 77.651 | 29.975 | 765.931 |
| Other receivables | 64.877 | 13.810 | 16.263 | 6.371 | 101.321 |
| Total foreign currency denominated assets | 16.986.415 | 7.773.391 | 451.597 | 93.021 | 25.304.424 |
| Funds borrowed, bank borrowings and debt securities in issue | 8.388.164 | 1.826.117 | 126.724 | 10.852 | 10.351.857 |
| Customer deposits | 8.193.099 | 5.955.814 | 630.961 | 161.174 | 14.941.048 |
| Derivative financial instruments | 39.823 | 19.373 | 10.862 | 222 | 70.280 |
| Trade payables | 131.187 | 305.037 | 73.016 | 30.737 | 539.977 |
| Other payables | 122.507 | 59.636 | 30.111 | 3.236 | 215.490 |
| Total foreign currency denominated liabilities | 16.874.780 | 8.165.977 | 871.674 | 206.221 | 26.118.652 |
| Net balance sheet position | 111.635 | (392.586) | (420.077) | (113.200) | (814.228) |

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

NOTE 30 - GOVERNMENT GRANTS

None (2005: None).

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

| | 2006 | 2005 |
|-------------------------------------|------------------|------------------|
| Letters of guarantee issued | 2.724.924 | 2.227.769 |
| Foreign currency acceptance credits | 696.877 | 838.159 |
| Letter of credits | 39.872 | 49.179 |
| | 3.461.673 | 3.115.107 |

Commitments for resale and repurchase of debt securities:

Commitments for resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2006 and 2005 were as follows:

| | 2006 | 2005 |
|------------------------|-----------|-----------|
| Repurchase commitments | 5.029.143 | 5.489.288 |
| Resale commitments | 135.101 | 91.885 |

Commitments to forward currency purchase / sale and swap transactions:

| | 2006 | 2005 |
|----------------------------|---------|---------|
| Forward currency purchases | | |
| TRY | 48.977 | 410 |
| USD | 171.526 | 204.377 |
| EUR | 62.113 | 718.182 |
| JPY | 33.576 | 43.380 |
| GBP | 275.702 | 339.685 |

| | | |
|--|----------------|------------------|
| | 591.894 | 1.306.034 |
|--|----------------|------------------|

| | | |
|------------------------|---------|---------|
| Forward currency sales | | |
| TRY | 171.457 | 27.862 |
| USD | 302.638 | 983.941 |
| EUR | 129.477 | 214.420 |
| JPY | - | 95.137 |
| GBP | 44.802 | 48.755 |
| Other | 452 | - |

| | | |
|--|----------------|------------------|
| | 648.826 | 1.370.115 |
|--|----------------|------------------|

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006

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

| NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued) | 2006 | 2005 |
|---|------------------|------------------|
| Currency swap purchases | | |
| USD | 1.462.974 | 857.195 |
| EUR | 1.321.808 | 816.540 |
| GBP | 272.880 | 265.462 |
| CHF | 34.981 | 17.777 |
| Other | 98.903 | 83.721 |
| | 3.191.546 | 2.040.695 |
| Currency swap sales | | |
| USD | 1.867.542 | 832.273 |
| EUR | 1.291.726 | 1.216.265 |
| GBP | 20.268 | 8.296 |
| TRY | 1.000 | - |
| Other | 187 | - |
| | 3.180.723 | 2.056.834 |
| Interest rate swap purchases | | |
| EUR | 1.095.943 | 315.649 |
| TRY | 1.050.000 | - |
| GBP | 427.320 | 323.694 |
| USD | 237.408 | 326.729 |
| JPY | - | 13.680 |
| | 2.810.671 | 979.752 |
| Interest rate swap sales | | |
| EUR | 1.095.943 | 315.649 |
| TRY | 1.050.000 | - |
| GBP | 427.320 | 323.694 |
| USD | 237.408 | 320.154 |
| JPY | - | 20.520 |
| | 2.810.671 | 980.017 |
| Spot purchases | 142.977 | 78.170 |
| Spot sales | 143.136 | 78.170 |
| Money options purchases | 162.718 | 407.097 |
| Money options sales | 162.579 | 404.276 |
| Futures purchases | 37.951 | - |
| Futures sales | 36.062 | - |
| Commitments - Other companies | | |
| Letters of guarantee given | 606.654 | 729.677 |
| Other guarantees given | 109.768 | 43.810 |
| | 716.422 | 773.487 |

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

NOTE 32 - BUSINESS COMBINATIONS

The business combinations between 1 January and 31 December 2006 are as follows:

Enerjisa, a subsidiary of the Holding, acquired 99,97% of shares of Tufanbeyli Elektrik Üretim A.Ş. ("Tufanbeyli Elektrik") from Park Holding A.Ş. in consideration of TRY 124.694 on 2 June 2006. Tufanbeyli has generated a net income of TRY 1.322 as of 31 December 2006 following this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

| | |
|--|-----------|
| Property plant and equipment, net | 711 |
| Intangible assets- net (*) | 120.708 |
| Other assets | 3.333 |
| Other liabilities | (27) |
| Minority interest in net assets as of acquisition date | (31) |
| <hr/> | |
| Total net assets | 124.694 |
| Less: cost of acquisition | (124.694) |

(*) The acquired intangible assets represent mining rights.

