



**IN 2011, AKFEN CARRIED
OUT THE LARGEST
INVESTMENT PROGRAM
IN ITS HISTORY. TODAY,
WE ARE MOVING
FORWARD INTO A BRIGHT
FUTURE WITH GREAT
CONFIDENCE.**

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AKFEN HOLDING'S STORY IS ONE OF GROWTH AND SOUND INVESTMENTS.

Since its establishment in 1976, the Holding has based its investment strategies on profound foresight; it closely monitors world economic trends to enter profitable areas with high growth potential. In 2011, the Holding won the tenders for Medina Airport, Izmir Adnan Menderes Airport and İDO through its subsidiaries, thereby initiating the largest investment program in its history and achieving stunning success.

One of the top business groups in Turkey with a robust management structure, a strong human resources base and a commitment to transparency policy, Akfen Holding continues to grow by multiplying the riches of Turkey.



AKBA

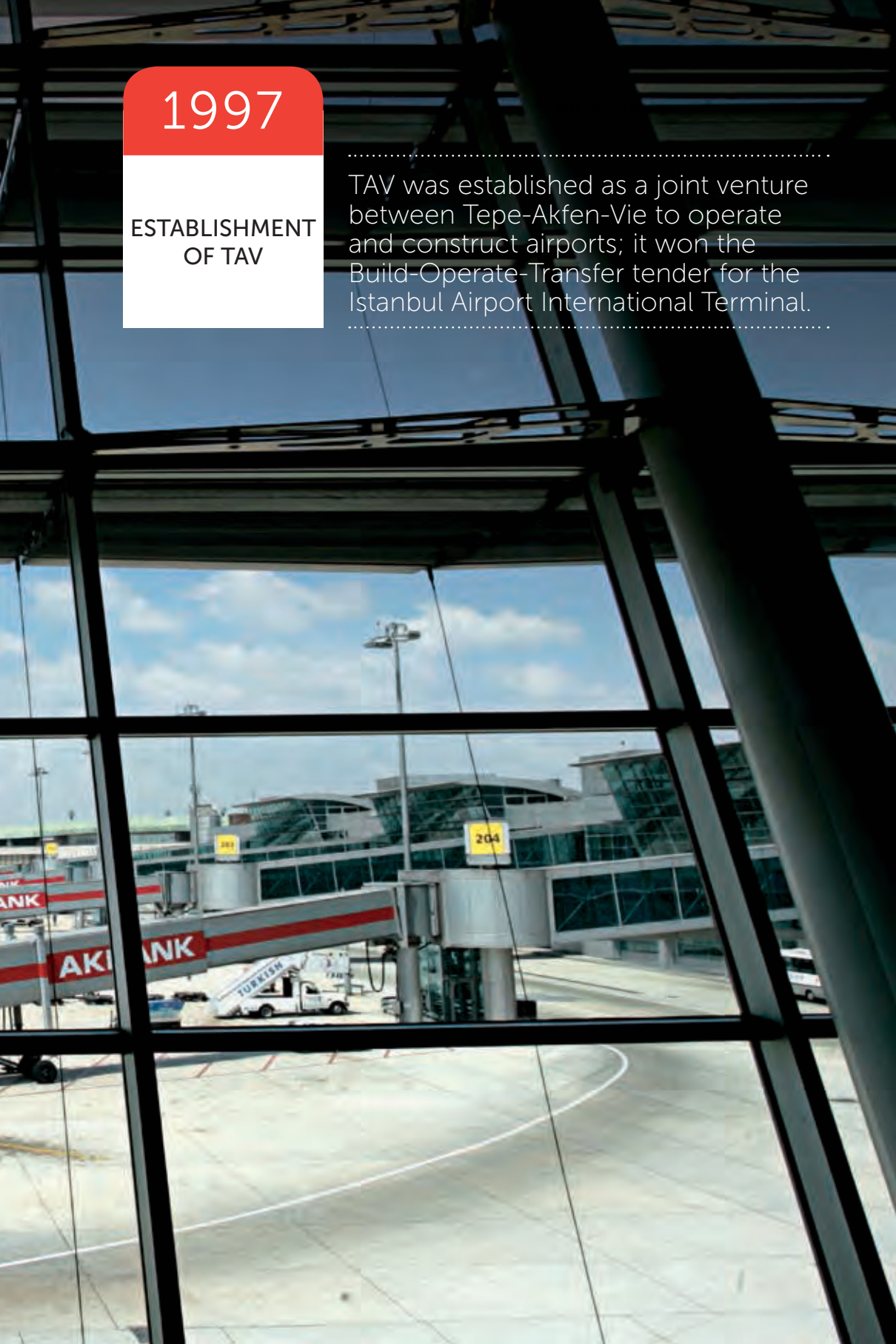
TURKISH
AIRLINES

TURKISH
AIRLINES

1997

ESTABLISHMENT
OF TAV

TAV was established as a joint venture between Tepe-Akfen-Vie to operate and construct airports; it won the Build-Operate-Transfer tender for the Istanbul Airport International Terminal.







2005

**MERSİN
PORT TENDER
AWARDED
TO AKFEN**

Akfen Holding won the tender for the operation concession of the Mersin Port.



2007

AKFEN REIT
OPENS ITS
FIRST HOTELS

.....

In March 2007, Akfen REIT's first hotels, Ibis Hotel Zeytinburnu and Novotel Zeytinburnu, began operations in Istanbul.

Inaugurated in April, Ibis Hotel Eskişehir and Mercure Hotel Girne also opened their doors in 2007.

.....





2009

**AKFENHES
COMMENCED
ENERGY
GENERATION
OPERATIONS**

Akfen's first river-type, renewable hydroelectric power plant project, Sirma HEPP, went into service.







2010

AKFEN GOES
PUBLIC

.....

Akfen Holding went public on May 14, 2010. On November 24, the Holding raised its free-float rate to 28.26%.

The Holding carried out Turkey's first and largest private sector bond issue, worth TL 100 million.

.....



2011

İDO TENDER
WON

The Holding was awarded the privatization tender for İDO and İDO was transferred to the Akfen subsidiary TASS.



A GENERAL OVERVIEW OF AKFEN HOLDING AND THE YEAR 2011

Having established its first company in 1976, Akfen gained holding status in the year 1999. Akfen Holding invests in, manages and coordinates its subsidiaries and affiliates active in industries such as airport management and operations, construction, port operations, marine transport, water distribution and waste water services, energy and real estate.

Following its inception, Akfen Holding operated primarily as a contractor for infrastructure construction. After winning the 1997 tender for Atatürk Airport International Terminal Build-Operate-Transfer Model ("BOT"), the Holding moved beyond contractorship and eventually became one of Turkey's top infrastructure investment holdings by applying the investment planning model adopted for airports to many other infrastructure investments in Turkey.

As of December 31, 2011, Akfen Holding had seven subsidiaries in which it has a direct stake and seven other subsidiaries controlled via joint ventures. The Group's consolidated financial statements as of December 31, 2011 include Akfen Holding and its subsidiaries, as well as shares in affiliates and joint ventures. Akfen Holding controls all the direct and/or indirect subsidiaries under the umbrella of the Group either directly through stocks with controlling votes and/or via shares held by Hamdi Akin.

The Group has joint ventures with such well-renowned national and international corporate enterprises as Tepe İnşaat Sanayi A.Ş. ("Tepe"), PSA International ("PSA"), Souter Investments LLP ("Souter") and Kardan N.V. ("Kardan"). Akfen Holding also has a mutually exclusive framework agreement with the leading global hotel chain ACCOR S.A. ("Accor"), related to the construction of Novotel and Ibis brand hotels in Turkey.

General Overview of the Year 2011

AKFEN HOLDING:

- The share transfer of İDO İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO"), privatized with the block sales method was completed in June 2011.
- On September 28, 2011, talks began with interested investors with regard to the shares of TAV Havalimanları Holding A.Ş. ("TAV Airports") and TAV Yatırım Holding A.Ş. ("TAV Investment"), to assess any strategic alternatives.
- The Holding established a consortium with Autostrade Per l'Italia SPA, Doğu Holding A.Ş. and Makyol İnşaat Sanayi Turizm ve Ticaret A.Ş. to participate in the tender for the Privatization of Highways and Bridges to be held by the Privatization Administration in November 2011.
- On December 26, 2011, the Holding issued bonds worth TL 80 million, raising its total bond volume to TL 180 million.

TAV Airports Holding ("TAV AIRPORTS"):

- In euro terms, consolidated operational revenue increased 12% and consolidated EBITDA rose 21%.
- The General Assembly will propose a dividend distribution in cash of 0.25 TL per share from the profit for the year 2011.
- TAV Airports Holding won the tender for the leasing of the operation rights of DHMİ (Turkish State Airports Authority), İzmir Adnan Menderes Airport's current International Terminal, CIP, Domestic Terminal and auxiliaries on November 17, 2011 by making the highest bid.

**Mersin International
Port Operations**

("MIP"):

- TAV Airports and its partners Al Rajhi and Saudi Oger signed a contract with the Saudi civil aviation authority GACA for the first airport privatization in Saudi Arabia - the build-operate-transfer project for Medina Airport.

- Turnover increased 12% and EBITDA rose 20% in US dollar terms.

- MIP's EBITDA margin exceeded 58%.

TAV Investment Holding
("TAV INVESTMENT"):

- As of end-2011, business in progress of TAV Airports increased 80% to reach US\$ 1,650 million as a result of the acquisition of the Medina and Izmir projects.

**Akfen HEPP Investments
and Energy Production**

("HEPP 1"):

- In 2011, eight river-type hydroelectric power plants commenced energy generation with an overall installed capacity of 125 MW.

**Akfen HEPP Investments
and Energy Production**

("HEPP 2"):

- Excluding the Çatak project, of which construction has yet to begin, the installed capacity of the HEPP-2 projects under construction stands at 95.2 MW; the energy generation capacity stands at 401.3 GWh/year. These power plant investments are planned to be completed by the end of 2012.

**Akfen Energy
Investments Holding**

("AKFEN
ENERGY"):

- The planned natural gas-based electricity generation facilities known as the Combined Natural Gas Power Plant to be constructed in Mersin will have an installed power capacity of 450 MW. The Company acquired the tract of land, obtained the license and later filed an application to boost total installed capacity to 570 MW.

**Akfen Real Estate
Investment Trust**

("AKFEN REIT"):

- The Company offered 29.41% of its shares to the public in May 2011.
- The Ibis Hotel Yaroslavl in Russia with a capacity of 177 rooms started operations on September 8, 2011.

İDO Istanbul Sea Buses

("İDO"):

- In July 2011, İDO initiated a "dynamic pricing" scheme along the lines of its objectives for restructuring and increased revenue generation.
- Complete with its assets and liabilities, TASS was transferred to İDO at the General Assembly for Merger held on December 26, 2011 in accordance with the Turkish Commercial Code and applicable legislation.

**Akfen Environment
and Water Investment,
Construction, Operation**

("AKFEN WATER"):

- The Holding's subsidiary Akfen Water Güllük secured long-term refinancing.

MILESTONES

During the establishment of the Holding, Akfen Mühendislik Müşavirlik Müteahhitlik ve Mümessillik A.Ş. was the first company to carry 'Akfen' in its name.

1976

- Hamdi Akın and Hasan Akın's first company, Akınısı Makine Sanayi ve Ticaret A.Ş. (Akınısı Machinery Industry and Trade), was established thus laying the foundations for Akfen. The company manufactured heating equipment and pressure vessels to fill a critical gap in Turkish industry.

1977

- On the way to the establishment of the Holding, the first company with 'Akfen' in its name, Akfen Mühendislik Müşavirlik Müteahhitlik ve Mümessillik A.Ş. (Akfen Engineering, Consultancy, Contracting and Agency) was established.

1986

- Akfen took an important step forward in keeping with its growth strategy by winning its first public sector tender.
- Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen Construction, Tourism and Trade) was established.

1997

- TAV was established as a Tepe-Akfen-Vie partnership to run airport operations and construction activities and was awarded the Istanbul Airport BOT tender.
- IBS Sigorta Brokerlik Hizmetleri A.Ş. (IBS Insurance Brokerage Services) and Akfen Turizm Yatırım ve İşletmeleri A.Ş. (Akfen Tourism Investments and Ventures) were founded.

1998

- Akfen underwent restructuring and adopted a more efficient management structure in line with its growth strategy.

1999

- All Akfen subsidiaries were reorganized under the umbrella of the Holding.
- The duty-free sales company ATÜ joined TAV; BTA was established to provide catering services.
- The Human Resources Foundation of Turkey was founded.

2000

- TAV began operating the Istanbul Atatürk Airport International Terminal Building.

2001

- "Primeclass" CIP Service began operations.

2003

- TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. (TAV Tepe Akfen Investment Construction and Operation-TAV İnşaat) was founded.
- TAV İnşaat (TAV Construction) assumed construction of A380 hangars in Dubai for the Emirates.
- The concession for the Kuşadası Passenger Port was won.

2004

- BTA began operating the Istanbul International Airport Hotel.
- TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. (TAV Esenboğa Investment Construction and Operation) was established to construct and operate the Esenboğa Airport Domestic and International Terminals.
- TAV Construction's Dubai and Egypt branches were formed.
- TAV İşletme Hizmetleri A.Ş. (TAV Operation Services) was founded.
- Shares of the Kuşadası Passenger Port were sold.

2005

- TAV won the tender for the operation of Atatürk Airport Domestic and International Terminals; the vehicle parking area and General Aviation Terminal was leased for 15.5 years.
- TAV İstanbul Terminal İşletmeciliği A.Ş. (TAV İstanbul Terminal Operations) was established.
- Sixty percent of Havaş's shares were acquired.
- TAV assumed the construction and operation of Izmir Adnan Menderes International Terminal.
- TAV İzmir Terminal İşletmeciliği A.Ş. (TAV İzmir Terminal Operations) was established.
- TAV Bilişim Hizmetleri A.Ş. (TAV IT) was founded.
- TAV won the tender for Georgia's Tbilisi and Batumi International Airports.
- TAV Construction assumed the construction of Majestic Tower and Tohid Iran schools in Dubai.
- TAV Urban Georgia LLC was established.
- TAV Havacılık A.Ş. (TAV Aviation) was founded.
- Akfen Su (Akfen Water) was established.
- TÜVTURK was founded as the tender for vehicle inspection stations development and operations was won.
- The Mersin Port transfer of operating right tender was won.
- The Holding started obtaining electric generation licenses.
- An agreement was reached with Accor to develop hotel projects in Turkey.

2006

- Operation and construction services were restructured under two companies: TAV Havalimanları Holding (TAV Airports Holding) and TAV Construction.
- Izmir Adnan Menderes Airport International Terminal began operations.
- TAV Havalimanları Holding A.Ş. (TAV Airports Holding) sold shares prior to the IPO.
- Esenboğa Airport Domestic and International Terminals began operations.
- TAV Özel Güvenlik Hizmetleri A.Ş. (TAV Private Security) was established.
- TAV Construction won the tender for New Doha International Airport Passenger Terminal construction in Qatar with its partner TAISEI.
- TAV Construction Doha branch was established.
- TAV Construction assumed construction of Al Sharaf Mall and Sulafa Tower in Dubai.
- TASK A.Ş. was awarded the tender for the Water and Sewage Concession Project of the Güllük Municipality in the Aegean Region and the operation started in the same year.
- Akfel Turizm Yatırımları ve İşletmecilik A.Ş. changed its name to Akfen Gayrimenkul Yatırım Ortaklığı (Akfen Real Estate Investment Trust).

MILESTONES

After the establishment of MIP, an operating rights contract for Mersin International Port was signed and operations commenced.

2007

- TAV Airports Holding's initial public offering was held.
- Tbilisi International Airport's new passenger terminal began operations.
- Batumi International Airport commenced operations.
- TAV Batumi Operations LLC was established.
- TAV Airports Holding won the tenders for the Monastir Habib Bourguiba and Enfidha Zine El Abidine Ben Ali International Airports in Tunisia.
- TAV Tunisie SA was founded.
- TAV Construction's Tunisia branch was established.
- TAV Construction and its partner TAISEI won the tender for the construction of Concourse C for the New Doha International Airport.
- TAV Construction and its partners Odebrecht and CCC assumed the construction of Tripoli Airport in Libya.
- The 40% minority share of Havaş was purchased and Havaş became a 100% TAV Airports Holding subsidiary.
- TAV Airports Holding became the 100% shareholder of TAV Izmir and TAV Esenboğa.
- TAV Airports Holding won the tender for the operation of Antalya Gazipaşa Airport.
- Hopa Terminal began operations under Havaş.
- Akfen HES Yatırımları ve Enerji Üretim A.Ş. (Akfen HES Investments and Energy Generation - HEPP 1) was established.
- Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. (Akfen Real Estate Trade and Construction) was established.
- With the establishment of MIP, the transfer of the operating rights contract for Mersin Port was signed and operations commenced.
- TÜVTURK signed a contract to operate vehicle inspection stations.
- TAV Construction Libya and Bahrain branches were established.
- The 208 room Novotel and 228 room Ibis Hotel began operations in Zeytinburnu, Istanbul.
- The 108 room Ibis Hotel commenced operations in Eskişehir.
- The 299 room Mercure Hotel commenced operations in the Turkish Republic of Northern Cyprus.
- In November, THO BV, a subsidiary of Goldman Sachs acquired shares from Akfen REIT and became a financial partner.

2008

- Adana-Hatay-İçel Taşıt Muayene İstasyonları İşletim A.Ş. (Adana-Hatay-İçel Vehicle Inspection Stations) commenced operations.
- TÜVTURK İstanbul Taşıt Muayene İstasyonları İşletim A.Ş. (TÜVTURK İstanbul Vehicle Inspection Station Operation) commenced operations.
- TAV Airports Holding assumed the operation of Monastir Habib Bourguiba International Airport in Tunisia.
- TAV Gazipaşa Yatırım-Yapım ve İşletme A.Ş. (TAV Gazipaşa Investment-Construction and Operation) was founded for the operation of Antalya Gazipaşa Airport.
- TAV Airports Holding won the tender for the operation of Alexander the Great International Airport in Macedonia's capital Skopje and the St. Paul the Apostle International Airport in Ohrid, as well as the construction of the Shtip Cargo Airport, which TAV Airports Holding also retains as an optional right to operate. The related concession contracts were signed.
- Havaş won the tender that led to 50% ownership of the THY subsidiary TGS (Turkish Ground Services Co.).
- The 200 room Novotel Trabzon commenced operations.
- TAV G Otopark Yapım, Yatırım ve İşletme A.Ş. (TAV G Vehicle Park Construction, Investment and Operations) was established.
- TAV Construction assumed the construction of the Marina 101 hotel and residence complex in Dubai.
- TASK A.Ş. was awarded the tender for the Waste Water Treatment BOT Project at the Dilovası Organized Industrial Zone in the Marmara Region.

Novotel Trabzon



MILESTONES

Enfidha Zine El Abidine Bin Ali Airport was completed and commenced operations.

2009

- TAV Airports Holding increased its capital by TL 121,000,000.
- TAV Gazipaşa began operations at the Antalya Gazipaşa Airport.
- Enfidha Zine El Abidine Bin Ali Airport was completed and commenced operations.
- TAV Airports Holding signed a joint venture agreement with Al Rajhi Holdings Group.
- Havaş obtained a 50% share of TGS.
- Agreement with İş Girişim and HSBC Principal Investments was made for the sale of Havaş shares.
- The World Bank institution IFC (International Finance Corporation) acquired 15% of TAV Tunisia.
- The 204 room Samara IBIS hotel and office building investment commenced in Russia.
- Akfen's first hydroelectric plant project, Sirma HEPP became operational.
- Akfen Holding divested its vehicle inspection (TÜVTURK) business.
- TAV Construction and its partner CCC won the tender for Muscat Airport MC1 package construction in Oman.
- TAV Construction's subsidiary TAV Construction Muscat LLC was established.
- TAV Construction's subsidiary TAV Construction Qatar LLC was founded.



Ankara Esenboğa
Airport

2010

- Akfen Holding issued TL 100,000,000 in bonds in March.
- Akfen Holding offered 7.12% of its shares to the public on May 14.
- The 92 room Novotel and 177 room Ibis Hotel commenced operations in Gaziantep.
- The 96 room Novotel and 160 room Ibis Hotel commenced operations in Kayseri.
- The investment for the 177 room Yaroslavl Ibis in Russia started.
- TAV Construction's Abu Dhabi branch was established.
- TAV Airports assumed the operation of Alexander the Great International Airport in Macedonia's capital Skopje and the St. Paul the Apostle International Airport in Ohrid.
- All Havaş shares were transferred to Havaş Holding. HSBC Investment Bank Holdings Plc and Is Private Equity Investment Trust hold a 35% stake and TAV Airports a 65% stake in Havaş Holding.
- HAVAŞ purchased 50% of the shares of North Hub Services, which provides ground handling services at Latvia's Riga International Airport and plans to expand to other Northern European countries.
- TAV Construction's Macedonia branch was established.
- TAV Tunisie SA's minority shares (18%) were sold to PAIDF.
- The international investment bank Goldman Sachs's subsidiary THO BV transferred its shares in Akfen REIT to Akfen Holding.
- TAV Airports signed a memorandum of understanding for the construction and operation of a new terminal building at Latvia's Riga Airport and also won the tender for the operation of duty-free, catering and other commercial areas.
- Akfen Water commenced waste water treatment operations at Dilovası Organized Industrial Zone.
- Shares of the Enbati Company, which would operate the hydro-electric power plant in Pirinçlik with a 22.5 MW capacity under the HEPP2 portfolio were sold for EUR 10 million.
- Akfen Holding raised its free float to 28.26% on November 24, 2010.
- The 200 room İbis hotel in Bursa commenced operations.

Novotel Gaziantep



MILESTONES

İDO İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (İDO) was privatized via the block sale method and the share transfer was completed in June 2011.

2011

- TAV Construction was awarded the tender for the construction of Abu Dhabi pile heads, part of the Abu Dhabi International Airport project.
- The Holding obtained an electricity generation license for the Laleli Dam-HEPP project.
- TAV Airports Holding increased its stake in TAV Özel Güvenlik Hizmetleri A.Ş. (TAV Private Security) from 66.67% to 100%.
- TAV Airports Holding, which already had a 60% stake in TAV Batumi Operations LLC, acquired shareholdings in Aeroser International Holding and Akfen Construction in the Company of 6% and 10%, respectively.
- Antalya Gazipaşa Airport welcomed its first passengers from abroad.
- Çamlıca 3 HEPP commenced commercial energy production in April.
- The first phase of the Otluca HEPP Project, Otluca I HEPP started energy production in April.
- Saraçbendi HEPP commenced commercial energy production.
- Some 29.41% of Akfen REIT shares were offered to the public in May. In order to maintain price stability in the Akfen REIT IPO, Akfen Holding repurchased 4.37% of the Company's shares thus bringing Akfen Holding's stake in Akfen REIT up to 56.09%.
- Karasu 1 HEPP commenced commercial energy generation in May.
- Karasu 2 HEPP commenced commercial energy generation in June.
- At the tender for the block sale privatization of İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (İDO), the consortium between Akfen Holding A.Ş., Tepe İnşaat Sanayi A.Ş., Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. bid the highest price and won the tender. On June 16, 2011, the joint venture paid US\$ 861 million, signed the share purchase contract and acquired the shares of İDO.
- Akfen REIT signed a 49-year leasing contract with the General Directorate of Foundations for a tract of land in Karaköy, İstanbul earmarked for the development of a hotel project. The Company established Akfen Karaköy, in which it holds a 69.99% stake.
- The second phase of the Otluca HEPP Project, Otluca I HEPP started energy production in July.
- Akfen GT acquired 45% of the Netherlands-based companies RHI and RPI from Kasa Investments BV, thereby raising its total stake to 95%.
- Karasu 4.3 HEPP and Karasu 5 HEPP started commercial energy generation in August.
- BTA Deniz Yolları (BTA Maritime) was established on August 8, 2011, with BTA and TASS each holding a 50% stake.

2011

- At the Skopje Alexander the Great Airport, the terminal building was modernized and recommenced operations on September 6, 2011.
 - The 177-room Yaroslavl Ibis Hotel began operations on September 8, 2011 in Russia.
 - The final phase of the Otluca HEPP Project, Boğuntu HEPP started commercial energy generation in September.
 - On October 29, 2011, a consortium composed of TAV Airports, Al Rajhi Holding and Saudi Oger Ltd. signed a contract with the civil aviation authority of the Kingdom of Saudi Arabia, GACA related to the concession of the operation right of the Medina International Airport under a build-operate-transfer scheme.
 - At a privatization tender held by the Privatization Administration for a 58,000 square meter parcel of land in the province of Mersin, Akfen Enerji Üretim ve Ticaret A.Ş. (Akfen Energy Resources Investment and Trade) made the highest bid and received approval for the sales transaction. The Company filed an application with the Energy Market Regulatory Authority for an energy generation license for the Mersin Combined Natural Gas Power Plant planned to be constructed on this tract.
 - TAV Airports Holding won the tender for the leasing of the operation rights of DHMI Izmir Adnan Menderes Airport's current International Terminal, CIP, Domestic Terminal and auxiliaries on November 17, 2011 by making the highest bid.
 - As per the share purchase agreement for the land tract of the Ibis Hotel Moscow, Akfen's wholly-owned subsidiary Akfen REIT Hotel Development and Investment BV acquired the shares of the Keramit Financial Limited Company from Keramit Company Horus International BV.
 - Karasu 4.2 HEPP started commercial energy generation in November.
 - From December 15, 2011, North Hub Services started operating under the brand Havaş Europe.
 - TL 80 million worth of Akfen Holding bonds were successfully offered to the public in December.
-

Izmir Adnan Menderes
Airport



FIELDS OF ACTIVITY

Akfen Holding's sectors of activity and its main subsidiaries and affiliates are as follows:

AIRPORT CONCESSIONS



TAV HAVALİMANLARI HOLDİNG A.Ş.
(TAV AIRPORTS HOLDING)

CONSTRUCTION



AKFEN İNŞAAT
(AKFEN CONSTRUCTION)

TAV YATIRIM HOLDİNG A.Ş.
(TAV INVESTMENT)

PORT CONCESSIONS



MERSİN ULUSLARARASI
LİMAN İŞLETMECİLİĞİ A.Ş.
(MERSİN INTERNATIONAL
PORT OPERATIONS)

MARINE TRANSPORTATION



İDO İSTANBUL DENİZ OTOBÜSLERİ
SANAYİ VE TİCARET A.Ş.
(İSTANBUL SEA BUSES)

ENERGY

AKFEN ENERJİ YATIRIMLARI HOLDİNG A.Ş.
(AKFEN ENERGY INVESTMENTS HOLDING)

AKFENHES YATIRIMLARI VE ENERJİ ÜRETİM A.Ş.
(HES 1) (AKFENHES INVESTMENTS AND ENERGY
GENERATION) (HEPP 1)

**AKFEN HİDROELEKTRİK SANTRALİ YATIRIMLARI
A.Ş. (HES 2) (AKFEN HYDROELECTRIC PLANT
INVESTMENTS) (HEPP 2)**

**AKFEN ENERJİ KAYNAKLARI YATIRIM
VE TİCARET A.Ş. (HES 3)(AKFEN ENERGY
RESOURCES INVESTMENT AND TRADE) (HEPP 3)**



REAL ESTATE

**AKFEN GAYRİMENKUL
YATIRIM ORTAKLIĞI A.Ş.**
(AKFEN REIT)



WATER CONCESSIONS

**AKFEN ÇEVRE VE SU YATIRIM,
YAPIM İŞLETME A.Ş.**
(AKFEN ENVIRONMENT AND
WATER INVESTMENT,
CONSTRUCTION, OPERATION)



Akfen Holding companies are autonomous in terms of management; however, in line with the principles of central coordination and audit, the subsidiaries are managed and audited in terms of finance, financial coordination, audit, legal affairs, management information systems, human resources, promotion, training and organizational issues. The Holding supports the operations of its subsidiaries at the Board of Directors level and has members in the audit committees of subsidiaries.

MESSAGE FROM THE CHAIRMAN

The Holding's success in the tenders for the İDO privatization, Medina Airport and Izmir Adnan Menderes Airport were the main events that marked the year 2011.

Distinguished shareholders,

The post-crisis recovery in world markets continued at a gradual pace in 2011. According to the IMF's World Economic Outlook issued in January 2012, developed economies grew by 1.6% and developing economies by 6.2% over the previous year. While emerging nations such as China, Brazil, India and Turkey surged to prominence, credit rating agencies downgraded a number of European economies. The public financial crisis in the Euro Zone left its stamp on this period, in which the decoupling between developed and developing economies was accentuated further. Starting from the summer months, the European debt crisis worsened, spreading from Greece to Italy and Spain and had an adverse effect on the growth performance of Euro Zone nations. The negative sentiment in the markets continued due to concerns about public bailouts and political measures meant to alleviate these economic troubles.

Despite these fluctuations in global markets and concerns about a possible double dip recession, Turkey fully benefited from its young, dynamic population. In 2011, with added momentum from favorable market conditions, Turkey grew by a higher-than-anticipated 8.5%. Particularly in the second half of 2011, foreign investors started to show interest in Turkey and generated fresh capital inflows. Nevertheless, even in Turkey, the contraction of the global trade volume continues to keep investors on their toes.

The biggest risk in the Turkish economy during 2011 was the current account deficit. Measures introduced in the second and third quarter did cause a slight drop in the deficit; however, the problem seemed to be rather sticky in the long run. Negative prospects and sentiments about the global economy continue to pose a significant risk for Turkey, just like for all other national economies.

The main focus of Akfen Holding's investments are on concessions and sectors with high growth potential, monopolistic market structures and long-term maximum income guarantee agreements, which allow the Holding to further reinforce its position in its main sectors of activity while engaging in new infrastructure investments.



HAMDİ AKIN
Chairman

The Holding achieved its current status without compromising its growth strategy and vision of institutionalization and continues to enter new sectors through its subsidiaries and affiliates.

Having celebrated its 35th year in business in 2011, Akfen Holding continued its healthy growth performance due to its pioneering position in its sectors of activity, strategic cooperation with global partners and effective risk management practices.

The year 2011 was a period of intensive investment for Akfen Holding and the companies under its umbrella. In line with the Holding's investment targets, all subsidiaries in general showed significant growth. The Holding's success in the tenders for the İDO privatization, Medina Airport and Izmir Adnan Menderes Airport were the main events that marked last year.

The Holding's subsidiary, TAV Airports Holding, undersigned a number of projects widely praised across the sector. TAV was awarded the tender for the build-operate-transfer project for the Medina Airport and assumed operation of this key airport for a period of 25 years; TAV will also operate the Domestic Terminal of Izmir Atatürk Airport until 2032. The Company has operated the International Terminal of the airport since 2007, offering superior quality service. Still in 2011, TAV inaugurated the Alexander the Great Airport, built in the Macedonian capital of Skopje utilizing the Company's international know-how and with state-of-the-art technology. As a result of these developments, TAV now operates a total of 10 airports in Turkey and overseas.

MESSAGE FROM THE CHAIRMAN

Akfen Holding continues to enter new fields in line with its strategy of investing in sectors with high profitability and limited competition.

Within the year, the Holding started to reap the benefits of its investments in the field of renewable energy. The eight hydroelectric power plants, most of which were started in 2008, were commissioned during 2011. Eight power plants with a total installed capacity of 119 MW and an annual energy generation capacity of 527 million kWh have been commissioned along with one power plant established previously. As a result, the Holding's total installed capacity reached 125 MW with an energy production capacity of 554 million kWh.

One of the world's largest maritime passenger and freight transportation companies, İDO was privatized via auction by the Privatization Administration on April 8, 2011. TASS Denizcilik A.Ş., established through the joint venture group Tepe-Akfen-Souter-Sera, acquired İDO for US\$ 861 million, which constitutes a very ambitious project finance operation in the face of severe turmoil in international financial markets. The consortium has already initiated critical changes at İDO in the very short span of time since the privatization took place.

Now a global brand in the construction sector, TAV Construction ranked 114th in 2011 among the world's largest construction companies according to data from Engineering News Record. The Holding's oldest subsidiary, Akfen Construction, completed the HEPPs construction for Otluca, Çamlıca 3, Saraçbendi, Karasu 1, Karasu 2, Karasu 4.2, and Karasu 4.3 and Karasu 5 in 2011.

Mersin International Port, the main regional gateway for exporters and importers, upheld its strong performance in the year 2011. Currently, the Turkish port with the largest export/import volume, MIP increased its container handling volume by 11% from the prior year.

Viewed as a groundbreaker with a unique business model in the hotel investment and real estate investment sector, Akfen REIT offered 29.41% of its shares to the public in May. The Company purchased the 45% stake held by its Russian project partner Kasa Investments BV, thereby bringing its total share in these projects to 95%. Also, the 177-room Yaroslavl Ibis Hotel opened its doors in September 2011.

In line with its strategy of investing in sectors with high profitability and limited competition, Akfen Holding continues to enter new fields. In 2011, the Holding signed a Joint Venture Group agreement with Dođuş Holding, Makyol A.Ş. and İtalyan Autostrade Perİ'Italia S.P.A. to participate in the largest highway and bridge privatization tender in Turkey. Additionally, Akfen Energy Resources Investment and Trade placed the highest bid in the tender for a 58,000 square meter land parcel allocated for the future Mersin Combined Natural Gas Power Plant; the sales transaction was approved.

Akfen Holding increased its consolidated revenue by 36.14% in 2011 over the previous year to TL 1,353.5 million. The Holding's EBITDA went up from TL 186.3 million in 2010 to TL 314.9 million in 2011, an increase of 69%. In 2011, the Company posted net consolidated profit of 39.4 million.

Building on its brilliant legacy of obtaining and operating concessions in Turkey, the Holding plans to support its sustainable growth target with new infrastructure investments. In this regard, infrastructure privatizations hold an important place in the growth strategy of Akfen Holding.

The key factor underlying Akfen's success is its highly specialized human resources and robust corporate culture. On behalf of the Board of Directors, I would like to take this occasion to extend my thanks to our employees and managers who played a pivotal role in implementing our strategies in a sustainable fashion. In addition, I would like to express my gratitude to our customers, business partners and all social stakeholders for their unwavering trust in Akfen.

Best regards,



HAMDİ AKIN
Chairman

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

According to passenger statistics, including transfer passengers, issued by DHMI (State Airports Authority of Turkey) in 2011, TAV Airports is the leading airport operator in Turkey.

AIRPORT CONCESSIONS

TAV AIRPORTS HOLDING

According to passenger statistics, including transfer passengers, issued by the State Airports Authority of Turkey (DHMI) in 2011, TAV Airports is the leading airport operator in Turkey. The Holding operates the domestic and international terminals at the Istanbul Atatürk, Ankara Esenboğa and Izmir Adnan Menderes Airports, as well as the Antalya Gazipaşa Airport. Overseas, Georgia's Tbilisi and Batumi, Tunisia's Monastir and Enfidha, Macedonia's Skopje and Ohrid airports are operated by TAV Airports. On October 29, 2011, TAV Airports Holding and its consortium partners Al Rajhi Holding group and Saudi Oger Ltd. signed a contract with the

Kingdom of Saudi Arabia civil aviation general directorate for the operation of the Medina Airport under a build-operate-transfer scheme.

TAV Airports is also active in other fields of airport operation, such as duty-free shops, catering, ground services, IT, security and operational services.

TAV Airport went public on February 23, 2007 and is traded on the Istanbul Stock Exchange (ISE) under the ticker 'TAVHL'. The free-float rate of the Company is 40.28%; Akfen Holding has a stake of 26.1%, Tepe 26.1%, Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera") 4% and other shareholders hold 43.8%.