Enerjisa acquired 90,98% of shares of Ser Enerji Üretim ve Ticaret A.Ş. ("Ser Enerji") in consideration of TRY 22.001 on 25 August 2006. Tufanbeyli has generated a net income of TRY 167 as of 31 December 2006 following this acquisition. Ser Enerji has incurred a loss of TRY 266 as of 31 December 2006 following this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

| | |
|---------------------------|----------|
| Intangible assets- net | 21.731 |
| Other assets | 270 |
| <hr/> | |
| Total net assets | 22.001 |
| Less: cost of acquisition | (22.001) |

Kordsa Global acquired 99,5% of shares of Kordsa Qingdao Nylon Enterprise in consideration of TRY 12.082 on 29 December 2006. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 3.464 and was credited to other operating income. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

| | |
|---|----------|
| Trade receivables | 4.218 |
| Inventories | 3.858 |
| Property plant and equipment and intangible assets, net | 10.675 |
| Trade payables | (1.819) |
| Other liabilities | (1.306) |
| <hr/> | |
| Total net assets | 15.626 |
| Minority interest | (80) |
| <hr/> | |
| Total net asset acquired | 15.546 |
| Less: cost of acquisition | (12.082) |

Excess recognised in statement of income **3.464**

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NOTE 32 - BUSINESS COMBINATIONS (Continued)

Kordsa Global acquired 51,29% of shares of Branta Mulia Group in consideration of TRY 49.425 on 22 December 2006. The parent Branta Mulia, owns 70% of its subsidiary Branta Mulia Teijin and 64,19% of Thai Branta Mulia and prepares consolidated financial statements. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 3.025 is recognized as goodwill in balance sheet (Note 17). The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

| | |
|-----------------------------------|--------------|
| Marketable securities | 10.313 |
| Trade receivables | 34.707 |
| Inventories | 54.336 |
| Property plant and equipment, net | 125.797 |
| Intangible assets, net | 659 |
| Other assets | 7.031 |
| Borrowings | (42.501) |
| Trade payables | (21.937) |
| Deferred tax liabilities | (16.535) |
| Other liabilities | (6.740) |
| <hr/> | |
| Total net assets | 145.130 |
| Minority interest | (98.730) |
| <hr/> | |
| Total net asset acquired | 46.400 |
| Less: cost of acquisition | (49.425) |
| <hr/> | |
| Goodwill | 3.025 |

Teknosa acquired 51% of shares of S.C. Primex S.A that operates in retailing technology electronics hardware through its stores in Romania in consideration of TRY 6.182 on 11 December 2006. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 5.454 is recognized as goodwill in balance sheet (Note 17). The fair values of identifiable assets, liabilities and contingent liabilities acquired and the acquisition costs are as follows:

| | |
|-----------------------------------|--------------|
| Trade receivables | 10.516 |
| Inventories | 12.174 |
| Property plant and equipment, net | 1.432 |
| Intangible assets, net | 3.474 |
| Deferred tax asset | 72 |
| Borrowings | (10.012) |
| Trade payables | (16.201) |
| Other liabilities | (401) |
| <hr/> | |
| Total net assets | 1.054 |
| Minority interest | (517) |
| <hr/> | |
| Total net asset acquired | 537 |
| Less: cost of acquisition | (5.991) |
| <hr/> | |
| Goodwill | 5.454 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006

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

NOTE 32 - BUSINESS COMBINATIONS (Continued)

The business combinations between 1 January and 31 December 2005 are as follows:

Akbank, a subsidiary of Sabancı Holding, acquired 60% of shares of its prior associate Ak Uluslararası Bankası A.Ş. (formerly named BNP Ak Dresdner Bank A.Ş.) from the foreign shareholders in consideration of TRY 64.337 on 9 March 2005. The excess of the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost of acquisition amounted to TRY 24.968 and was credited to other operating income. The net income of Ak Uluslararası Bankası A.Ş. for the period between the acquisition date and 31 December 2005 is TRY 24.076. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

| | |
|--|-----------------|
| Loans and advances to customers | 239.223 |
| Financial assets | 201.087 |
| Property plant and equipment, net | 12.983 |
| Other assets | 8.533 |
| Customer deposits | (8.288) |
| Other borrowed funds and debt securities issued | (290.942) |
| Other liabilities | (10.426) |
| <hr/> | |
| Total net assets | 152.170 |
| Net assets owned by Holding before acquisition | (82.305) |
| <hr/> | |
| Total net assets acquired | 69.865 |
| Less: cost of acquisition | (44.897) |
| <hr/> | |
| Excess recognised in the statement of income as of 31 December 2005 | (24.968) |

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NOTE 32 - BUSINESS COMBINATIONS (Continued)

Sabancı Industrial Nylon Yarn, a Subsidiary of the Holding, acquired 50% of shares of Kordsa LLC from E.I. du Pont de Nemours and Company, which is a joint venturer of Kordsa LLC, in consideration of TRY 133.349 on 30 April 2006. The excess amount of TRY 52.269 that arose from the excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired from the purchase consideration is included in other operating income. Kordsa LLC has generated a net income of TRY 9.650 until 31 December 2005 after this acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

| | |
|-----------------------------------|-----------|
| Trade receivable | 67.516 |
| Inventories | 63.684 |
| Property plant and equipment, net | 223.180 |
| Intangible assets,-net | 10.176 |
| Other assets | 44.558 |
| Financial liabilities | (97.255) |
| Trade payables | (53.868) |
| Other liabilities | (72.374) |
| <hr/> | |
| Total net assets | 185.617 |
| Less: cost of acquisition | (133.349) |

Excess recognised in income statement as of 31 December 2005 **(52.268)**

Sabancı Industrial Nylon Yarn, a Subsidiary of the Holding, acquired 90,32% of shares of Cobafi from Acordis/Diolen in consideration of TRY 21.320 on 13 May 2005. The excess amount of TRY 10.449 that arose from the excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired from the purchase consideration is included in other operating income. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

| | |
|-----------------------------------|----------|
| Trade receivables | 7.796 |
| Inventory | 23.758 |
| Property plant and equipment, net | 19.982 |
| Other assets | 15.223 |
| Financial liabilities | (18.780) |
| Trade payables | (3.431) |
| Other liabilities | (12.779) |
| <hr/> | |
| Total net assets | 31.769 |
| Less: cost of acquisition | (21.320) |

Excess recognised in income statement as of 31 December 2005 **(10.449)**

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NOTE 32 - BUSINESS COMBINATIONS (Continued)

Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş., a joint venture of Sabancı Holding, acquired 65,33% of shares of Gıma Gıda ve İhtiyaç Maddeleri T.A.Ş. and 34,95% of Endi Tüketim Malları Ticaret ve Sanayi A.Ş. ("Endi") from Fiba Holding A.Ş. in consideration of TRY 72.192 on 13 July 2005. The amount of goodwill arising as a result of this transaction amounted to TRY 94.884. The total net income of the acquirees amounted to TRY 11.090 for the period ended 31 December 2005 after the acquisition. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

| | |
|---|----------------|
| Inventory | 9.029 |
| Property plant and equipment, net | 15.343 |
| Intangible assets | 269 |
| Other assets | 7.144 |
| Financial liabilities | (13.070) |
| Trade payables | (34.373) |
| Other liabilities | (19.771) |
| Minority interest in negative net assets as of acquisition date | (5.743) |
| Total net assets | (41.172) |
| Less: cost of acquisition | (72.192) |
| Goodwill | 113.364 |

Çimsa Çimento Sanayi ve Ticaret A.Ş., a subsidiary of Sabancı Holding, acquired the Eskişehir and Lalapaşa plants of Standart Çimento Sanayi A.Ş. ("Standart Çimento") from Savings Deposits Insurance Fund in consideration of TRY 235.784 (USD 175.000.000) on 26 December 2005. The fair values of identifiable assets, liabilities, contingent liabilities and cost of acquisition are as follows:

| | |
|-----------------------------------|----------------|
| Inventory | 2.310 |
| Property plant and equipment, net | 74.903 |
| Intangible assets | 22.759 |
| Deferred tax asset | 3.871 |
| Employment termination benefits | (199) |
| Total net assets | 103.644 |
| Less: cost of acquisition | (235.784) |
| Goodwill | 132.140 |

(*) The acquired intangible assets represent the mining rights.

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

NOTE 33 - SEGMENT REPORTING

a) External revenues

| | 2006 | 2005 |
|------------------------------|-------------------|-------------------|
| Finance | 8.761.165 | 7.174.698 |
| Tire and tire reinforcements | 1.332.244 | 1.057.363 |
| Automotive | 1.674.809 | 1.470.028 |
| Textile | 425.172 | 333.598 |
| Chemicals | 1.469.255 | 1.587.361 |
| Cement | 692.694 | 486.400 |
| Retail | 1.639.051 | 1.230.260 |
| Food and beverage | 442.123 | 394.709 |
| Other | 504.448 | 418.776 |
| | 16.940.961 | 14.153.193 |

b) Segment assets

| | 2006 | 2005 |
|---|-------------------|-------------------|
| Tire and tire reinforcements | 1.368.672 | 880.361 |
| Automotive | 744.724 | 511.642 |
| Textile | 515.786 | 456.838 |
| Chemicals | 866.315 | 1.413.551 |
| Cement | 854.001 | 645.534 |
| Retail | 840.764 | 818.030 |
| Food and beverage | 278.427 | 261.401 |
| Finance | 60.785.410 | 55.542.083 |
| Banking | 60.119.283 | 54.780.220 |
| Insurance | 666.127 | 761.863 |
| Other | 1.440.530 | 1.444.531 |
| Segment assets (*) | 67.694.629 | 61.963.117 |
| Investment in associated companies | 181.814 | 114.965 |
| Other | 181.814 | 114.965 |
| Unallocated assets | 820.682 | 937.046 |
| Less: intercompany eliminations and reclassifications | (1.078.222) | (1.183.582) |
| Total assets per consolidated financial statements | 67.618.903 | 61.842.400 |

(*) Segment assets mainly comprise of operating assets.

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NOTE 33 - SEGMENT REPORTING (Continued)

| c) Segment liabilities | 2006 | 2005 |
|--|-------------------|-------------------|
| Tire and tire reinforcements | 233.655 | 195.382 |
| Automotive | 244.411 | 231.851 |
| Textile | 65.617 | 48.267 |
| Chemicals | 168.199 | 271.055 |
| Cement | 97.460 | 68.626 |
| Retail | 431.054 | 329.300 |
| Food and beverage | 129.609 | 81.324 |
| Finance | 53.565.030 | 48.611.674 |
| Banking | 52.814.277 | 48.071.665 |
| Insurance | 750.753 | 540.009 |
| Other | 291.969 | 220.092 |
| Segment liabilities (*) | 55.227.004 | 50.057.571 |
| Unallocated liabilities | 1.571.007 | 1.201.455 |
| Less: intercompany eliminations and reclassifications | (1.030.490) | (1.072.703) |
| Total liabilities per consolidated financial statements | 55.767.521 | 50.186.323 |

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

HACI ÖMER SABANCI HOLDING A.Ş.