Izmir Adnan Menderes Airport



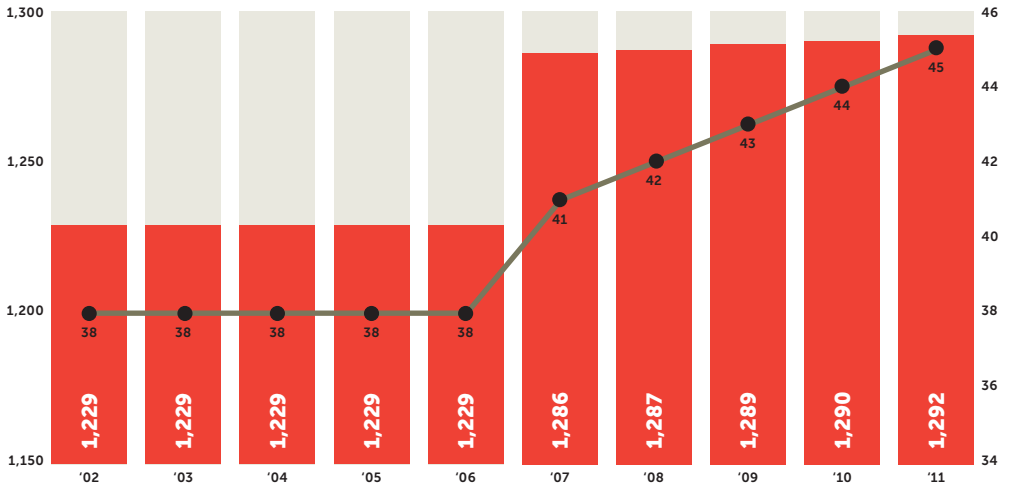
Aviation Sector:

AIRPORTS IN TURKEY



According to the 2010 Civil Aviation General Directorate annual report, there are 156 civil aviation companies (airlines, air taxi, general aviation, balloons and agricultural spraying companies) in Turkey with a total turnover of US\$ 12 billion. The number of airports rose from 38 in 2011 to 45 in 2011. The graphic below shows the evolution of the number of airports from 2001-2011.

AIRPORTS IN TURKEY - CHANGE IN TERMS OF AREA AND NUMBER (THOUSAND SQUARE METERS)



Source: DHMI

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Turkey has the sixth largest economy in Europe and is growing rapidly, a significant advantage for the Turkish aviation sector.

Out of the 45 Turkish airports in active use, six are operated by the private sector; the remaining are operated by DHMI. In order to change this situation by modernizing and enhancing airports, the state transfers existing and planned airports to the private sector through build-operate-transfer contracts and concession agreements, thereby encouraging the enhancement and development of the aviation sector to meet European standards.

TURKEY'S 10-YEAR TRACK RECORD OF SUCCESS

Turkey	2001	2011	CAGR* (%)
Total Passenger Traffic (millions)	34	117	13.2
International Terminals (millions)	24	59	9.4
Domestic Terminals (millions)	10	58	19.2
Number of Airports	38	45	2
Commercial Flight Traffic (thousands)	374	910	9.3

* CAGR: Compound Annual Growth Rate

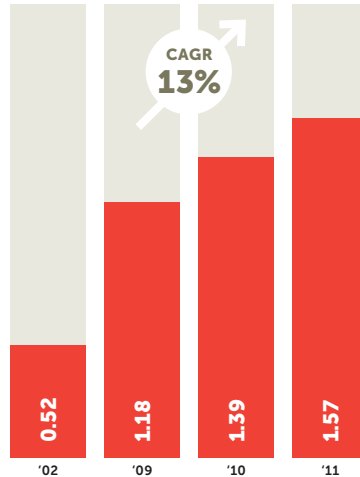
Source: DHMI-TÜİK

The Turkish aviation sector made significant progress in the last 10 years, with the total passenger traffic increasing by 3.5 times and total number of aircrafts by 2.4 times. In parallel with this growth, the number of airports increased and the capacities of the current airports were expanded significantly.

Despite the rapid increase, total passenger and freight transportation by air is still far below the level in developed nations.



AVIATION PASSENGER TRAFFIC / TOTAL POPULATION - TURKEY (%)

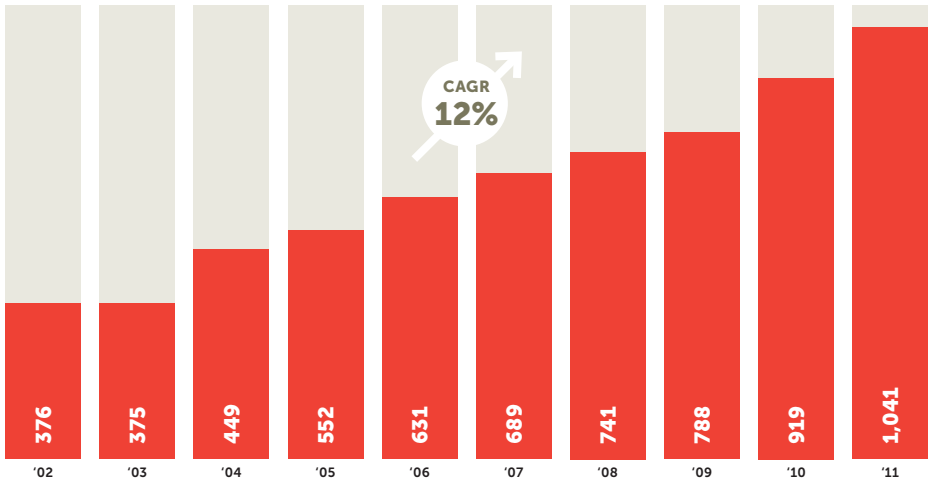


Source: DHMI-TÜİK



Istanbul Atatürk Airport

TOTAL FLIGHT TRAFFIC - TURKEY (THOUSANDS)



Source: DHMI

Turkey's national airlines, Turkish Airlines, is headquartered in Istanbul at the Atatürk Airport and also has a hub at Ankara Esenboğa Airport. The company remains one of the fastest growing airlines in the world. Its total passenger traffic increased 12% during the year to 32,622

thousand, to a CAGR of 12% from 2003 until 2011.

Likewise, as of year-end 2011, 26 new aircrafts were added to the Turkish Airlines fleet, bringing the total number to 179.

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Although it is a new commercial enterprise, TAV Construction is forging ahead in the world construction sector.

CONSTRUCTION

AKFEN CONSTRUCTION

Akfen Construction, a 99.85%-owned subsidiary of Akfen Holding, is the oldest subsidiary under the Akfen Holding umbrella. Initially founded to provide feasibility and engineering services to industrial facilities, Akfen Construction expanded its service portfolio to include manufacturing, installation and assembly services. To date, Akfen Construction has completed numerous project types including superstructure, infrastructure, environmental protection as well as airports. Having delivered construction projects worth a total of US\$ 1.8 billion over 20 years, the Company assumes construction investments as main contractor and contributes to the growth of Akfen Energy and Akfen REIT.

TAV INVESTMENT HOLDING

TAV Investment Holding was established by Tepe, Akfen Holding and Sera Yapı Endüstrisi ve Ticaret A.Ş. (Sera). Akfen Holding holds a 42.5% stake in TAV Investment while Tepe has a 47.5% stake and Sera a 10% stake. The main fields of activity of TAV Investment Holding are construction, aviation and parking facility management. TAV Investment's most important subsidiary is the 99.99%-owned TAV Construction. TAV Construction engages in the operating, contracting, building, marketing, sales, renting, consulting and managing of airport terminals, hangar facilities, shopping centers, tourism facilities, sports facilities, entertainment centers, offices, industrial plants, residences,

mass residential projects, roads, tunnels, subways, bridges, dams, phone lines and other infrastructure, cultural and social structures in Turkey and abroad directly or under a variety of financing models such as build-operate-transfer, mixed or flat for land.

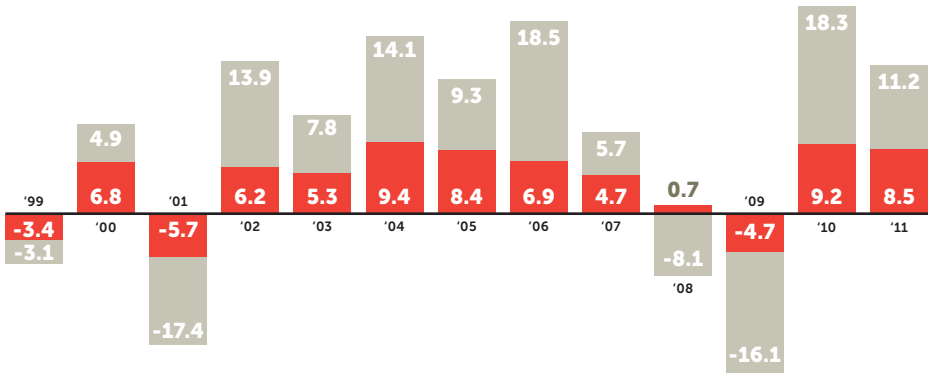
Although it is a rather new commercial enterprise established in 2003, TAV Construction has made great strides in the world construction sector. The Company has reached a significant business volume through its branches and its joint ventures with worldwide giants of the construction sector (Doha project with Taisei of Japan, Libyan projects with CCC of Lebanon and Odebrecht of Brazil, Oman and Abu Dhabi projects with CCC of Lebanon, etal.).

According to the Engineering News Record (ENR), TAV Construction ranked 114th among top global construction firms in 2011. Moreover, TAV Construction ranked fourth in the list of global airport construction firms, again according to ENR in 2011.

Construction Sector:

Accounting for 6% of Turkey's GDP and employing 1.5 million people, the construction sector plays a pivotal role in the economic development of Turkey. Taking into account its direct and indirect effect on other sectors, the construction sector is responsible for nearly 30% of Turkish economic output and 10% of non-agricultural employment.

THE DEVELOPMENT OF THE CONSTRUCTION SECTOR - TURKEY



Source: Turkish Association of Contractors (TMB)

■ Construction Sector Growth Rate (%) ■ GDP Growth Rate (%)

As in many other export-oriented economic activities in Turkey, the country's unique geographic position at the crossroads of three continents (Europe, Asia and Africa) significantly sharpen the competitive edge of Turkish construction products and services across the globe.

The Turkish construction sector made significant headway in overseas contractorship in particular after the 2001 economic crisis. The annual new business volume jumped from US\$ 2.4 billion in 2002 to US\$ 25 billion in the period 2007-2008. In the following years, due to the onset of the global financial crisis, the new business volume of Turkish overseas contractorship services decreased to US\$ 20 billion in 2009, 2010 and 2011.

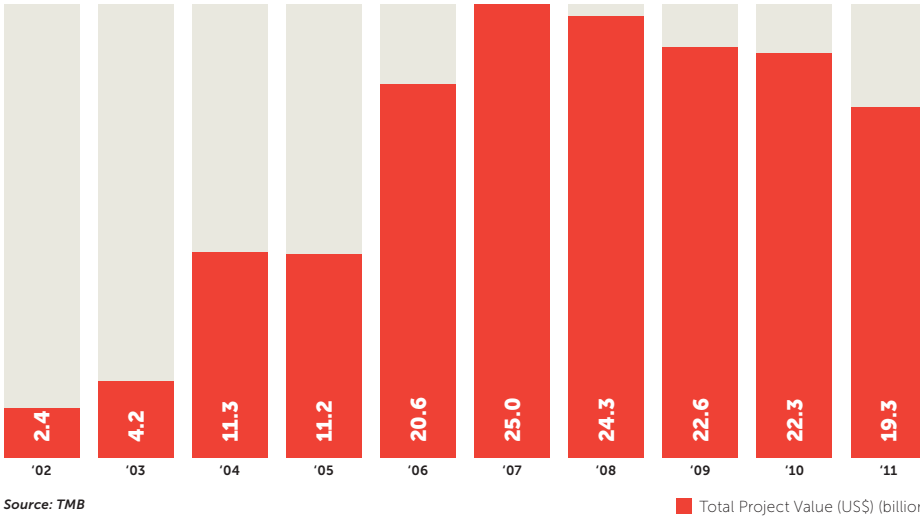
Another important development was the resurgence of Iraq as a key market during its post-war reconstruction. In the aftermath of foreign interventions in Afghanistan and Iraq, Turkish contractors maintained a close watch on the reconstruction efforts in these nations.



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

According to the geographic distribution of US\$ 19.3 billion in overseas contractorship projects assumed by Turkish firms in 2011, the Russian Federation ranks first with a share of 17.7%.

DEVELOPMENT OF OVERSEAS CONTRACTORSHIP - ANNUAL NEW BUSINESS VOLUME (2002-2011)



Among projects assumed in 2011, highway/bridge/tunnel projects rank first with a share of 13.8% and housing projects rank second with a share of 13.1%. They are followed by tourist facilities (8.3%), other transport (6.4%), power plants (5.7%), commercial centers (4.8%), petrochemical facilities (4.4%), airport (3.9%), social/cultural facilities (3.7%), administrative offices (3.7%) and other structures (32.2%).

As for the geographic distribution of US\$ 19.3 billion in overseas contractorship projects assumed by Turkish firms in 2011, the Russian Federation ranks first with a share of 17.7%, followed by Turkmenistan (17.0%), Iraq (9.8%) and Kazakhstan (8.9%).

PORT CONCESSIONS

MERSİN INTERNATIONAL PORT OPERATIONS (MIP)

For 36 years, the operation rights for the Mersin Port - owned by the Turkish State Railways (TCDD) - was awarded to the PSA-AKFEN Joint Venture Group, after placing the highest bid of US\$ 755 million in the tender held by the Privatization Administration. The 50/50 joint venture announced the establishment of MIP in the Trade Registry Gazette no. 6804, dated May 9, 2007.



In the year 2011, MIP was ranked 97th in the list of the world's top 120 container ports, published by the Container Management magazine.

MIP took over the operation of the Mersin Port from TCDD after signing a concessionary contract entitled "Contract for the Transfer of Operation Rights of the Mersin Port for 36 Years" on May 11, 2007 with the Privatization Administration and TCDD.

Covering a total space of 1,100,000 square meters, the Mersin Port has 21 piers with a total length of 3,295 meters. The port provides services to ships that transport containers, dry and liquid bulk freight, general cargo, project cargo, ro-ro, passengers and live animals. Its piers are able to accommodate ships with up to 14-meter drafts.

Mersin Port can provide the full range of maritime and terminal services and has the distinction of being a complete port due to its proximity to the Free Zone.

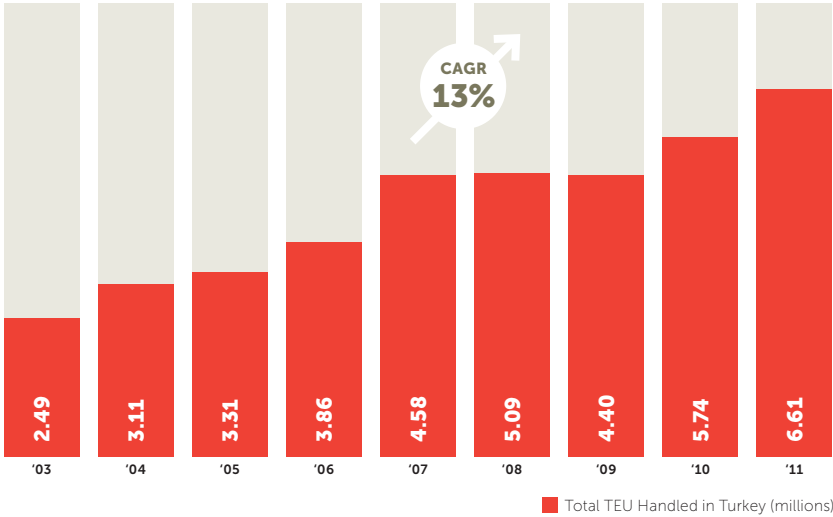


AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Enjoying a monopolistic position on the Mediterranean coast of Turkey and a rapidly growing hinterland, MIP is the Turkish port with the largest import-export volume.

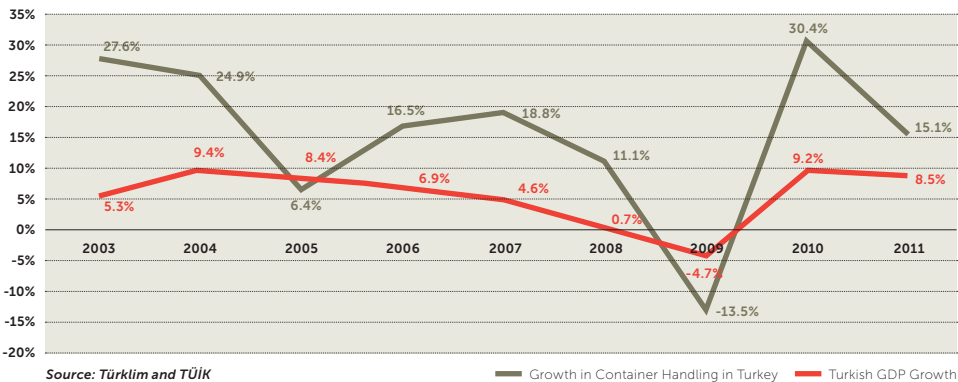
Marine Transportation Sector:

GROWTH OF THE TURKISH CONTAINER HANDLING VOLUME



The evolution of the volume of container TEU handled in Turkish ports is shown in the chart above. Additionally, the chart below features the relationship between the annual growth rate from 2003-2011 and GDP. Even as the amount of annually handled TEU increased by an average of 13% from 2003 to 2011, the GDP growth rate averaged an annual 5.2%; therefore, the annual growth rate of container handling was around 2.5 times the GDP growth rate.