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

NOTE 33 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the year ended 31 December 2006

| | Tire and tire reinforcements | Automotive | Textile | Chemicals | Cement | Retail | Food and beverage | Finance | | Total finance | Inter segment | | Total |
|--|---------------------------------|------------------|----------------|------------------|----------------|------------------|----------------------|------------------|-----------------|------------------|------------------|--------------------|-------------------|
| | | | | | | | | Banking | Insurance | | Other | elimination | |
| External revenues | 1.332.243 | 1.674.809 | 425.172 | 1.469.255 | 692.694 | 1.639.051 | 442.123 | 8.032.847 | 728.318 | 8.761.165 | 504.449 | - | 16.940.961 |
| Inter segment revenues | 5.561 | 2.450 | 272 | 21.618 | 58 | 5.527 | 9.645 | 52.978 | 1.215 | 54.193 | 174.239 | (273.563) | - |
| Intra segment revenues | 40.679 | 5 | 1.130 | 2 | 4.363 | 7.892 | - | - | 1.897 | 1.897 | 1.418.515 | (1.474.483) | - |
| Combined revenues | 1.378.483 | 1.677.264 | 426.574 | 1.490.875 | 697.115 | 1.652.470 | 451.768 | 8.085.825 | 731.430 | 8.817.255 | 2.097.203 | (1.748.046) | 16.940.961 |
| External revenues | 1.332.244 | 1.674.809 | 425.172 | 1.469.255 | 692.694 | 1.639.051 | 442.123 | 8.032.847 | 728.318 | 8.761.165 | 504.448 | - | 16.940.961 |
| Inter segment revenues | 5.561 | 2.450 | 272 | 21.618 | 58 | 5.527 | 9.645 | 52.978 | 1.215 | 54.193 | 174.239 | (273.563) | - |
| Consolidated revenue | 1.337.805 | 1.677.259 | 425.444 | 1.490.873 | 692.752 | 1.644.578 | 451.768 | 8.085.825 | 729.533 | 8.815.358 | 678.687 | (273.563) | 16.940.961 |
| Cost of goods sold (*) | (1.092.329) | (1.422.693) | (305.436) | (1.353.747) | (407.357) | (1.309.613) | (393.949) | (4.707.935) | (674.026) | (5.381.961) | (612.237) | 295.498 | (11.983.824) |
| General administrative expenses | (66.992) | (23.679) | (28.665) | (38.565) | (30.982) | (185.694) | (19.611) | (1.612.632) | (79.713) | (1.692.345) | (43.101) | 17.383 | (2.112.251) |
| Sales, marketing and distribution expenses | (63.781) | (136.025) | (33.500) | (106.815) | (7.624) | (128.930) | (77.044) | - | - | - | (40.738) | 17.842 | (576.615) |
| Research and development expenses | (5.877) | (8.393) | (10.160) | (9.011) | - | - | (408) | - | - | - | - | 78 | (33.771) |
| Inter segment adjustment | - | (463) | 91 | - | (2) | (72) | 714 | 11.783 | 804 | 12.587 | 2.740 | (12.630) | 2.965 |
| Operating result | 108.826 | 86.006 | 47.774 | (17.265) | 246.787 | 20.269 | (38.530) | 1.777.041 | (23.402) | 1.753.639 | (14.649) | 44.608 | 2.237.465 |
| Other unallocated operating expenses | | | | | | | | | | | | | (52.546) |
| Net operating result | | | | | | | | | | | | | 2.184.919 |
| Other income/(expense)- net | 10.666 | (7.612) | (4.970) | (177.281) | (20.667) | (7.330) | (7.293) | 93.813 | 20.873 | 114.686 | (42.532) | | (142.333) |
| Segment result | 119.492 | 78.394 | 42.804 | (194.546) | 226.120 | 12.939 | (45.823) | 1.870.854 | (2.529) | 1.868.325 | (57.181) | | 2.042.586 |

(*) In the banking segment cost of sales includes interest expense, fee and commission expense, provision for loan losses and other operating income.

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NOTE 33 - SEGMENT REPORTING (Continued)

Segmental analysis for the year ended 31 December 2005

| | Tire and tire reinforcements | Automotive | Textile | Chemicals | Cement | Retail | Food and beverage | Finance | | Total finance | Inter segment elimination | Other | Total |
|--|---------------------------------|------------------|----------------|------------------|----------------|------------------|----------------------|------------------|-----------------|------------------|------------------------------|--------------------|-------------------|
| | | | | | | | | Banking | Insurance | | | | |
| External revenues | 1.057.363 | 1.470.028 | 333.598 | 1.587.361 | 486.400 | 1.230.260 | 394.709 | 6.605.049 | 569.649 | 7.174.698 | 418.776 | | 14.153.193 |
| Inter segment revenues | 5.356 | 339 | 12 | 16.566 | 1 | 2.796 | 5.509 | 24.679 | 1.371 | 26.050 | 183.515 | (240.144) | - |
| Intra segment revenues | 37.680 | - | 133 | 2.013 | 2.412 | 3.385 | 1.002 | - | 642 | 642 | 1.414.841 | (1.462.108) | - |
| Combined revenues | 1.100.399 | 1.470.367 | 333.743 | 1.605.940 | 488.813 | 1.236.441 | 401.220 | 6.629.728 | 571.662 | 7.201.390 | 2.017.132 | (1.702.252) | 14.153.193 |
| External revenues | 1.057.363 | 1.470.028 | 333.598 | 1.587.361 | 486.400 | 1.230.260 | 394.709 | 6.605.049 | 569.649 | 7.174.698 | 418.776 | - | 14.153.193 |
| Inter segment revenues | 5.356 | 339 | 12 | 16.566 | 1 | 2.796 | 5.509 | 24.679 | 1.371 | 26.050 | 183.515 | (240.144) | - |
| Consolidation revenue | 1.062.719 | 1.470.367 | 333.610 | 1.603.927 | 486.401 | 1.233.056 | 400.218 | 6.629.728 | 571.020 | 7.200.748 | 602.291 | (240.144) | 14.153.193 |
| Cost of goods sold | (863.101) | (1.209.318) | (259.456) | (1.427.642) | (321.823) | (956.621) | (328.000) | (3.221.352) | (546.352) | (3.767.704) | (540.520) | 312.805 | (9.361.380) |
| General administrative expenses | (64.069) | (19.816) | (27.350) | (41.465) | (22.059) | (154.078) | (21.722) | (1.340.805) | (56.049) | (1.396.854) | (42.001) | 13.153 | (1.776.261) |
| Sales, marketing and distribution expenses | (26.046) | (110.237) | (27.073) | (122.488) | (6.347) | (77.958) | (75.371) | - | - | - | (39.555) | 15.190 | (469.885) |
| Research and development expenses | (4.414) | (4.445) | (8.328) | (6.881) | - | - | (292) | - | - | - | - | 74 | (24.286) |
| Inter segment adjustment | - | (738) | 91 | 20 | (100) | 47 | (12.260) | 57.540 | 1.161 | 58.701 | 2.792 | (58.744) | (10.191) |
| Operating result | 105.089 | 125.813 | 11.494 | 5.471 | 136.072 | 44.446 | (37.427) | 2.125.111 | (30.220) | 2.094.891 | (16.993) | 42.334 | 2.511.190 |
| Other unallocated operating expenses | | | | | | | | | | | | | (53.881) |
| Net operating result | | | | | | | | | | | | | 2.457.309 |
| Other income/(expense)- net | 59.476 | (8.795) | (3.749) | (37.963) | (2.563) | 13.850 | (7.607) | 38.361 | 23.981 | 62.342 | (158.819) | | (83.828) |
| Segment result | 164.565 | 117.018 | 7.745 | (32.492) | 133.509 | 58.296 | (45.034) | 2.163.472 | (6.239) | 2.157.233 | (175.812) | | 2.373.481 |

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NOTE 33 - SEGMENT REPORTING (Continued)

e) Operating results

i) Banking

| | 2006 | 2005 |
|---|--------------------|--------------------|
| Interest on loans | 3.979.600 | 2.786.102 |
| Interest on investment and trading securities | 2.493.401 | 2.471.193 |
| Fee and commission income | 1.099.851 | 914.903 |
| Interest from other banks | 268.715 | 160.726 |
| Net trading gains on securities | 143.156 | 203.023 |
| Other interest income | 48.124 | 69.102 |
| Total operating revenues | 8.032.847 | 6.605.049 |
| Less: fee and commission income and net trading gains on securities | (1.243.007) | (1.117.926) |
| Total interest income | 6.789.840 | 5.487.123 |
| Interest expense | (4.121.821) | (2.753.289) |
| Interest income - net | 2.668.019 | 2.733.834 |
| Operating costs | | |
| Interest expense | (4.121.821) | (2.753.289) |
| Foreign exchange trading gains - net | (29.493) | 64.896 |
| Operating expense | (1.612.632) | (1.340.805) |
| Fee and commission expense | (236.720) | (232.767) |
| Provision for loan losses | (255.140) | (217.973) |
| Total operating costs | (6.255.806) | (4.479.938) |
| Add: interest expense | 4.121.821 | 2.753.289 |
| Add: fee and commission income and net trading gains on securities | 1.243.007 | 1.117.926 |
| Operating results | 1.777.041 | 2.125.111 |

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NOTE 33 - SEGMENT REPORTING (Continued)

ii) Insurance

| | 2006 | 2005 |
|---|------------------------|------------------------|
| Gross premiums written | 728.318 | 569.649 |
| Outward reinsurance premiums | (321.489) | (281.944) |
| Change in the provision for unearned premiums, net of reinsurance | (47.684) | (38.495) |
| <u>Earned premiums, net of reinsurance</u> | <u>359.145</u> | <u>249.210</u> |
| Claims paid - gross | (472.267) | (342.313) |
| Claims paid - reinsures' share | 227.932 | 174.470 |
| Change in the provision for claims | (27.120) | (20.387) |
| <u>Claims incurred, net of reinsurance</u> | <u>(271.455)</u> | <u>(188.230)</u> |
| Change in life assurance provision | 11.172 | 1.982 |
| Commission expense - net | (42.510) | (37.123) |
| Technical income | 56.352 | 25.839 |
| <u>General administrative expenses</u> | <u>(79.754)</u> | <u>(56.059)</u> |
| <u>Operating results</u> | <u>(23.402)</u> | <u>(30.220)</u> |

iii) Non-financial products

| | | |
|--------------------------------|-----------------------|-----------------------|
| Net sales | 8.179.796 | 6.978.495 |
| Cost of sales | (6.665.781) | (5.691.248) |
| <u>Gross profit</u> | <u>1.514.015</u> | <u>1.287.247</u> |
| <u>Operating expenses</u> | <u>(1.082.735)</u> | <u>(924.829)</u> |
| <u>Operating profit</u> | <u>431.280</u> | <u>362.418</u> |

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NOTE 33 - SEGMENTAL 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 (Note 3) in the consolidated financial statements are as follows on a combined basis:

| | 2006 | 2005 |
|--|------------------|------------------|
| Balance sheet | | |
| Current assets | 456.421 | 442.916 |
| Non-current assets | 951.423 | 973.894 |
| Total assets | 1.407.844 | 1.416.810 |
| Current liabilities | 422.396 | 404.918 |
| Non-current liabilities | 50.143 | 76.638 |
| Total liabilities | 472.539 | 481.556 |
| Outside interests | 4.435 | 4.143 |
| Shareholders' equity | 930.870 | 931.111 |
| Total liabilities, outside interests and shareholders' equity | 1.407.844 | 1.416.810 |
| Income statement | 2006 | 2005 |
| Operating profit | 124.871 | 135.410 |
| Financial income/(expense)- net | 6.235 | (17.454) |
| Income before taxation on income and outside interests | 131.106 | 117.956 |
| Taxation on income | (57.412) | (30.789) |
| Income before outside interests | 73.694 | 87.167 |
| Outside interests | (292) | 458 |
| Net income for the period | 73.402 | 87.625 |