TURKEY - CONTAINER VOLUME AND GDP GROWTH



TÜRKLİM MEMBER PORTS



According to data from the Port Operators Association of Turkey (TÜRKLİM), in the year 2011 a total of 6.61 million container TEU was handled in the country. Among all Turkish ports, MIP's share stood at 17%. In terms of container handling volume, MIP ranked second after Marport. MIP is also the largest container port on Turkey's Mediterranean coast.

According to data from the Turkish Exporters Association (TİM), in 2011 Turkey's foreign trade volume increased 26% from the previous year to reach US\$ 375.8 billion. Although there was such a significant increase across Turkey, MIP's hinterland provinces such as Kahramanmaraş, Hatay, Gaziantep, Adana and Konya recorded even higher rates of growth.



- 33.3% Handling below 50,000 TEU
- 66.7% Handling over 50,000 TEU

An analysis of Turkish container ports reveals that out of a total of 21 ports, seven can handle less than 50,000 TEU a year.

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

With a modern fleet of 53 sea vessels, İDO is one of the world's leading marine passenger and vehicle transportation companies.

MARINE TRANSPORTATION

İDO ISTANBUL SEA BUSES

İDO Istanbul Sea Buses was established in 1987 by the Istanbul Metropolitan Municipality to contribute to marine transportation in Istanbul and to help solve the traffic problem in the city.

According to Law No. 4046 on Privatization Practices, 100% of the Company was privatized. As a result, on June 16, 2011, the Company was acquired by the consortium TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. which placed the highest bid in the tender. In accordance with the Turkish Commercial Code and applicable legislation and as decided at the General Assembly held on December 16, 2011, TASS was acquired by İDO on December 26, 2011, complete with its asset and liabilities; as such, TASS was abolished without liquidation. İDO is currently owned by Akfen Holding (30%), Tepe (30%), Souter (30%) and Sera (10%).

İDO provides passenger and vehicle transportation services in Istanbul and the Marmara Sea region in 13 sea bus lines, two conventional ferry lines and four fast ferry lines, totaling 19 lines. With a modern fleet of 53 sea vessels (25 sea buses, 18 conventional ferries and 10 fast ferries), İDO is one of the world's leading marine passenger and vehicle transportation companies.

In seven city lines and 12 inter-city lines, the İDO fleet has a total capacity of 35,813 passengers and 3,312 vehicles. İDO delivers marine transport services in Istanbul and important hubs in the Marmara Sea and has up to 30 years of operation rights in the 35 piers it operates.

Coastal Navigation Lines - Marine Passenger and Vehicle Transport Sector:

Marine transportation is composed of three main categories: Long distance (intercontinental), short distance (international) and intra-national coastal navigation. The intercontinental marine routes are mainly used in sea trade; short distance marine routes in sea trade and passenger and vehicle transport; and coastal navigation lines in passenger and vehicle transport.



Due to the adoption of policies favoring ground transportation in Turkey, most domestic transportation routes are on land. Currently, highways account for 92% of domestic transportation and for a striking 95% of passenger transport, while coastal navigation has a share of mere 4%. This imbalance between different modes of transport and the miniscule share of marine routes points to the high growth potential of marine transportation of passengers and vehicles.

In Turkey, almost all passenger and vehicle transportation in coastal lines take place in the regions of Marmara and Izmir. The coastal lines in the Marmara Region extend across the four major hubs of Istanbul, Çanakkale, Marmara Basin and the Gulf of Izmit. The Izmir Region comprises city lines, as well as a longer route extending from Izmir to the Datça peninsula. Aside from the regions of Marmara and Izmir, a limited number of ferries transport passengers and vehicles across the lake of Van.

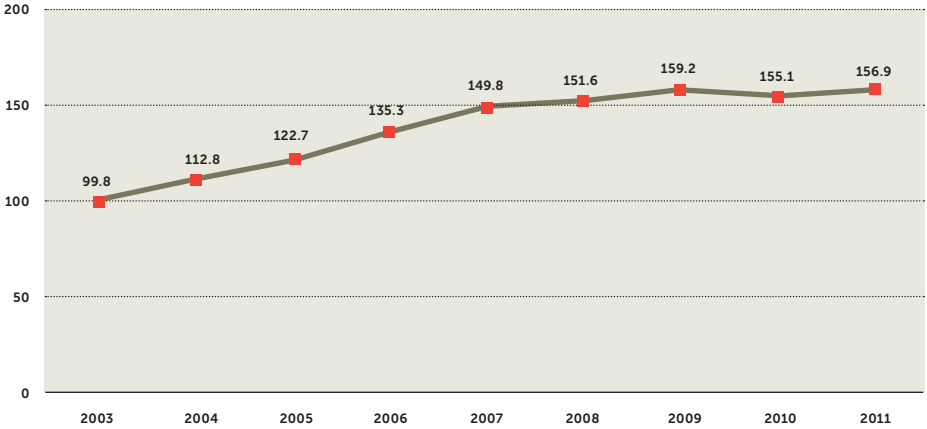
The compound annual growth rate of passenger transportation across Turkish coastal navigation lines stood at 5.8% from 2003 to 2011.



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

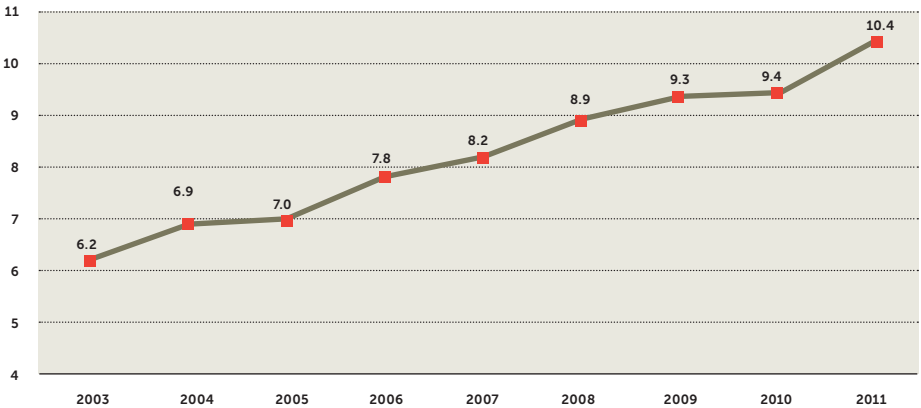
In 2011, approximately 157 million passengers were transported across all coastal navigation lines. The Marmara basin, Istanbul Region and the Gulf of Izmir accounted for 86% of the total; Çanakkale Region for 5% and Izmir Region for 8%.

TOTAL PASSENGER TRAFFIC ACROSS TURKISH COASTAL NAVIGATION LINES (MILLIONS) (2003-2011)



Source: Ministry of Transport, Maritime Affairs and Communication

TOTAL PASSENGER TRAFFIC ACROSS TURKISH COASTAL NAVIGATION LINES (MILLIONS) (2003-2011)



Source: Ministry of Transport, Maritime Affairs and Communication

In 2011, a total of approximately 157 million passengers were transported across all coastal navigation lines. The Marmara basin, Istanbul Region and the Gulf of Izmir accounted for 86% of the total; Çanakkale Region for 5% and Izmir Region for 8%.

According to quarterly data on coastal navigation, passenger traffic remains low in the fourth and first quarters, before reaching its maximum level in the second and third quarters.

The compound annual growth rate of vehicle traffic across Turkish coastal navigation lines stood at 6.6% from 2003-2011.

During 2011, a total of 10.4 million vehicles were transported across all coastal navigation lines. The Marmara basin, Istanbul Region and Gulf of Izmir accounted for 77% of the total; Çanakkale Region for 19% and the Izmir Region for 4%.

In coastal navigation, and in a similar fashion with passenger traffic, vehicle traffic stays low in the fourth and first quarters, before peaking in the second and third, due to seasonal effects.



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Akfen Holding has grouped its hydroelectric plant investments under the umbrella of three wholly-owned subsidiaries.

ENERGY

AKFEN HOLDING'S COMPLETED AND ONGOING ENERGY INVESTMENTS

Akfen Holding has grouped its hydroelectric plant investments under the umbrella of three wholly-owned subsidiaries. Akfen Holding has been involved in hydroelectric power plant investments since January 2007 through these subsidiaries:

- Akfen HES Yatırımları ve Enerji Üretim A.Ş. (HES 1) (Akfen HES Investments and Energy Generation) (HEPP1);
- Akfen Hidroelektrik Santrali Yatırımları A.Ş. (HES 2) (Akfen Hydroelectric Power Plant Investments) (HEPP2);
- Akfen Enerji Kaynakları Yatırım ve Ticaret A.Ş. (HES 3) (Akfen Energy Resources Investment and Trade) (HEPP3).

HEPP-1 consists of renewable energy projects with a total installed capacity of 128.4 MW and an electricity production capacity of 571 Gwh/year. As the annual report went to press, nine power plants with a total installed capacity of 125 MW and an annual production capacity of 554 Gwh had commenced operations. Construction of the Sekiyaka HEPP project commenced in September; upon completion and commissioning of the Sekiyaka HEPP project, the HEPP 1 portfolio will reach a total installed capacity of 128.4 MW and an electricity production capacity of 571 Gwh/year.

HEPP-2 consists of renewable energy projects with a total installed capacity of 105.2 MW and an electricity production capacity of 444.2 Gwh/year. Aside from the Çatak project, the construction of which has yet to begin, the

HEPP-2 projects currently under construction have an installed capacity of 95.2 MW and production capacity of 401.3 GWh. The construction of these plants are scheduled for completion by the end of 2012, when the joint installed capacity of HEPP-1 and HEPP-2 will reach 224 MW and their production capacity 972 Gwh/year.

The HEPP-3 projects call for an installed capacity of 109.5 MW and annual capacity of 274.9 GWh. HEPP-3 includes Laleli HEPP, a dam with an installed capacity of 104.8 MW, and renewable energy project Adadağı HEPP. Laleli HEPP was granted a favorable Environmental Impact Assessment report on November 9, 2010 and an EMRA license on February 9, 2011. The Environmental Impact Assessment process is currently underway at Adadağı HEPP.

AKFEN'S ENERGY PROJECTS IN THE PIPELINE

Akfen Holding has established its 69.5%-owned subsidiary Akfen Energy Investments Holding to undertake new investments in the generation, distribution and sale of energy from natural gas and coal resources. Akfen Holding will bring together these diverse energy investments under a single umbrella.

On October 4, 2011, Akfen Energy's 99%-owned subsidiary Akfen Enerji Üretim ve Ticaret A.Ş. (Akfen Energy Generation and Commerce) made the highest bid to establish a natural gas-based electricity generation plant ("Mersin Combined Natural Gas Plant") on a tract of land covering 58,000 square meters in the province of Mersin. The Company signed an asset purchase agreement with the Privatization Administration and acquired the land on October 19, 2012.

The total value of the contract amounted to TL 40,600,000; the Company paid TL 8,120,000 in cash and will pay a further TL 32,800,000 in four equal installments every 12 months.

On March 8, 2012, the Company received a license for an installed capacity of 450 MW from EMRA. The Company filed a license revision application to increase this installed capacity to 570 MW on March 23, 2012. A favorable EIA report was obtained for the Mersin Combined Natural Gas Plant on January 12, 2010.

Akfen Elektrik Enerjisi Toptan Satış A.Ş. (Akfen Wholesale Electricity Sales) is a 99%-owned subsidiary of Akfen Energy established on March 16, 2011 to market electricity to independent consumers on the electricity market. The Company obtained a wholesale license and initiated pilot operations in July. At the end of 2011, the Company had a portfolio of 60 gauges with a total annual consumption of 29.6 million kWh.



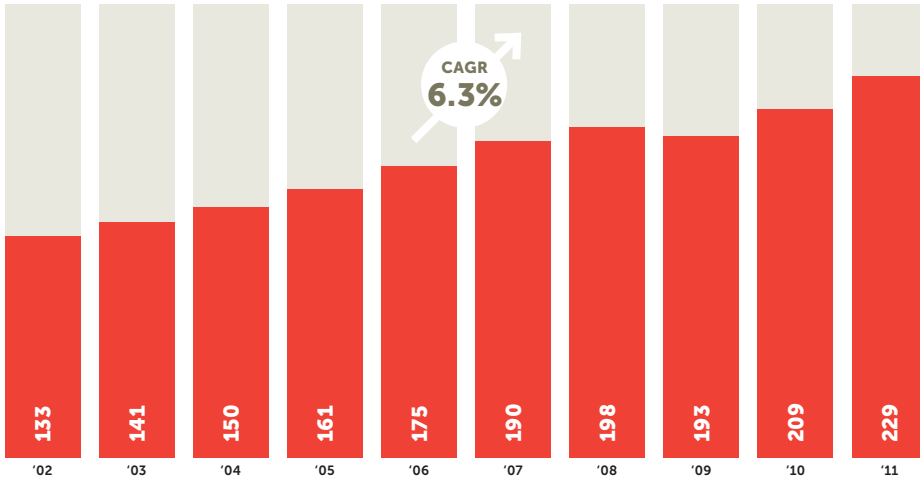
AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Between 2002 and 2011, while GDP grew 5% with an average standard deviation of 4%, Turkey's installed electric capacity expanded 6% with the same average standard deviation.

Turkish Electric Power Sector:

The Turkish electric power sector temporarily lost momentum in 2008 and 2009 due to the repercussions of the global economic crisis; nevertheless, its overall trend is one of significant growth and liberalization. With the start of the recovery in the last quarter of 2009, the demand for electricity picked up from 2010 onward.

TURKEY - CONSUMPTION (THOUSAND GWH)

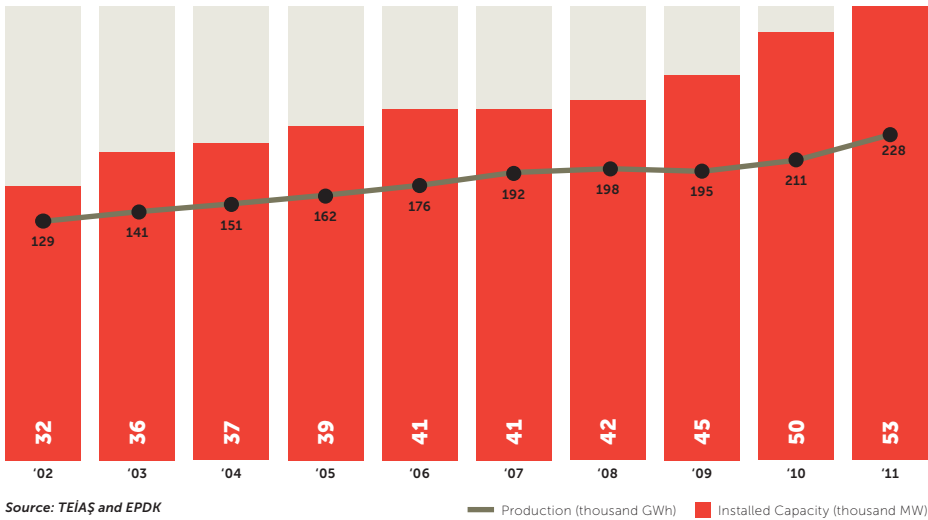


Source: TEİAŞ

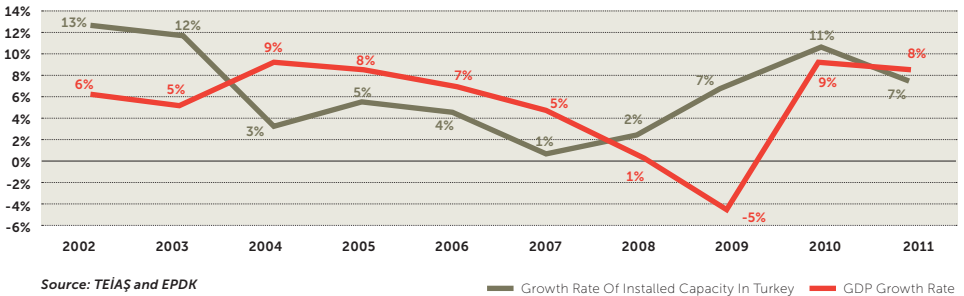
According to a capacity projection report by TEİAŞ (Turkish Electricity Transmission Company), the bearish scenario suggests that total demand will grow by a CAGR of 6.5% until 2020 to reach an approximate value of 399.8 thousand GWh, while the bullish scenario predicts that CAGR will reach 7.5% and total demand will soar to 433.7 thousand GWh.

In parallel with this growth, the per capita gross electricity consumption will start to rise from its current level of 2,298 kWh, which is very low when compared with the OECD average of 9,869 kWh.

TURKEY - INSTALLED CAPACITY AND PRODUCTION



TURKEY - CHANGE IN INSTALLED CAPACITY AND GDP (%)



An analysis of capacity increase reveals that Turkish installed capacity growth is in parallel with overall economic growth figures:

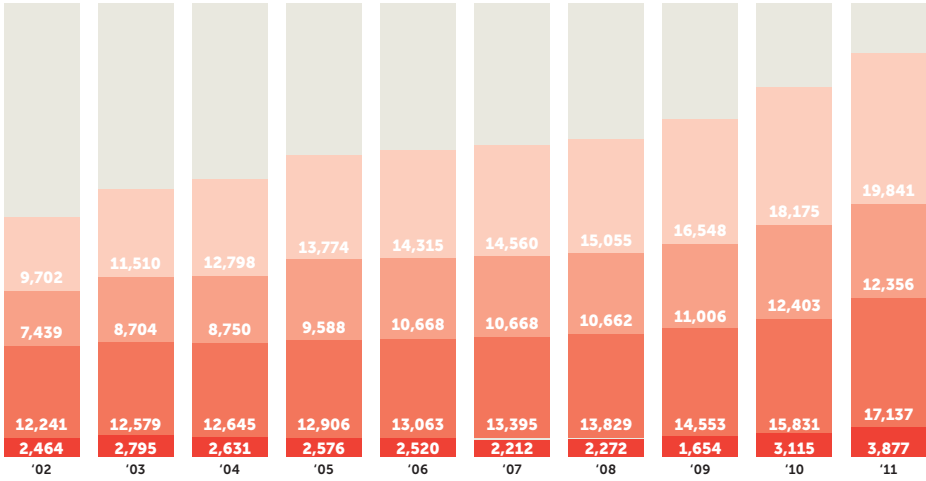
As can be seen in the chart above, between 2002 and 2011, GDP grew by an annual average of 5% while installed electricity capacity expanded 6%. As such, the multiplier between GDP growth and electricity production stood at 1.2.