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FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006**

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

NOTE 33 - SEGMENTAL REPORTING (Continued)

g) Amortisation charge, negative goodwill income and capital expenditures

1 January – 31 December 2006

| | <u>Finance</u> | | Tire and tire enforcements | Automotive | Textile | Chemicals | Cement | Food and beverage | Retail | Other | Total |
|--|----------------|-----------|-------------------------------|------------|---------|-----------|---------|----------------------|--------|--------|---------|
| | Banking | Insurance | | | | | | | | | |
| Depreciation and amortisation | 107.235 | 4.480 | 81.080 | 12.747 | 36.892 | 73.232 | 54.500 | 13.941 | 32.175 | 58.751 | 475.033 |
| Negative goodwill income | - | - | (3.464) | - | - | - | - | - | - | - | (3.464) |
| Goodwill impairment | - | - | - | - | - | 10.691 | - | - | - | - | 10.691 |
| Impairment of property, plant and equipment | - | - | 1.736 | - | - | 129.974 | - | 3.570 | - | 6.304 | 141.584 |
| | 107.235 | 4.480 | 79.352 | 12.747 | 36.892 | 213.897 | 54.500 | 17.511 | 32.175 | 65.055 | 623.844 |
| Capital Expenditure | 176.337 | 4.627 | 66.790 | 39.054 | 20.811 | 129.919 | 112.290 | 45.101 | 56.551 | 23.521 | 675.001 |

1 January - 31 December 2005

| | <u>Finance</u> | | Tire and tire enforcements | Automotive | Textile | Chemicals | Cement | Food and beverage | Retail | Other | Total |
|--|----------------|-----------|-------------------------------|------------|---------|-----------|--------|----------------------|--------|--------|----------|
| | Banking | Insurance | | | | | | | | | |
| Depreciation and amortisation | 112.357 | 4.414 | 61.104 | 9.485 | 35.596 | 71.400 | 44.812 | 12.286 | 33.773 | 66.165 | 451.392 |
| Negative goodwill income | (24.968) | - | (62.718) | - | - | - | - | - | - | - | (87.686) |
| Impairment of property, plant and equipment | - | - | 7.379 | - | - | - | - | 1.255 | - | 5.375 | 14.009 |
| | 87.389 | 4.414 | 5.765 | 9.485 | 35.596 | 71.400 | 44.812 | 13.541 | 33.773 | 71.540 | 377.715 |
| Capital Expenditure | 103.618 | 7.625 | 114.700 | 45.305 | 61.787 | 83.983 | 71.921 | 33.578 | 23.101 | 48.483 | 594.101 |

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NOTE 34 - SUBSEQUENT EVENTS

1) The Group has signed an agreement with Verbund (Österreichische Elektrizitätswirtschafts-Aktiengesellschaft) on 21 March 2007 to establish a 49,99/49,99 Joint Venture based on Enerjisa's share value of USD 410.000 except for adjustments. The Group's direct and indirect ownership interest in Enerjisa is 94,44%.

2) Share sales based on the agreement with Citigroup Inc. for the sale of 20% shares of Akbank, which the Group has 45.74% direct and indirect ownership interest, have been completed in January 2007. The majority of share sales are made by Sabancı family members and consequently no significant change in the proportion of effective interest of the Group is expected to occur.

3) The Constitutional Court cancelled the clause "b" of the 23rd item of Banking Law No:5411 effective from its enactment date. The cancelled item of the Banking Law required the transfer of pension funds to Social Security Institution. Such cancellation decision of the Constitutional Court was taken on 22 March 2007 and was published in the Official Gazette numbered 26479 on 31 March 2007. Such decision is a matter of interest for the Group as Akbank's personnel are members of Pension Fund which its transfer to Social Security Institution was cancelled. Accounting policies applied in the year 2006 for retirement benefits of the members of Pension Fund is described under Note 3. Banking Regulation and Supervision Agency, which is the regulatory body Akbank is subject to, announced that the aforementioned cancellation decision in the subsequent period should not change the accounting policies in effect for the retirement benefits and possible obligation of the Pension Fund.

4) A share transfer agreement has been signed between Holding and Ordu Yardımlaşma Kurumu, regarding the transfer of shares between Adana Çimento Sanayi T.A.Ş. and Mardin Çimento Sanayi on 22 March 2007. Accordingly, 41,09% shares of Oysa Çimento owned by Oyak Group will be acquired by Holding in exchange for a consideration of USD 70.800.

NOTE 35 - DISCONTINUED OPERATIONS

Advansa, a subsidiary of the Holding registered in Netherlands, signed a share sales agreement with La Seda De Barcelona on 28 July 2006 regarding the asset sale of pet, pet reform and pta production entities located in Turkey (Artensa A.Ş.), United Kingdom (Advansa UK Ltd) and Romania (Advansa Romania SRL) together with associated production technology and licences. The sales were realized as of 30 September 2006 in consideration of TRY 643.219. The summary of total income statement of these production entities included in chemicals business segment in 31 December 2006 financial statements is as follows:

| | 1 January 2006 - 30 September 2006 |
|---------------------------------------|---|
| Revenues | 762.602 |
| Expenses | (873.767) |
| <hr/> | |
| Loss before tax of chemicals division | (111.165) |
| <hr/> | |
| Income taxes | (8.277) |
| <hr/> | |
| Chemicals division result | (119.442) |

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NOTE 35 - DISCONTINUED OPERATIONS (Continued)

The assets and liabilities disposed in connection with the share sales acquirement following the approval of competition authorities of related countries as of 30 September 2006 is as follows:

30 September 2006

Assets

| | |
|-------------------------------------|---------|
| Cash and cash equivalents | 19 |
| Trade receivables (net) | 260.067 |
| Inventories (net) | 125.467 |
| Other current assets | 2.798 |
| Property, plant and equipment (net) | 442.299 |
| Intangible assets (net) | 78.965 |
| Deferred income tax assets | 118 |

Liabilities

| | |
|----------------------|---------|
| Trade payables (net) | 162.488 |
| Other liabilities | 1.753 |
| Bank borrowings | 57.406 |

Net Assets **688.086**

Related to the discontinued operations, loss on sales of Subsidiary recognized in income statement is TRY 44.867 (Note: 38).

NOTE 36 - OPERATING INCOME

| | 2006 | 2005 |
|-------------|-------------------|-------------------|
| Finance | 8.761.165 | 7.174.698 |
| Non-finance | 8.179.796 | 6.978.495 |
| | 16.940.961 | 14.153.193 |

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NOTE 37 - OPERATING EXPENSES

| | 2006 | 2005 |
|--|------------------|------------------|
| General and administrative expenses | 2.164.797 | 1.827.565 |
| Marketing, selling and distribution expenses | 576.615 | 469.886 |
| Research and development expenses | 33.771 | 26.862 |
| | 2.775.183 | 2.324.313 |

NOTE 38 - OTHER INCOME/EXPENSES AND GAINS/LOSSES

| | 2006 | 2005 |
|---------------------------|----------------|----------------|
| Foreign exchange gains | 276.494 | 129.267 |
| Interest income | 74.025 | 74.269 |
| Gain on sale of associate | 52.975 | - |
| Negative goodwill income | 3.464 | 87.686 |
| Other | 45.409 | - |
| | 452.367 | 291.222 |

| | 2006 | 2005 |
|---|----------------|----------------|
| Impairment losses on property, plant and equipment and goodwill | 141.584 | 139.657 |
| Loss on sale of subsidiary | 44.867 | - |
| Restructuring and other provision expenses | 35.162 | 12.830 |
| Goodwill write-off (Note 17) | 13.040 | - |
| Other | - | 10.205 |
| | 234.653 | 162.692 |

NOTE 39 - FINANCIAL EXPENSES

| | 2006 | 2005 |
|--------------------------|----------------|----------------|
| Foreign exchange losses | 302.009 | 141.026 |
| Interest expense | 73.435 | 51.782 |
| Other financial expenses | 46.006 | 40.586 |
| | 421.450 | 233.394 |

Financial expenses relates only to segments other than banking.

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NOTE 40 - NET MONETARY POSITION PROFIT/LOSSES

Gain/loss on net monetary position is calculated as the difference between the assets and liabilities as a result of restatement of the non-monetary assets and liabilities and income statement for the changes in the general purchasing power. However, since inflation adjustment is not made for the period beginning on or after 1 January 2005, there is no gain/loss on net monetary position for the year ended 31 December 2006. (2005: None).

NOTE 41 - TAXES ON INCOME

Total taxes payable for the period ended 31 December 2006 and 2005 are reconciled to current period tax charge as follows:

| | 2006 | 2005 |
|--|----------------|----------------|
| Corporation and income taxes currently payable | 379.892 | 792.376 |
| Translation gain | (395) | 487 |
| Financial assets fair value reserve | 93.295 | (29.147) |
| Current period tax charge | 472.792 | 763.716 |
| Deferred taxation | 133.801 | (42.054) |
| Taxation on income | 606.593 | 721.662 |

The reconciliation of current period tax charge is stated below:

| | 2006 | 2005 |
|---|----------------|----------------|
| Statutory income before taxation | 2.486.848 | 2.887.827 |
| Disallowable expenses | 183.419 | 400.541 |
| Dividend income | (579.151) | (495.492) |
| Carry forward tax losses | (1.938) | (17.972) |
| Investment sales income | (45.110) | (39.544) |
| Investment allowances | (169.450) | (115.151) |
| Other exempt income | (664.530) | (94.136) |
| Corporation tax base | 1.210.088 | 2.526.073 |
| Withholding tax base | 169.450 | 17.251 |
| Effective tax charge including fund 31,31% (2005: 31,27%) | 378.891 | 790.009 |
| Withholding tax charge over investment allowance including fund 19,8% (2005: 13,7%) | 1.001 | 2.367 |
| Financial assets fair value reserve | 93.295 | (29.147) |
| Effective tax charge including fund | 473.187 | 763.229 |
| Foreign currency translation difference | (395) | 487 |
| Current income tax | 472.792 | 763.716 |

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NOTE 42 - EARNINGS PER SHARE

Earnings per share for each class of shares disclosed in these consolidated statements of income is 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 year.

| | 2006 | 2005 |
|---|-----------------|-----------------|
| Earnings per share in full TRY | | |
| - ordinary share ('000) | 2,66 | 3,49 |
| - usufruct shares (*) | - | 218.973 |
| Weighted average number of shares with TL 1,000 face value each | | |
| - ordinary shares | 180.000.000.000 | 180.000.000.000 |
| - usufruct shares | - | 189 |

- (*) The Holding purchased the 189 usufruct shares that are issued in accordance with the 13th article of the Article of Association of Sabancı Holding which entitles its holders to 3% dividend from the distributable net income without any voting rights for TRY 1.425 each. The total amount of TRY 269.325 is decreased from extraordinary reserves in consolidated statement of changes in shareholders' equity.