OPERATIONS

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

The growth of installed capacity through the years corresponds to a CAGR of 6% from 2002-2011.

CHANGE IN INSTALLED CAPACITY BY SOURCE (MW)

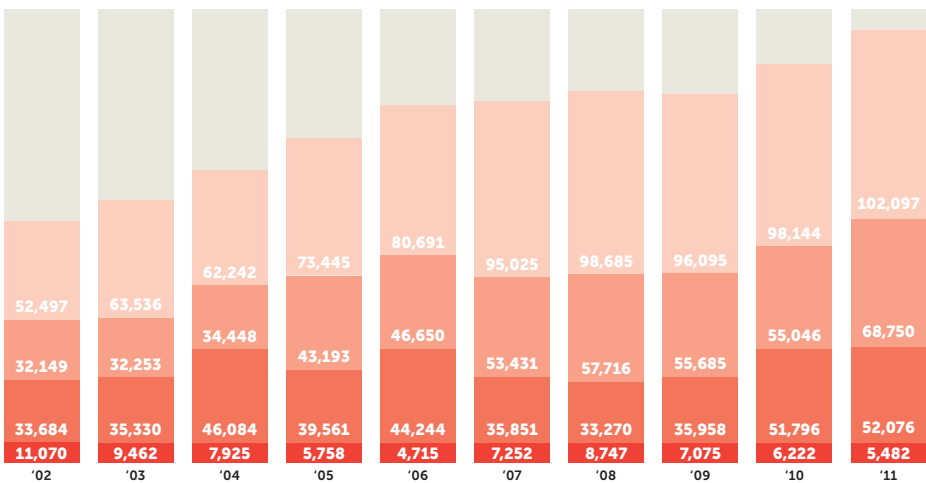


Source:TEIAS

Other Hydraulic Coal Natural Gas

Installed capacity increased 69% from 2002 to 2011. The share of coal and natural gas rose from 53% in 2002 to 61% in 2011.

CHANGE IN PRODUCTION BY SOURCE (GWH)



Source:TEIAS

Other Hydraulic Coal Natural Gas

From 2002-2011, electricity production soared by 77%. In the same period, the share of coal increased from 25% to 30% and the share of natural gas went up from 40% to 45%.

The market share of the Electricity Generation Company's (EÜAŞ) power plants fell to approximately 45% in 2011. Accordingly, the state initiated the privatization process of power plants in the EÜAŞ portfolio to liberalize the sector further.

As per the Privatization High Council resolution no. 2003/34 dated May 30, 2003 and the High Planning Council's Strategy Document, a total of 101 power plants (including 18 thermal power plants, 27 hydroelectric power plants and 56 river-type power plants) are being privatized by the Privatization Administration in the framework of the Electricity Market Law (no. 4628) and the Law on Privatization Practices (no. 4046).

In June 2010, tenders for 18 river-type power plants with a total installed capacity of 140 MW were held and subsequently approved by the Privatization High Council. Accordingly, the Council urged the buyer firms to file license applications and complete the necessary transactions. The transfer transactions of 10 groups were completed in 2011, while the remaining transfer processes are still underway.

Assets, which rank high in the privatization list of EÜAŞ include four thermal power plants (Hamitabat, Seyitömer, Kangal and Soma); there are nine portfolios including a total of 12 thermal and 27 hydroelectric power plants. The power plants to be privatized have a total installed capacity of more than 16 GW.

Established to market electricity to independent consumers on the electricity market, Akfen Wholesale Electricity Sales initiated pilot operations in July; as the annual report went to press, the Company controlled a portfolio comprising 60 gauges with a total annual consumption of 29.6 million kWh.



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

In the framework of its exclusive strategic cooperation agreement with the world's third largest and Europe's largest international hotel chain operator Accor, Akfen REIT develops city hotel projects under the brands Ibis and Novotel.

REAL ESTATE

AKFEN REAL ESTATE INVESTMENT TRUST

Akfen REIT's core business consists of investing in real estate-based capital markets instruments, as well as creating and developing a real estate portfolio. Established on June 25, 1997 under the trade name Aksel Turizm Yatırımları ve İşletmecilik A.Ş. (Aksel Tourism Investments and Management), the Company was restructured and registered as a real estate investment company on August 25, 2006, following the approval of the Capital Markets Board on July 14, 2006. Akfen Holding holds a 56.09% stake in Akfen REIT.

Akfen REIT has an exclusive strategic cooperation agreement with the world's third largest and Europe's largest international hotel chain operator Accor. Pursuant to lease contracts renewed in May 2010, the Company has an exclusivity agreement for developing city projects under the brands Ibis and Novotel in all of Turkey and certain Russian cities.

As of December 31, 2011, Akfen REIT operated a total of 12 hotels, including Zeytinburnu Ibis and Novotel in Istanbul; Ibis in Eskişehir; Novotel in Trabzon; Ibis and Novotel in Kayseri; Ibis and Novotel in Gaziantep; and Ibis in Bursa (corresponding to a total of nine hotels in Turkey). In addition the company operates as Ibis in Yaroslavl, Russia; Ibis in Samara, Russia; and a Mercure brand hotel in the Turkish Republic of Northern Cyprus. Furthermore, the Company has purchased parcels of land for hotel development purposes in Esenyurt, Istanbul and in Adana; construction began on these sites in the first quarter of 2011. A parcels of land found in the Konak district of Izmir was leased for a period of 49 years, the project was

prepared, the construction permit was obtained and subsequently construction was initiated in June.

Akfen REIT also established a 70%-owned specific-purpose subsidiary with the trade name Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy Real Estate Investment and Construction) in Karaköy, Istanbul to develop a hotel project. The Company also purchased a tract of land in the vicinity of the Esenboğa Airport of Ankara. The Istanbul Karaköy and Ankara Esenboğa projects are currently in the planning phase.

Akfen REIT went public on May 11, 2011 and since then it is traded on the ISE under the ticker symbol "AKFGY". After the IPO, the shareholding structure of the Company was as follows: the free-float rate is 29.41%, Akfen Holding controls 51.27%, Hamdi Akin 16.4% and other shareholders 2.46%. As Akfen Holding repurchased 4.37% of total stock to ensure price stability during the IPO, the Holding's overall stake in Akfen REIT rose to 56.09%.

Akfen REIT's wholly-owned subsidiary Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen Real Estate Commerce and Construction) purchased the 45% of the Netherlands-based Russian Hotel Investment BV and Russian Property Investment for US\$ 4,352,000; as such, the Company now controls 95% of these firms.

REIT Sector

REITs mainly operate in the construction and real estate sectors. According to the Capital Market Law, REITs are capital markets firms. Although they generally operate as real estate investment partnerships, they are considered to be public companies investing in real estate, specially regulated by CMB's Communique Series: VI, No: 11. In this regard, REITs are corporations of a mixed nature, active in both the real estate and finance sectors.

According to data from the Association of Real Estate Investment Companies (GYODER), currently there are 24 publicly held REITs in Turkey. Five other companies have obtained their operating licenses.

REITs are required by law to have a free-float rate of at least 25% and cannot run a real estate agency, construction and other operations listed in Articles 24 and 26 of the REIT Communiqué.

Tourism Sector

The tourism sector has recently been an engine of growth for the Turkish economy, creating new employment opportunities and positively contributing to the GDP and the balance of payments. The tourism sector, jointly with the transportation sector, employed approximately 1.9 million people (8.1% of total national employment) and generated total revenues of US\$ 23 billion in 2011. When indirect revenues are added on top of tourism sector revenues, the economic activity generated by tourism totals US\$ 72 billion, which corresponds to 9.3% of total Turkish GDP.

In recent years, the number of foreign tourists and tourism revenues have soared. The growth rate of the Turkish tourism sector is above that of the global tourism sector. Foreign visitors to Turkey accounted for 1.1% of the global total in 1990; this figure reached 2.9% in 2010.

Hotels are concentrated in Turkey's three largest cities, Istanbul, Ankara and Izmir, and its popular holiday regions, Antalya, Muğla and Aydın. Currently, active hotels in Turkey have a total bed capacity of 567,470; planned hotels have a total bed capacity of 258,287.

In terms of overall tourist numbers and tourism revenues, Turkey is one of the top 10 destinations in the world. In recent years, demand for accommodation and hotel investments have both displayed a strong uptrend. The total number of visitors approached 27 million, corresponding to a 2.9% market share in the global marketplace of 940 million tourists. As such, Turkey ranks seventh, immediately after Italy and the UK.

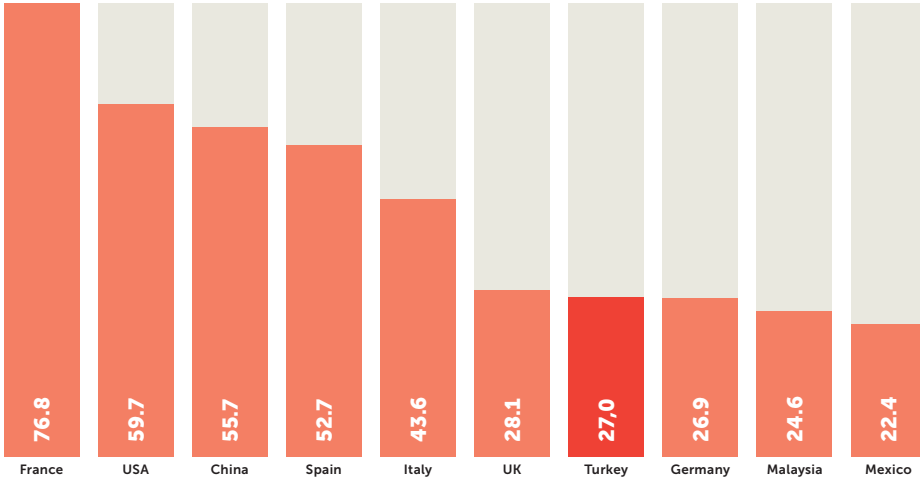


Mercure Hotel Cyprus

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Turkey ranks 10th in the world in terms of tourist numbers and tourism revenues.

COMPARISON OF TOTAL PASSENGER TRAFFIC (MILLIONS)



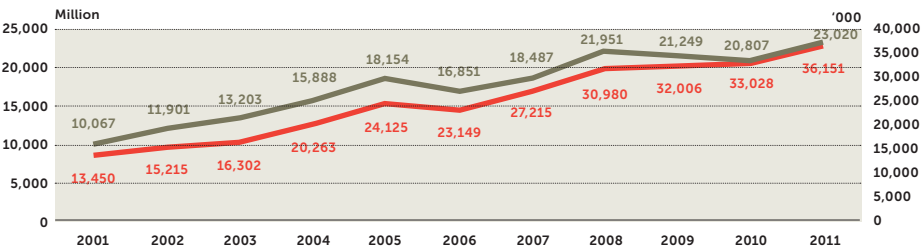
Source: United Nations World Tourism Organization

Total tourism revenues globally stand at US\$ 920 billion. Turkey's share is US\$ 20.8 billion for a market share of 2.26%, placing it in 10th place after Hong Kong.

In Turkey, the overall tourist numbers and tourism revenues sustain their upward trend. However, even as tourist numbers grew by a CAGR of 10.4% from 2001-2011, tourism revenues expanded by only 8.6%, which spells a drop in the revenue generated per tourist.

Istanbul hosted 22.3% of all tourists coming to Turkey in 2011. In the last 10 years, the number of tourists visiting Turkey grew by a CAGR of 10.4%, while the number of tourists visiting Istanbul rose 12.3%.

TURKEY - TOURISM REVENUES AND NUMBER OF TOURISTS



Source: Ministry of Culture and Tourism
* Domestic+Foreign Tourists

— Number of Tourists* — Tourism Revenues (US\$)

WATER CONCESSIONS

AKFEN ENVIRONMENT AND WATER INVESTMENT, CONSTRUCTION, OPERATION

Akfen Water was established on April 26, 2005 to construct facilities for obtaining drinking and potable water from underground and aboveground sources, collect household and industrial waste water and deliver water treatment services.

Akfen Holding and Kardan's subsidiary TASK Water BV control equal 50% shares of Akfen Water and manage the Company jointly. Akfen Water's subsidiaries provide water and waste water services to the Güllük Municipality and waste water treatment services at Dilovası Organized Industrial Zone.

Akfen Güllük Environment and Water Investment, Construction and Operation (Akfen Water Güllük) operates within the framework of the Concession Agreement on the Construction and Operation of Drinking and Potable Water Provision and Waste Water Treatment Facilities signed with Güllük Municipality on August 29, 2006. As of December 2011, the Company serves 5,256 customers.

Akfen Arbiogaz Dilovası Waste Water Treatment Facilities Construction and Operation (Akfen Water Dilovası) conducts its operations under the Agreement on the Construction and Operation of Dilovası Organized Industrial Zone Waste Water Treatment Facilities and Main Collector Line signed on August 3, 2007 with Dilovası Organized Industrial Zone Regional Directorate. The Company provides waste water treatment services to factories and enterprises located in the Dilovası Organized Industrial Zone and to the district of Dilovası.



Akfen Water Dilovası

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

According to passenger statistics, TAV airports had a market share of 46% among all airports administered by DHMI and a market share of 41% among all Turkish airports in 2011.

RESULTS FOR THE YEAR 2011 - DEVELOPMENTS AT AFFILIATES AND SUBSIDIARIES

TAV AIRPORTS

In 2011, the number of passengers that opted for airports operated by TAV Airports Holding rose 11% over the prior year to reach 52.8 million. Of these, 20.8 million were passengers of domestic lines and the remaining 32 million were passengers of international lines. Accordingly, TAV-operated airports had a market share of 46% among all airports administered by DHMI and a market share of 41% among all Turkish airports for the year.

In 2011, while for passenger traffic across all Turkish airports and all DHMI airports grew 14% over the previous year, passenger traffic at

airports operated by TAV in Turkey expanded 15%, outperforming the Turkish and DHMI average.

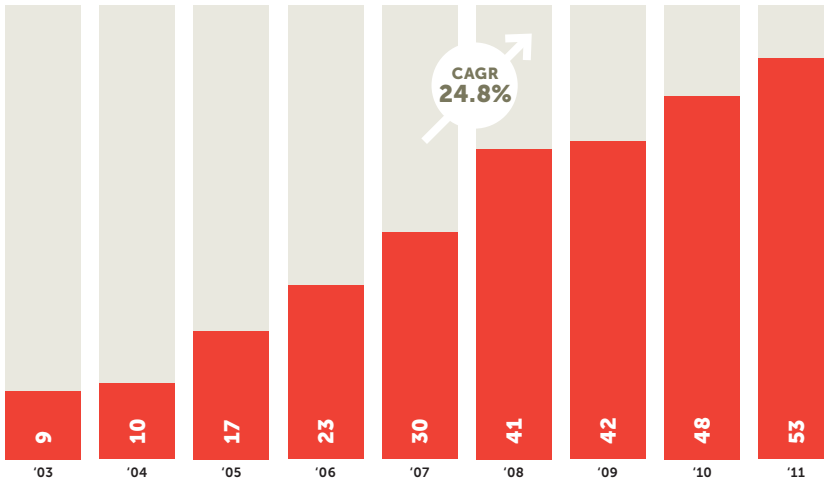
According to DHMI statistics that include transfer passengers, passenger traffic at the Istanbul Atatürk Airport International Terminal grew 17% to reach 23.8 million in 2011. This figure corresponds to 40% of the total international line passengers in Turkey.

In 2011, commercial flight traffic at airports operated by TAV Airports Holding grew 9% year-on-year to reach 451.2 thousand. Of this figure, international flights account for 284.9 thousand and domestic flights for 166.3 thousand.

In terms of flight traffic, TAV Airports had a 50% market share among all DHMI airports and a 43% market share among all Turkish airports.



Esenboğa Airport, Ankara

TAV PASSENGER TRAFFIC (2003-2011) (MILLIONS)

The evolution of passenger traffic in various airports is presented in the following table.

Passenger Traffic*	2011	2010	Change %
Atatürk Airport	37,452,187	32,143,819	17
International Lines	23,847,835	20,342,986	17
Domestic Lines	13,604,352	11,800,833	15
Esenboğa Airport	8,520,649	7,763,914	10
International Lines	1,387,503	1,328,693	4
Domestic Lines	7,133,146	6,435,221	11
Izmir Airport	2,464,334	2,127,488	16
TAV TURKEY TOTAL	48,437,170	42,035,221	15
International Lines	27,699,672	23,799,167	16
Domestic Lines	20,737,498	18,236,054	14
Monastir+Enfidha Airports	2,289,131	3,916,977	-42
Tbilisi Airport	1,057,058	821,605	29
Batumi Airport	133,864	88,624	51
Macedonia (Skopje and Ohrid)	838,164	730,095	15
TAV TOTAL	52,755,387	47,592,522	11
International Lines	32,017,889	29,356,468	9
Domestic lines	20,737,498	18,236,054	14

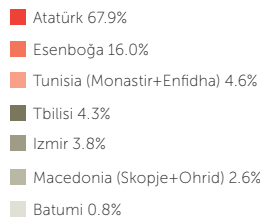
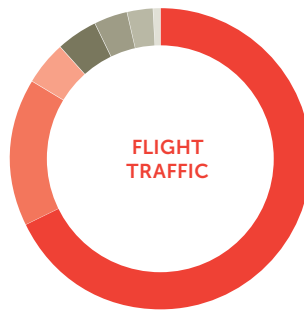
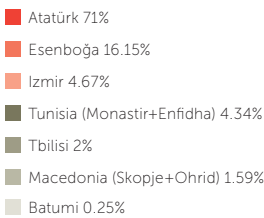
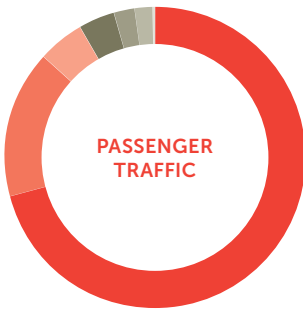
* Total incoming and outgoing passengers; excluding transit passengers

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

Among all airports operated by TAV, Atatürk Airport leads in terms of both total passenger and flight traffic, with shares of 71% and 67.8%, respectively.

TAV AIRPORTS JANUARY - DECEMBER 2011 DISTRIBUTION OF PASSENGER TRAFFIC

	Passenger Traffic	Flight Traffic
Atatürk	37,452,187	305,808
Esenboğa	8,520,649	72,244
Izmir	2,464,334	17,304
Tunisia (Monastir+Enfidha)	2,289,131	20,805
Tbilisi	1,057,058	19,600
Macedonia (Skopje+Ohrid)	838,164	11,878
Batumi	133,864	3,514



An analysis of the passenger traffic in 2010 and 2011 reveals an increase in the passenger traffic of all TAV airports except for the Monastir and Enfidha airports in Tunisia.

TAV INVESTMENT

As of December 31, 2011, TAV Construction's ongoing projects total US\$ 918.3 million. As of the same date, the total estimated value of the Izmir Adnan Menderes Airport and Medina International Airport projects in the signature phase was US\$ 730 million. The total amount of progress payment balance is US\$ 1,650 million.

ONGOING PROJECTS

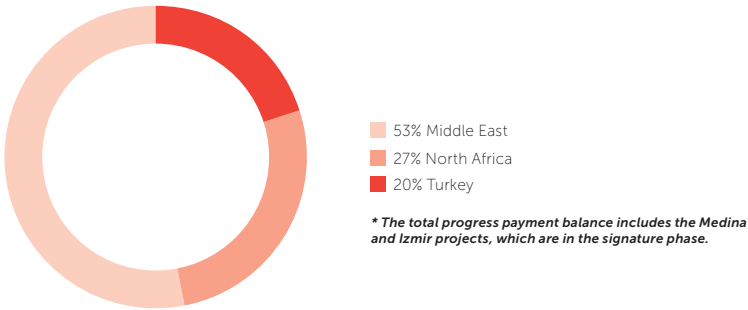
Project Name	Employer	TAV Construction Share (%)	Contract Value (US\$ mn)	Physical Progress (December 31, 2011) (%)	Progress Payment Balance 2011 (US\$ mn)
DUBAI - MARINA 101	M/S SHEFFIELD HOLDINGS LIMITED	100	198.1	45.1	71.4
2011 INVESTMENTS	TAV ISTANBUL TERMINAL OPERATION	100	18.2	38.0	4.7
LIBYA - TRIPOLI	LIBYAN CIVIL AVIATION AUTHORITY	25	2,102.6	36.9	323.3
LIBYA - SEBHA	LIBYAN CIVIL AVIATION AUTHORITY	50	229.4	7.0	114.5
DOHA	QATAR GOVERNMENT	35	3,900.8	95.1	98.5
OMAN MC1	SULTANATE OF OMAN. MINISTRY OF TRANSPORT AND COMMUNICATION	50	1,177.6	48.2	305.3
ABU DHABI - Pile Head Construction	The Supervision Committee for the Expansion of Abu Dhabi International Airport (SCADIA)	50	57.3	98.5	0.6
Total Value of Contracts Signed			7,683.9		918.3
Medina International Airport Project			1,200.0		400.0
Izmir Airport Project			330.0		330.0
Total Value of Contracts in Signature Phase			1,530.0		730.0
Total			9,213.9		1,648.3

OPERATIONS

AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

TAV Investment's 50%-owned subsidiary TAV-G Vehicle Park Investment and Operations operates three active parking facilities with a capacity for 755 vehicles and has 13 parking facilities in construction.

PROGRESS PAYMENT BALANCE* BY REGION (END-2011)



- In the Dubai Marina 101 project, there are ongoing negotiations with the investor to solve the financing problem of the investor and to recommence construction.
- TAV Investment's 50%-owned subsidiary TAV-G Vehicle Park Investment and Operations operates three active parking facilities with a capacity for 755 vehicles and 13 parking facilities under construction.

On October 20, 2011, the 40-year Qaddafi regime came to an end in Libya. The members of the National Transitional Council currently strive to form a new government. In view of good relations and the support of the Turkish Government to the National Transitional Council, Libyan project developments that had been disrupted in February 2011 due to the uprising, are predicted to resume in the near future. All developments concerning the return of the Company to Libya are monitored closely.



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

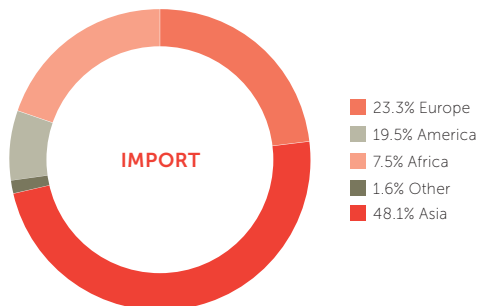
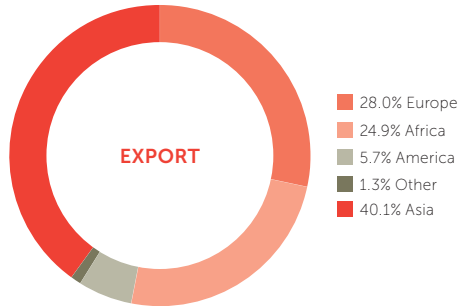
In 2011, revenue per TEU - including container services - stood at US\$ 150 and the Company recorded revenues of US\$ 4.3 per ton in conventional freight.

MIP

TEU (thousands)	%	01.01.2011-31.12.2011
Total Imports	40.5	448,174
Total Exports	42.3	482,920
Total Transit	11.5	145,584
Total Transshipment	2.8	31,706
Total Domestic/ Coastal Navigation	1.9	21,225
Total Shifting	1.0	11,318
TOTAL		1,140,927

- In 2011, container volume handled at the port increased 11% to reach TEU 1.14 million.
- In 2011, revenue per TEU - including container services - stood at US\$ 150 and the Company recorded revenues of US\$ 4.3 per ton in conventional freight.
- In order to fulfill the investment requirement stated in the Concession Agreement, the Company made the necessary investment outlay to bring the port capacity up to TEU 1.7 million.
- According to an analysis of the breakdown of containers by product type in 2011, imports consist mainly of plastic and plastic-based products (22%), cotton (14%), artificial and synthetic fiber for weaving (9%); exports include salt, sulphur, topsoil, stones, plaster and cement (17%), metal ore, slag and cinder (11%) and grain, flour, starch and milk products (7%), among others.

MIP IMPORT/EXPORT BY REGION - 2011 (TEU)



AKFEN CONSTRUCTION

Akfen Construction conducts its operations in line with the cost-plus construction contracts of its subsidiaries Akfen REIT, HEPP 1 and HEPP 2.

As of December 31, 2011, Akfen Construction's progress payment balance was € 54.1 million.



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

In 2011, İDO increased its passenger traffic by 4.4% for fast ferries, by 2.8% for sea buses and by 6.2% for conventional ferries year-on-year.

İDO

In 2011, İDO increased its passenger traffic by 4.4% for fast ferries, by 2.8% for sea buses and by 6.2% for conventional ferries year-on-year.

In the same period, the total number of vehicles transported rose 5.4% for fast ferries and increased 12.2% for conventional ferries.

Passenger and Vehicle Traffic (000)	2010 12 Months	2011 12 Months	Change (%)
Total Passenger Traffic	49,939	52,714	5.6
Fast Ferry	6,460	6,744	4.4
Sea Bus	6,369	6,547	2.8
Conventional Ferry	37,110	39,423	6.2
Total Vehicle Traffic	6,922	7,688	11.1
Fast Ferry	1,200	1,265	5.4
Conventional Ferry	5,722	6,422	12.2

Project Finance Award to İDO

At the Project Finance Awards 2011 organized by Euromoney, the İDO privatization transaction received the "European Transport Privatization Deal of the Year" award. This transport project finance award was presented in the category of "Europe & Africa Deals". İDO officers and consultants, who took part in the transaction, received the award at a ceremony held in London on February 9, 2012.



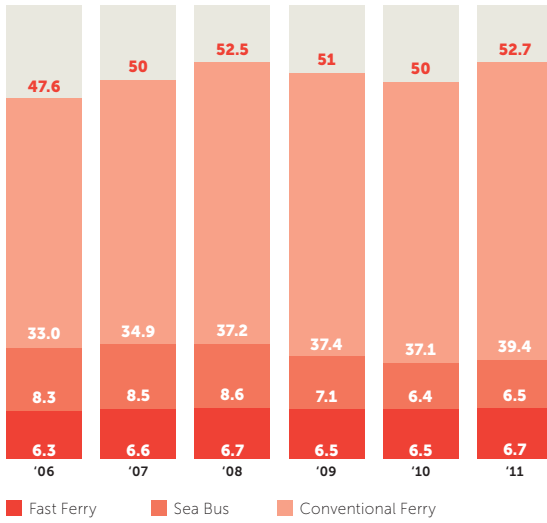
İDO Designated Deal of the Year

The Infrastructure Journal's Deal of the Year Award went to İDO in the category of Infrastructure Acquisition.

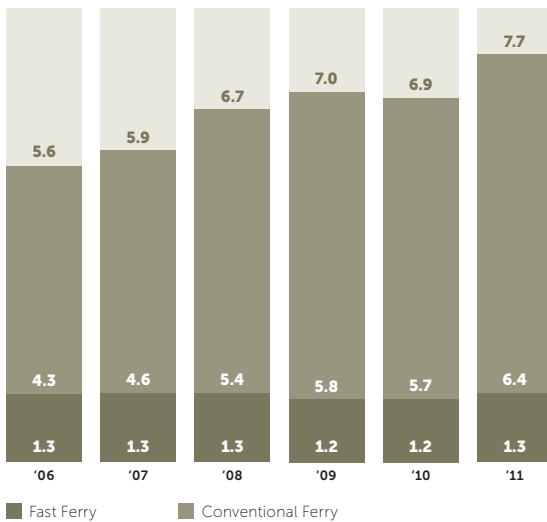


The evolution of passenger and vehicle traffic by segment during the year is presented in the chart below.

IDO - PASSENGER TRAFFIC (2006-2011), MILLIONS



IDO - VEHICLE TRAFFIC (2006-2011), MILLIONS



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

As of December 31, 2011, nine plants are in operation with a total installed capacity of 125 MW and an annual electricity production of 554 million GWh.

AKFENHEPP

- The Çamlıca 3 HEPP project commenced production on April 2, 2011; Otluca 1 HEPP on April 8, 2011; Saraçbendi HEPP on May 7, 2011; Karasu 1 HEPP on May 20, 2011; Karasu 2 HEPP on June 4, 2011; Otluca 2 HEPP on July 13, 2011; Karasu 4.3 HEPP and Karasu 5 HEPP on August 5, 2011; Boğuntu HEPP on September 16, 2011; and Karasu 4.2 HEPP on November 25, 2011.
- Çamlıca 3, Otluca 1, Saraçbendi, Karasu 1, Karasu 2, Otluca 2, Karasu 4.3, Karasu 5, Boğuntu and Karasu 4.2 power plants from their commencement of operation and Sirma

HEPP from May 2009 until December 31, 2011 together produced 225.7 kWh of electricity for sale.

- As of December 31, 2011, nine plants are in operation with a total installed capacity of 125 MW and an annual electricity production of 554 million GWh.
- Following the Company's application within the framework of the Renewable Energy Law in November 2011, seven power plants (those except Karasu 4.2 and Sirma HEPP) sell electricity at a guaranteed purchase price of US\$ 0.073/kWh since January 1, 2012.

Çamlıca 3 HEPP



Power Plants in Operation

As of 31.12.2011

Company	HEPP	Installed Capacity (MW)	Production Capacity (GWh/year)	Date of Starting Operations
Beyobası	Otluca	44.7	207.6	April 2011
	Sırma	5.9	26.7	June 2009
İdeal	Karasu - 1	3.7	23.1	May 2011
	Karasu - 2	3.1	19.6	June 2011
	Karasu - 4.2	9.9	56.4	November 2011
	Karasu - 4.3	3.7	16.9	August 2011
	Karasu - 5	4.0	23.2	August 2011
Çamlıca	Çamlıca 3	25.8	94.5	April 2011
	Saraçbendi	24.0	86.1	May 2011
Total		125.0	554.1	

Power Plants in Construction Phase

Company	HEPP	Installed Capacity (MW)	Production Capacity (GWh/year)	Progress in Construction (%)
Beyobası	Sekiyaka	3.5	16.8	12
Elen	Doğançay	30.6	171.6	41
Pak	Kavakcalı	10.9	48.2	26
	Demirciler	9.4	32.3	90
	Gelinkaya	7.1	30.9	72
BT Bordo	Yağmur	8.5	36.2	70
Yenidoruk	Doruk ¹	28.8	82.1	37
Total		98.7	418.1	

Power Plants in Planning Phase

Company	HEPP	Installed Capacity	Production Capacity
Zeki	Çatak ²	10.0	42.9
Laleli	Laleli	104.8	256.7
Değirmenyani	Adadağ ³	4.7	18.2
Total		119.5	317.8

¹ A lawsuit demanding the cancellation of the EIA resolution concerning Doruk HEPP was refuted by a decision of the Administrative Court of Ordu (decision no. 2011/1423 Main, 2012/194 Decision).

² The area including the power plant was declared a protected area (SİT). Following this decision, the Company filed a lawsuit demanding the cancellation of this decision, as a result of which the Administrative Court of Rize decided that the area surrounding the Çatak HEPP cannot be classified as a protected area (decisions no. 2010/487 Main, 2011/661 Decision).

³ The license process is underway.





NOVOTEL

NOVOTEL

OPERATIONS**AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS**

Akfen REIT, within the framework agreement signed with Accor, one of the world's leading hotel operators, has completed construction of numerous hotels in Turkey and abroad and has handed over their operation in exchange for lease contracts.

AKFEN REIT**AKFEN REIT'S PORTFOLIO IN TURKEY AND TRNC**

No.	City	Hotel Type	Status	Commencement of Operations
1	Istanbul Zeytinburnu	Novotel	In operation	2007
2	Istanbul Zeytinburnu	Ibis Hotel	In operation	2007
3	TRNC (Girne)	Mercure Hotel	In operation	2007
4	Eskişehir	Ibis Hotel	In operation	2007
5	Trabzon	Novotel	In operation	2008
6	Gaziantep	Novotel	In operation	2010
7	Gaziantep	Ibis Hotel	In operation	2010
8	Kayseri	Novotel	In operation	2010
9	Kayseri	Ibis Hotel	In operation	2010
10	Bursa	Ibis Hotel	In operation	2010
11	Istanbul Esenyurt	Ibis Hotel	Under construction	2012
12	Adana	Ibis Hotel	Under construction	2012
13	Izmir	Ibis Hotel	Under construction	2013
14	Istanbul Karaköy	Novotel	Investment commenced	2015
15	Istanbul Kartal	Ibis Hotel	Planned	2014
16	Ankara	Novotel	Planned	2015
17	Ankara	Ibis Hotel	Planned	2015
18	Istanbul EuropeCenter	Ibis Hotel	Planned	2015

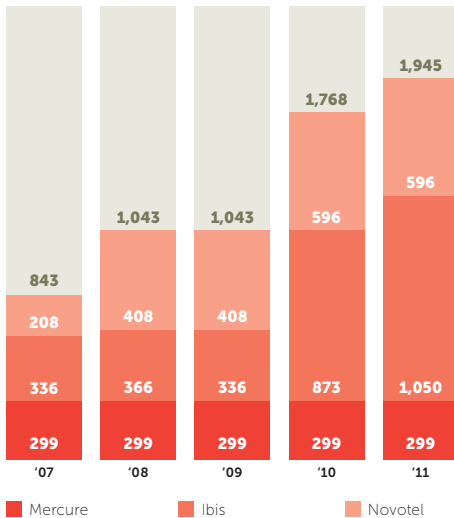
AKFEN REIT'S PORTFOLIO IN RUSSIA

No.	City	Hotel Type	Status	Commencement of Operations
1	Samara *	Ibis Hotel	In operation	2012
2	Samara *	Office	In operation	2012
3	Yaroslavl *	Ibis Hotel	In operation	2011
4	Kaliningrad *	Ibis Hotel	Under construction	2013
5	Moscow	Ibis Hotel	Planned	2015

* Akfen REIT's total stake in the projects is 95%.

- As of December 31, 2011, the total number of beds at the hotels operated by Akfen REIT stood at 1,945, including TRNC Mercure Hotel (299 rooms) and Yaroslavl Ibis Hotel (177 rooms).

GROWTH OF HOTEL ROOM CAPACITY BY YEAR



AKFEN HOLDING'S SECTORS OF OPERATION AND ITS POSITION WITHIN THESE SECTORS

In 2011, Akfen REIT offered 29.41% of its shares to the public and further boosted its cash generation power by launching its first Russian project, Ibis Hotel Yaroslavl.