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 issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and 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 December 2006. Bonus shares issued during the year ended 31 December 2005 was as follows:

| | Number of shares issued attributable to transfers to share capital from | | |
|------------------|---|---------------------|------------|
| | Retained earnings | Revaluation surplus | Total |
| 31 December 2005 | 41.852.610 | 18.147.390 | 60.000.000 |

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

| | Vaksa share | Usufruct shares | Ordinary shares | Total |
|------|-------------|-----------------|-----------------|---------|
| 2006 | 14.821 | - | 479.225 | 494.046 |
| 2005 | 20.693 | 20.693 | 648.379 | 689.765 |

There was no difference between basic and diluted earnings per share for any class of shares for any of these periods.

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NOTE 45 - LOANS AND ADVANCES TO CUSTOMERS

a) Loans and advances to customers

| | 2006 | 2005 |
|--|-------------------|-------------------|
| Consumer loans and credit cards receivables | 9.276.592 | 6.994.921 |
| Small-scale enterprises | 2.626.856 | 1.956.879 |
| Financial institutions | 2.357.662 | 1.868.413 |
| Project finance loans | 1.081.944 | 1.433.489 |
| Mining | 1.036.464 | 942.802 |
| Chemicals | 913.029 | 785.744 |
| Food and beverage, wholesale and retail | 874.714 | 759.436 |
| Construction | 873.159 | 499.435 |
| Textile | 666.419 | 618.697 |
| Health care and social services | 600.554 | 207.778 |
| Agriculture and forestry | 519.469 | 242.734 |
| Telecommunication | 475.458 | 103.454 |
| Automotive | 469.038 | 797.058 |
| Tourism | 335.144 | 190.235 |
| Electronics | 223.954 | 136.011 |
| Other manufacturing industries | 1.762.062 | 885.017 |
| Others | 5.485.724 | 3.652.968 |
| Total | 29.578.242 | 22.075.071 |
| Non-performing loans | 593.571 | 359.050 |
| Total loans and advances to customers | 30.171.813 | 22.434.121 |
| Allowance for loan losses | (787.107) | (537.069) |
| Net loans and advances to customers | 29.384.706 | 21.897.052 |

Effective interest rates of USD, EUR and TRY denominated loans and advances to customers are 7,10% p.a. (2005: 6,15% p.a.), 5,06% p.a. (2005: 3,10% p.a.) and 22,23% p.a. (2005: 20,90% p.a.), respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006

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

NOTE 45 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

The maturity schedule of loans and advances to customers at 31 December 2006 and 2005 are summarised below:

| | 2006 | 2005 |
|--------------------|-------------------|-------------------|
| Up to 3 months | 12.810.313 | 7.296.166 |
| 3 to 12 months | 7.271.219 | 8.311.990 |
| Current | 20.081.532 | 15.608.156 |
| 1 to 5 year | 7.460.858 | 5.435.713 |
| Over 5 year | 1.842.316 | 853.183 |
| Non-current | 9.303.174 | 6.288.896 |
| | 29.384.706 | 21.897.052 |

The repricing schedule of loans and advances to customers at 31 December 2006 and 2005 are summarised below:

| | 2006 | 2005 |
|----------------|-------------------|-------------------|
| Up to 3 months | 16.355.780 | 12.746.841 |
| 3 to 12 months | 8.443.811 | 5.803.853 |
| 1 to 5 year | 4.012.694 | 2.980.224 |
| Over 5 year | 572.421 | 366.134 |
| | 29.384.706 | 21.897.052 |

Movements in the allowance for loan losses were as follows:

| | 2006 | 2005 |
|---------------------------------|----------------|----------------|
| Balance at 1 January | 537.069 | 336.628 |
| Gross provisions | 506.779 | 303.468 |
| Recoveries | (221.498) | (130.811) |
| Written-off | (48.894) | (19.635) |
| Net specific provision | 236.387 | 153.022 |
| Net additional provision | 13.651 | 47.419 |
| | 787.107 | 537.069 |

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

NOTE 46 - BANKING CUSTOMER DEPOSITS

| | 2006 | | | 2005 | | |
|--|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Demand | Time | Total | Demand | Time | Total |
| Savings deposits | 3.081.287 | 23.148.391 | 26.229.678 | 2.668.137 | 18.097.911 | 20.766.048 |
| Commercial deposits | 2.312.597 | 3.469.964 | 5.782.561 | 1.953.702 | 4.448.533 | 6.402.235 |
| Bank deposits | 102.583 | 1.640.764 | 1.743.347 | 99.761 | 2.560.729 | 2.660.490 |
| Funds deposited under repo transactions | - | 5.224.820 | 5.224.820 | - | 5.478.089 | 5.478.089 |
| Other | 688.408 | 860.305 | 1.548.713 | 602.341 | 1.018.450 | 1.620.791 |
| | 6.184.875 | 34.344.244 | 40.529.119 | 5.323.941 | 31.603.712 | 36.927.653 |

NOTE 47 - MUTUAL FUNDS

At 31 December 2006, the Group manages fifteen (2005: thirteen) mutual funds and ten mutual pension funds ("Funds") which were established under Capital Markets Board Regulations. At 31 December 2006, the Funds' investment portfolio includes government bonds, treasury bills and share certificates of TRY 3.262.882 (2005: TRY 3.978.847). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0,0275%-0,1225%. At 31 December 2006, management fees and commissions earned by the Group amounted to TRY 115.390 (2005: TRY 118.920).

NOTE 48 - DISCLOSURE OF OTHER MATTERS

None (2005: None).

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