- As of December 31, 2011, the operations results were as follows:

As of December 31, 2011

Occupancy Rate

Hotels	Number of Rooms*	2011	2010
Zeytinburnu Ibis	228	86%	84%
Zeytinburnu Novotel	208	83%	84%
Eskişehir Ibis	108	76%	74%
Trabzon Novotel	200	72%	61%
Gaziantep Ibis	177	44%	19%
Gaziantep Novotel	92	50%	28%
Kayseri Ibis	160	45%	31%
Kayseri Novotel	96	48%	36%
Bursa Ibis	200	52%	24%

Revenue per Room (€)**

Hotels	Number of Rooms*	2011	2010
Zeytinburnu Ibis	228	61	57
Zeytinburnu Novotel	208	70	64
Eskişehir Ibis	108	34	37
Trabzon Novotel	200	41	33
Gaziantep Ibis	177	14	7
Gaziantep Novotel	92	22	14
Kayseri Ibis	160	15	11
Kayseri Novotel	96	23	18
Bursa Ibis	200	21	11

Total Revenue per Room (€)***

Hotels	Number of Rooms*	2011	2010
Zeytinburnu Ibis	228	71	68
Zeytinburnu Novotel	208	93	88
Eskişehir Ibis	108	39	42
Trabzon Novotel	200	65	55
Gaziantep Ibis	177	18	9
Gaziantep Novotel	92	37	26
Kayseri Ibis	160	19	15
Kayseri Novotel	96	35	29
Bursa Ibis	200	25	12

* Excluding the 299-room Mercure Hotel in the TRNC.

** Revenue Per Room = Average Room Price x Occupancy Rate.

*** Total Revenue per Room includes room price plus other revenues (food&beverage, seminars-congresses, events).

Physical Progress in Projects in Russia and Turkey as of December 31, 2011:

Projects in Russia

City	Type	Status	Physical Progress (%)
Kaliningrad*	Ibis Hotel	Under construction	0
Moscow	Ibis Hotel	Under project development	0

* Physical progress stood at 13% as the report went into press.

Projects in Turkey

City	Type	Status	Physical Progress (%)
Istanbul	Esenyurt Ibis Hotel	Under construction	55
Adana	Ibis Hotel	Under construction	85
Izmir	Ibis Hotel	Under construction	15
Istanbul	Karaköy Novotel	Under project development	n.s.*
Ankara	Ankara Airport Hotel	Under project development	n.s.*

* n.s.: Not significant

Euromoney Real Estate Awards 2011

The "2011 Euromoney Real Estate Awards" organized by Euromoney Magazine, established in the UK in 1969 and followed by the business communities of 172 nations, named Akfen REIT the Best Hotel Developer in Turkey.



AKFEN WATER

- At Akfen Water Güllük, the amount of water billed between January 2011 and December 2011 increased 17% year-on-year, from 467,251 cubic meters to 548,041 cubic meters. In the same period, the number of subscribers increased 5% to 5,256.
- Between January 2011 and December 2011, 2,333,934 cubic meters of waste water were treated at Akfen Water Dilovası facilities. As of December 2011, Akfen Water Dilovası served 211 factories located in the Dilovası Organized Industrial Zone.

Akfen Water Dilovası



IMPORTANT DEVELOPMENTS AT AKFEN HOLDING

After signing a contract for the operational rights of Medina International Airport, TAV Airports Holding placed the highest bid and won the tender for the Izmir Adnan Menderes Airport International Terminal held by DHMI.

TAV AIRPORTS:

October 29, 2011, Signature of the Medina

Airport Concession Agreement: The agreement for the operational rights of the Medina International Airport in the framework of a build-operate-transfer model was signed on October 29, 2011 between a consortium bringing together TAV Airports, Saudi Oger Ltd., Al Rajhi Holding and the Kingdom of Saudi Arabia, General Authority of Civil Aviation (GACA). The total investment outlay is expected to reach US\$ 1-1.5 billion. The airport will be taken over in its current state; construction of the new terminal building will commence in the first half of 2012. For the period of operation, the service fee per passenger was set at SAR 80 (around US\$ 22) for both incoming and outgoing international flights. The operation period will run until the first half of 2037; 54.5% of the annual turnover of the Medina Airport will be paid to the local authority as a concession fee.

December 12, 2011, Signature of the Izmir Adnan Menderes Airport Concession

Agreement: On November 17, 2011, the Holding placed the highest bid and won the tender for leasing and operating Izmir Adnan Menderes Airport Current International Terminal, CIP, Domestic Terminal and auxiliary buildings. Concurrently, it established and registered a company with the trade name TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. (TAV Aegean Terminal Investment, Construction and Operations) for this purpose. TAV Airports Holding controls 100% of this corporation, with a capital of TL 1,000,000. The contract for the operation and leasing of the airport was signed between the recently established TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. (TAV

Aegean Terminal Investment, Construction and Operations) and DHMI on December 12, 2011.

According to the tender specifications, the Company will have the right to operate the Izmir Adnan Menderes Airport International Terminal from its completion in 2015 until end-2032. The total investment outlay is predicted to reach € 300 million. Construction of the new terminal building will commence in 2012 with completion planned in 2015. Until the new terminal building is finished, the current International Terminal will serve both international and domestic flights. For the period of operation, the service fee has been set at € 15 for passengers on international flights and € 3 for outgoing domestic passengers. The Company will pay € 610 million (exclusive of VAT) in concession fees to the DHMI for the right to operate the airport until end 2032.

TAV INVESTMENT:

July 2, 2011, Resolution on Sanctions

Concerning the Libyan Projects: In the Security Council of the United Nations resolution on sanctions ratified on July 2, 2011, it was declared that "Until a new decision is taken to cancel sanctions imposed by the UNSC, demands of restitution stemming from collaterals given by Turkish citizens and real and legal persons subject to Turkish law to real and legal persons located in Libya or real and legal persons who operate with their support will not be met". Construction projects at Tripoli International Airport and Sebha International Airport in Libya by TAV Airports Holding fall within the scope of this resolution. Foreign banks, which had issued advance payment and performance bond letters for the referenced projects declared that, as per UN resolutions, they would respond in the

negative to restitution claims stemming from such letters until a certain period of time passes after the sanctions are lifted in the future. Turkish banks declared that they will announce their resolution in accordance with the decisions of the Council of Ministers.

MIP:

January 1, 2011, MIP Contractor's Personnel:

Personnel from the contractor company MPO were included under the umbrella of MIP; as such, MIP started providing container loading and unloading services as of January 1, 2011.

January 1, 2011, VAT on Port Services: As of January 1, 2011, a VAT of 18% was imposed on ISPS, container loading / unloading, reinforcement of container interiors, monitoring of refrigerated containers, refueling, weighing, customs control, assembly / disassembly, packaging, truck loading / unloading, fee for the superfluous use of trucks, port entrance fee and sea vessel leasing fee services. This development led to an increase of the Company's VAT collection.

March 18, 2011, Automotive Imports: According to a communique issued in the Official Gazette on March 18, 2011, concerning the Exercise of the Special Automotive Customs Duty at the Mersin Customs Office, automotive imports, that used to be carried out only in western provinces, can now be undertaken in Mersin, as well. MIP is the only port in the region authorized to import automobiles.

July 22, 2011, Exemption of Fuel Oil Sales

from SCT and VAT: The Petrol Ofisi gas station launched on July 22, 2011 at the Mersin Port started selling fuel oil to heavy trucks carrying exports products, exempt from the Special Consumption Tax and the Value Added Tax. As a result, transportation costs will be slashed considerably, which in turn will increase savings by exporters and the Turkish economy in general.

December 24, 2011, Crane Purchase: The two ZPMC cranes transported to the port on December 24, 2011 commenced operations and subsequently started being used in container operations.

İDO:

July 1, 2011, Dynamic Pricing: The Dynamic Pricing scheme was launched in the Yenikapı-Bandırma fast ferry line on July 1, 2011 and across all other fast ferry lines and inter-city sea bus lines on August 8, 2011. Upon the approval of the Istanbul Metropolitan Municipality Transportation Coordination Center (UKOME), sea bus city line tariffs and Sirkeci-Harem conventional ferry tariffs increased 6%-17% as of August 15.

September 22, 2011, Loan Agreement and

Transfer: In the framework of the block privatization of İDO, the Holding secured a project loan from Garanti Bank, Vakıfbank, İş Bankası, TSKB and Denizbank. This loan consists of two tranches of US\$ 700 million and US\$ 50 million. The loan was revised on September 22, 2011; on June 15, 2011 the main creditor banks transferred US\$ 100 million of the loan to the EBRD.

IMPORTANT DEVELOPMENTS AT AKFEN HOLDING

Akfen REIT established a 70%-owned subsidiary, Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy Real Estate Investment and Construction), to develop projects in Karaköy, İstanbul.

September 27, 2011, İDO Food and Beverage Services: On September 27, 2011, İDO and BTA Airport Food and Beverage Services formed an equal part joint venture under the trade name BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Turizm Sanayi ve Ticaret A.Ş. (BTA Maritime and Port Food and Beverage Services Tourism Industry and Commerce) to provide food and beverage services at İDO.

September 29, 2011, Signature of the Collective Labor Agreement: İDO İstanbul Sea Buses Industry and Commerce and the trade union Türkiye Denizciler Sendikası signed a Collective Labor Agreement on September 29, 2011. The collective agreement covers a total of 392 unionized employees: 260 maritime workers and 132 land personnel.

October 25, 2011, Conventional Ferry Purchase: The vessel Bozcaada 1 was purchased from Çanakkale Special Provincial Administration to increase transport capacity and to be utilized in the Eskişehir-Topçular and Sirkeci-Harem lines on October 25, 2011. The vessel has a capacity of 62 vehicles and 541 passengers and was purchased for TL 754,000.

December 12, 2011, New Tariff on the Sirkeci due Harem Line: Upon the approval of the İstanbul Metropolitan Municipality Transportation Coordination Center (UKOME), a new tariff came into effect on the Sirkeci-Harem conventional ferry line on December 12, 2011. The new tariff will be applicable every day except Sundays, between 7-10 a.m. at Harem and between 4-9 p.m. at Sirkeci. Accordingly, the motorbike tariff went up by 29%, the automobile tariff by 31%, the jeep/SUV tariff by 131%, the minibus-minivan-pickup tariff (less than 2,500 kg) by 41%, the midibus tariff by 36% and the pickup tariff by

82%. The new tariff does not include a change in the passenger ticket fee.

AKFENHEPP:

February 9, 2011, Electricity generation license for Laleli Dam-HEPP was obtained.

In 2011, the following HEPP projects were approved by the Ministry of Energy and commenced commercial energy production:

- 01.04.2011, Çamlıca 3 HEPP Project
- 07.04.2011, Otluca1 HEPP Project
- 06.05.2011, Saraçbendi HEPP Project
- 19.05.2011, Karasu1 HEPP Project
- 03.06.2011, Karasu2 HEPP Project
- 13.07.2011, Otluca2 HEPP Project
- 05.08.2011, Karasu 4.3 and Karasu 5 HEPP Project
- 16.09.2011, Boğuntu HEPP Project
- 25.11.2011, Karasu4.2 HEPP Project

September 20/28, 2011, Developments in the Tepe and Yuvarlakçay HEPP Projects: In the context of the Yuvarlakçay project, included in the investment program in previous months, the Company filed an application with EMRA to terminate the license and return the collateral, to negative local reaction, ongoing lawsuits and feasibility problems with the project. The application was approved in writ on September 28, 2011 and the project was taken out of the portfolio. Similarly, due to lawsuits and increasing project cost, the Company filed an application with EMRA to cancel the license and return the collateral for Tepe HEPP on September 20, 2011. The Company also filed a written application to cancel the loan extended to creditors, on October 26, 2011.

AKFEN REIT:**February 2, 2011, Izmir Ibis Hotel Lease**

Contract: In February 2, 2011, Akfen REIT signed a lease contract with the Accor subsidiary Tamaris Turizm A.Ş. for the 140-room Izmir Ibis Hotel project planned to commence operations in 2012.

February 23, 2011, Acquisition of Tract of Land in Bafra, TRNC:

According to a 49-year lease contract signed on December 30, 2010 between Akfen Construction and the TRNC Ministry of Agriculture and Natural Resources, Akfen İnşaat acquired a 224.556 square meter tract of land located in the province of Bafra and zoned in the land registry for tourism purposes. The contract will be transferred from Akfen Construction to Akfen REIT's wholly-owned subsidiary Akfen Real Estate Commerce and Construction. The TRNC Council of Ministers approved the transfer with its resolution dated February 23, 2011.

June 22, 2011, Istanbul Karaköy Parcel and

Novotel Project: Akfen REIT established a 70%-owned subsidiary, Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy Real Estate Investment and Construction), to develop projects in Karaköy, Istanbul. On June 22, 2011, the Company took over a 49-year lease contract with the General Directorate of Foundations for the development of a four or five star hotel project on a 3,428 square meter tract of land in Karaköy, Istanbul. Currently, work is underway on the project with plans for a 200-room Novotel hotel to be constructed on this land parcel.

July 21, 2011, Ankara Esenboğa Parcel and Airport Hotel Project:

A parcel of land measuring 14,443 sqm, located two kilometers from the Esenboğa Airport and facing the protocol motorway, was acquired by Akfen REIT for TL 4,500,000. The objective is to build a 125-180 room hotel project on this tract of land and transfer it to Accor for operation via a long-term lease contract. The project will function as an airport hotel due to its location and accordingly provide services to the Esenboğa Airport.

September 8, 2011, Opening of the Yaroslavl

Ibis Hotel: The 177-room Yaroslavl Ibis Hotel commenced operations. Yaroslavl Ibis Hotel is the first Ibis hotel constructed by Akfen REIT in Russia.

November 24, 2011, Acquisition of the Keramit Financial Company Limited Shares:

On March 18, 2011, Akfen REIT established the subsidiary Hotel Development and Investment BV (HDI) in the Netherlands to develop hotel projects in Russia. According to the agreement signed between the Company and Horus International BV on February 4, 2011 (later revised on November 24, 2011), the shares of Keramit Financial Company Limited (Keramit) located in the British Virgin Islands was acquired by Akfen REIT's wholly owned subsidiary HDI for US\$ 1 million on November 24, 2011. Keramit controls 100% of the shares of Dinamo- Petrovskiy Park XXI Vek-MS Limited, which has a stake in a tract of land in central Moscow.

AKFEN WATER:**April 18, 2011, Loan to Akfen Water Güllük:**

Akfen Water Güllük obtained a € 2.5 million loan from the EBRD.

SHAREHOLDING STRUCTURE

Trade Name / Full Name of Partner	Share Capital (TL)	Share Capital (%)	Class	Registered/ Bearer	Privilege (Yes/No)
Hamdi AKIN	28,729,368.00	19.75	A	Registered	Yes
Hamdi AKIN	70,479,963.00	48.44	B	Bearer	No
Şafak AKIN	40,544.00	0.03	B	Bearer	No
Meral KÖKEN	40,544.00	0.03	B	Bearer	No
Nihal KARADAYI	40,544.00	0.03	B	Bearer	No
Selim AKIN	12.00	0.00	B	Bearer	No
Pelin AKIN	12.00	0.00	B	Bearer	No
Akfen İnşaat Turizm ve Ticaret A.Ş.	3,994,903.00	2.75	B	Bearer	No
Akınısı Makina Sanayi ve Ticaret A.Ş.	529,000.00	0.36	B	Bearer	No
Akfen Turizm Yatırımları ve İşletmecilik A.Ş.	529,000.00	0.36	B	Bearer	No
Free-floating Shares	41,116,110.00	28.26	B	Bearer	No
TOTAL	145,500,000.00	100.00			

- The Audit Committee consists of two persons chosen by the General Assembly among two candidates each nominated by Class A or Class B shareholders.
- At the General Assemblies, each Class A share has three votes and as such voting privileges exist.
- In accordance with the Share Buyback Program approved at the Akfen Holding Extraordinary General Assembly dated September 12, 2011, a total of 347,150 Akfen Holding shares were repurchased. Within the framework of this program, which ran until January 23, 2012, the average price of share buyback transactions was TL 7.14 and the total transaction volume was TL 2,478,483.

The Holding's subsidiary Akfen Construction has 3,994,903 shares belonging to the parent company, which corresponds to 2.74% of the total share capital of the parent company.

BOARD OF DIRECTORS AND COMMITTEES

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At the Akfen Holding Ordinary General Assembly held on April 20, 2010, the following individuals were designated as the members of Board of Directors and the Audit Committee for the subsequent three years.

Full Name	Position	Independence Status	Committee	Executive Status
Hamdi AKIN	Chairman	Not Independent	Corporate Governance Committee Chairman	Non-Executive
Mustafa KETEN	Vice Chairman	Not Independent	Corporate Governance Committee Member	Non-Executive
İrfan ERCİYAS	Board Member/ Executive Director	Not Independent	Audit Committee Member	Executive
İbrahim Süha GÜÇSAV	Board Member/CEO	Not Independent	Akfen Holding CEO	Executive
Selim AKIN	Board Member	Not Independent	Audit Committee Member	Non-Executive
Şaban ERDİKLER	Independent Board Member	Independent	Corporate Governance Committee Chairman	Non-Executive
Mümtaz KHAN	Independent Board Member	Independent	Corporate Governance Committee Member	Non-Executive
Ebru Burcu KARABACAK	Audit Committee Member	-	-	-
Aybeniz SEZGİN	Audit Committee Member	-	-	-

MANAGEMENT



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HAMDİ AKIN (1)**Chairman**

Hamdi Akin graduated from Gazi University, Department of Mechanical Engineering. He founded Akfen Holding, active in construction, tourism, trade and service sectors in 1976. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, in 2005, he also became Chairman of TAV Airports Holding of which he is a founder and a shareholder. Mr. Akin also carried his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association (1998-2000), on the Board of Directors of TISK-Turkish Confederation of Employers' Associations (1995-2001), the Board of Directors of TÜSIAD-Turkish Industrialists' and Businessmen's Association and has also served as the President of Information Society and New Technologies Commission (2008-2009).

Awards Received by Hamdi Akin

2000 "Company with the Largest Export Volume" award for Akfen DışTicaret A.Ş. (Akfen International Trade) from the Ankara Chamber of Commerce

2004 "Businessman of the Year" award bestowed by the Dünya Newspaper's Traditional Honorary Chair of Economy and "Businessman of the Year in the Economy" award from Yeni Para magazine

2005 "Businessman of the Year" award from National Center for Productivity

2006 Selected "Businessman of the Year" by a committee for the 2006 Turkey Success Awards, organized by True Magazine and Turkish Businesswomen's Association (TIKAD)

2010 "Businessman of the Year" award by White Gold Turkey Entrepreneurship Awards organized by EGSIAD

2010 "Businessman of the Year" award from Stars of the Year organized by EKOVİTRİN magazine and "The Best Gentleman Investor" Award from GENTLEMAN magazine

Hamdi Akin, together with Akfen Holding, is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation.

MUSTAFA KETEN (2)**Vice Chairman**

Mustafa Keten graduated from Istanbul Academy of Economics and Commercial Sciences, Department of Economic Administration in 1968. Mr. Keten began his professional career in 1970 as an Assistant Specialist in the State Planning Organization. In 1978, he received an MA in Development Administration from the Institute of Social Studies in the Netherlands. From 1979 to 1999, he served in the State Planning Organization as President of Priority Development Regions, then as Undersecretary of Agriculture, Forestry and Village Affairs, Advisor to the Prime Minister, President of Special Environmental Protection Board, General Manager of Prime Ministerial Foundations and President of Foundations Board. During his time in the public sector, he also served on the Board of Directors at Petkim (petrochemicals) and Tamek Gıda (canned foods) and as the Chairman of the Board of Directors at Güneş Sigorta (insurance) and Vakıfbank. He has been a faculty member at various educational institutions. Mr. Keten joined Akfen Holding in 1999 as Vice Chairman of the Board of Directors. He served on the Board at the Eurasian Business Council, Turkish-Russian Business Council and the Turkish-Georgian Business Council and as President of the Turkish-Moldavian Business Council. He is currently Vice President of the Turkish-Georgian Business Council, Board member at the Turkish Tourism Investors Association and Vice President of the Tourism Assembly at Turkish Chamber of Commerce of the Union of Chambers and Commodity Exchanges of Turkey.



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İRFAN ERCİYAS (3)

Board Member / Executive Director

İrfan Erciñas graduated from Gazi University, Department of Economics and Public Finance in 1977. He began his professional career at Türkiye Vakıflar Bankası (Vakıfbank); after serving as Auditor and Branch Manager, he was appointed Assistant General Manager in 1996 and General Manager in 2002. He joined Akfen Holding in 2003 as Vice Chairman of the Board of Directors. Since March 2010, he has served as Executive Director.

İBRAHİM SÜHA GÜÇSAV (4)

Board Member / CEO

İbrahim Süha Güçsav graduated from Istanbul University, Department of Economics in 1992; he later received his MA from Gazi University, Institute of Social Sciences, Department of Business Administration. Beginning his professional career in 1992 at Alexander& Alexander Insurance Brokerage Co., Mr. Güçsav joined Akfen Holding in 1994 where he served as Financial Group President and CEO; from 2003 to 2010, he was Vice Chairman of the Board of Directors. Since March 2010, he has been Akfen Holding CEO and a Board member; he also serves as Chairman at Akfen GYO (Real Estate Investment Trust), Chairman at Akfen Water (Akfen Environment and Water Investment, Construction, Operation Co.), Board member at TAV Airports Holding, Mersin International Port Operations, Akfen Energy Investments Holding and other Akfen Holding subsidiaries.

SELİM AKIN (5)

Board Member

Selim Akin was born in 1983 and graduated from Surrey University, Business Administration Department in the United Kingdom. He served as Surrey University Turkish Association President in 2005-2006 and is a member of the Turkish Young Businessmen's Association, Turkey Anatolian Employees and the Turkish Construction Employers Union. Mr. Akin started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments. The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public

offering and bond issue. As the future director of Akfen Holding, Mr. Akin serves as a member of the Board of Directors at Akfen Holding and various subsidiaries.

ŞABAN ERDİKLER (6)

Independent Board Member

After graduating from Ankara University, Department of Political Science, Şaban Erdikler served in the public sector for six years as a Public Finance Ministry Inspector and later joined Arthur Andersen as a Tax Manager. In 1992, he became the Chairman of the Board of Directors and General Manager at Arthur Andersen Turkey; in 1994, he assumed responsibility over Balkan countries. In 2001, he organized the Turkish section of Andersen under the umbrella of Ernst & Young. He chaired the Board of Directors at Ernst & Young Turkey for approximately two years. In January 2004, he founded Erdikler Yeminli Mali Müşavirlik Limited Şirketi (Erdikler Public Accountancy).

MÜMTAZ KHAN (7)

Independent Board Member

Mümtaz Khan is a founding partner and CEO of the Middle East and Asia Capital Partners, a Singapore-based venture capital firm bridging the Middle East and Asia. Mr. Khan is also a founding partner of the Islamic Development Bank in Singapore. After serving as President and CEO of the Bahrain-based Emerging Markets Partnership (EMP) and as a partner and CEO of the Islamic Development Bank Infrastructure Fund until December 2007, he served as Vice President of EMP Global based in Washington D.C. He served for three years in Hong Kong as resident partner and director of the Asian Infrastructure Fund's Asian operations. Prior, he had a total of 13 years of work experience in Jakarta as the permanent representative responsible for investments in Malaysia and Indonesia and in Washington D.C. as the Asian Unit Director for the IFC where he initiated the IFC's Chinese investment program.

AUDITORS' BOARD

BURCU KARABACAK
AYBENİZ SEZGİN

MANAGEMENT TEAM

İBRAHİM SÜHA GÜÇSAV

Board Member / CEO

İbrahim Süha Güçsav graduated from Istanbul University, Department of Economics in 1992; he later received his MA from Gazi University, Institute of Social Sciences, Department of Business Administration. Beginning his professional career in 1992 at Alexander&Alexander Insurance Brokerage Co., Mr. Güçsav joined Akfen Holding in 1994 where he served as Financial Group President and CEO and from 2003 to 2010, he was Vice Chairman of the Board of Directors. Since March 2010, he has been Akfen Holding CEO, a Board member and Chairman at Akfen GYO (Real Estate Investment Trust), Chairman at TASK Su Kanalizasyon Yatırım, Yapım ve İşletim A.Ş. (TASK Water and Sewage Investment, Construction and Management), Board Member at TAV Airports Holding, Mersin International Port Operations, Akfen Energy Investments Holding and other Akfen Holding subsidiaries.

SILA CILIZ İNANÇ

Assistant General Manager - Legal Coordinator

Sıla Ciliz İnanç graduated from Marmara University, Faculty of Law in 1995. Following the completion of her law internship in 1996, Ms. İnanç joined Akfen Holding in 1997. She took part in Public Private Partnership projects in Turkey, focusing on mergers and acquisitions, competition law procedures and the secondary legislation studies of the Public Tender Law. Ms. İnanç worked at every stage of build-operate-transfer projects and privatizations in which Akfen and its subsidiaries participated, including tenders, finalization of transfers, establishment of financial and share structures and signing of credit contacts. Ms. İnanç's work concentrates on administrative law, concessions and transfer of rights, construction contracts, FIDIC contracts, energy law with special emphasis on renewable energy and the electricity market and corporate law. She also serves on the Board of various Akfen Holding subsidiaries.

HÜSEYİN KADRI SAMSUNLU

Assistant General Manager - Financial Affairs (CFO)

Hüseyin Kadri Samsunlu serves as Assistant General Manager at Akfen Holding and Board member at various subsidiaries. He graduated from Boğaziçi University, Department of Economics in 1991 and went on to complete his MBA at the University of Missouri in the USA in 1993; he became a Certified Public Accountant registered in the state of Missouri the same year. Mr. Samsunlu began his professional career as a Financial Analyst at Türkiye Sınai Kalkınma Bankası (Turkish Industrial Development Bank) and served in various positions between 1995 and 2006 as General Manager and a Board member at Global Holding and its subsidiaries. Before joining Akfen Holding at the beginning of 2009, he spent three years in Romania and Turkey as an investment and corporate finance advisor.

GÜLBİN UZUNER BEKİT

Finance Coordinator

Gülbin Uzunur Bekit graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 1990. She went on to earn her MA in International Finance from Webster University, London in 1992. The same year, she began her professional career at STFA Enerkom and joined Garanti Bank in 1995 where she served as a manager in Financial Analysis, Marketing and Corporate Loans. Ms. Bekit joined Akfen Group in 1998, where she currently serves as the Finance Coordinator.

MERAL ALTINOK***Budgeting, Reporting and Risk Management
Coordinator***

Meral Altinok graduated from the Department of Economics at Istanbul University in 1979. She began her finance career in 1977 and joined Anadolu Kredi Kartı Turizm ve Ticaret A.Ş. (Anadolu Credit Card Tourism and Trade) in 1980. Ms. Altinok crossed over to the finance sector by joining The First National Bank of Boston in 1984. From 1993 until 2000, she worked at Toprakbank A.Ş. and subsequently at Çalık Holding A.Ş. as Assistant General Manager in charge of Financial Affairs from 2001 until 2008. She joined Akfen Holding in 2008 where she currently serves as the Budgeting, Reporting and Risk Management Coordinator.

MEHMET BURAK KUTLUĞ***Business Development Coordinator***

Mehmet Burak Kutluğ graduated from Galatasaray University, Department of Industrial Engineering in 2003. He then started working at Akfen Holding's Subsidiaries and Project Development Department and participated in the Holding's key business processes such as the privatization of Mersin International Port, Vehicle Inspection Stations and Kuşadası Cruise Port. After serving as Manager at TÜVTURK Budget Planning and Management Office, Mr. Kutluğ rejoined Akfen Holding in February 2007 as Business Development Manager. Active in critical processes of Akfen Holding such as project development and restructuring, securing long-term project finance, share sales of subsidiaries and public offering of Akfen Holding shares, Mr. Kutluğ currently serves as Business Development Coordinator.

RAFET YÜKSEL***Accounting Coordinator***

Rafet Yüksel graduated from Anadolu University, Department of Economics in 1987. He served at PEG A.Ş. accounting service under the Profilo Holding A.Ş. umbrella as Accounting Officer for five years. In 1990, he began working at Akfen Müh. Müş. Müt. ve Müm. A.Ş. (Akfen Engineering Consultancy Construction and Representation) as Accounting Specialist. In 1998, he became a Certified Public Accountant and held management positions at Akfen Holding's Accounting Department. Currently, he is Accounting Coordinator at Akfen Holding A.Ş.

KÜRŞAT TEZKAN***Corporate Affairs Coordinator***

Kürşat Tezkan is a graduate of the Turkish Military Academy (Kara Harp Okulu), Department of Management and Systems Engineering. He joined Akfen Sanayi ve Tarım Ürünleri İth. İhr. Paz. A.Ş. as Assistant Specialist in 1996, before serving as Akfen Holding Financial Accounting Manager from 1998-1999 and as Akfen Holding Tourism Manager from 1999-2002. In 2003, he was appointed Assistant General Manager of the Kuşadası Port Aegean Port Administration that was recently acquired by the Holding, prior to becoming Director at TÜVTURK, under the umbrella of Akfen Holding's Project Development unit. From 2007-2012, he served as Assistant General Manager - Corporate Relations at MIP. In April 2012, he returned to Akfen Holding as Corporate Affairs Coordinator. He is also a Board Member at Türklım and TURAB (founding member of DEİK).

SUBSIDIARIES AND AFFILIATES

MUSTAFA SANİ ŞENER

CEO

TAV Havalimanları Holding A.Ş.

(TAV Airports Holding)/

TAV Yatırım Holding (TAV Investment Holding)

Mustafa Sani Şener graduated from the Department of Mechanical Engineering at Karadeniz Technical University in 1977 and completed his graduate studies in fluid mechanics in 1979 at Sussex University, the United Kingdom. He received an honorary PhD from Karadeniz Technical University, Faculty of Mechanical Engineering for his contributions to the development of Turkish engineering on an international level. Before joining TAV Airports Holding, Mr. Şener assumed various positions from project manager to general manager in many domestic and international projects. He also serves as a member of Board of Directors of the Airports Council International (ACI) Europe.

ÇOŞKUN MESUT RUHİ

General Manager

Akfen İnşaat Turizm ve Ticaret A.Ş.

(Akfen Construction Tourism and Trade)

Coşkun Mesut Ruhi graduated from Middle East Technical University, Engineering Faculty, Civil Engineering Department in 1992 and worked for Güriş İnşaat A.Ş. (Güriş Construction) before joining Akfen the same year. He served in various capacities from site engineer to project manager. Since 2005, he has served as General Manager of Akfen İnşaat Turizm ve Ticaret A.Ş.

JOHN PHILLIPS

General Manager

Mersin Uluslararası Liman İşletmeciliği A.Ş.

(Mersin International Port Operations)

John Phillips began his professional career in 1975 in London as a navigator for P&O Maritime. He received his First Class Long Range Certificate at the age of 26 and travelled to many ports and different continents while serving on various ships. After 1987, Mr. Phillips held managerial positions in the port operations sector and took part in many port projects in Europe and Scandinavia. He joined Mersin International Port Operations in August 2007.

SAFFET ATICI

General Manager

AkfenHes Yatırımları ve Enerji Üretim A.Ş.

(AkfenHes Investments and Energy Generation)

Saffet Atıcı is a graduate of Tarsus American College and Middle East Technical University, Department of Civil Engineering (1976). He began his professional career in 1976 with DSİ Adana Bölgesi Sulama ve ArıtmaYapıları (DSİ Adana Region Irrigation and Treatment Structures), where he worked for four years. Between 1981 and 1985, he served as construction site manager at İvriz, Kapulukaya and Karacaören dams. He assumed the positions of İkizcetepeler Dam Construction Site Manager and Kralkızı Joint Venture Group General Manager while working at MNG Holding, which he joined in 1985. Between 1992 and 1996 he served as Regional Manager at DSİ Atatürk Dam and between 1996-2001 as Manager at the Birecik Dam Construction Site. Between 2002 and 2006, he served in various positions in Turkey and Afghanistan. In 2007, Mr. Atıcı joined Akfen HES Investments and Energy Generation and since October 2009 he has served as General Manager of the Company.

ORHAN GÜNDÜZ*General Manager***Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.
(Akfen Real Estate Investment Trust)**

Orhan Gündüz graduated from Bilkent University, Department of International Relations in 1993 and the Department of Business Administration in 1995. He received his MBA from Kellogg Graduate School of Management, Northwestern University in the USA. Mr. Gündüz began his professional career in 1994 at PricewaterhouseCoopers; from 2001 until 2004, he worked at JP Morgan Chase's New York General Headquarters; in 2004-2005 at Deutsche Bank; and from 2006 until 2008 at Lehman Brothers. In 2008, Mr. Gündüz joined Akfen REIT as Assistant General Manager Responsible for Financial Affairs; since July 2009, he has served as the General Manager.

TUNA OZANER*General Manager***Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.
(Akfen Water and Sewage Investment,
Construction and Management)**

Tuna Ozaner graduated from Istanbul Technical University, Department of Mechanical Engineering in 1986 and received a degree in Business Administration from Istanbul University, Institute of Business Administration Economics. He began his career in 1989 as the Ankara Regional Representative of Türk Pirelli Lastikleri A.Ş. He later held various senior managerial positions at Sadri Şener A.Ş., SimgeTurizm ve İnşaat A.Ş. (Simge Tourism and Construction) and TAHAL Construction Engineering. Since 2007, he has served as General Manager of Akfen Water and Sewage.

ÖNDER SEZGİ*CEO***TASS Denizcilik ve Ulaştırma Hizmetleri
Turizm Sanayi ve Ticaret A.Ş. (İDO)**

After graduating from Ankara University, Faculty of Political Science, Department of Public Management in 1988, Önder Sezgi worked as a Public Accountant at the Public Accountants Board of the Ministry of Finance for ten years. In 1998, he transferred to Bilkent Holding, where he currently serves as CFO. In addition to this position, he serves as Board member at Bilkent Holding companies, TAV Airports Holding and TAV Investment Holding companies and Deputy Chairman / Executive Director at İDO. Sezgi published over 35 articles on economics, taxation, law and finance in various journals and newspapers and participated as speaker to over 20 conferences and seminars on these issues. A Certified Financial Accountant, Mr. Sezgi serves on the Taxation Council, TÜSİAD, YASED, Foundation of Public Accountants and TÜRMOB.

**Authorities and Limits of Board Members and
Audit Committee Members**

As per the authority bestowed upon them by the relevant articles of the Turkish Commercial Code and Articles 9 and 10 of the Articles of Association, the Chairman and Board members manage and represent the Company. Article 13 of the Articles of Association outlines the authority and duties of Audit Committee members.

MANAGEMENT TEAM

Full Name	Position
Süha Güçsav	CEO
Kadri Samsunlu	Assistant General Manager / Financial Affairs
Sıla Ciliz İnanç	Assistant General Manager / Legal Affairs
Rafet Yüksel	Accounting Coordinator
Gülbin Uzuner Bekit	Finance Coordinator
Meral Altınok	Budgeting, Reporting and Risk Management Coordinator
Burak Kutluğ	Business Development Coordinator
Kürşat Tezkan*	Corporate Affairs Coordinator

*Kürşat Tezkan joined the Company on March 21, 2012.

SUBSIDIARIES AND AFFILIATES CAPITAL AND SHARE RATIOS

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The Company's main subsidiaries, affiliates and joint ventures, complete with their trade names, fields of activity and direct share percentage are as follows:

Trade Name	31.12.2011	Consolidation Method
	Ownership Percentage (%)	
TAV Havalimanları Holding A.Ş.	26.12	Partial Consolidation
TAV Yatırım Holding A.Ş.	42.50	Partial Consolidation
Akfen İnşaat Turizm ve Ticaret A.Ş.	99.85	Full Consolidation
Mersin Uluslararası Liman İşletmeciliği A.Ş.	50.00	Partial Consolidation
Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.	30.00	Partial Consolidation
Akfen Enerji Yatırımları Holding A.Ş.	69.50	Full Consolidation
AkfenHes Yatırımları ve Enerji Üretim A.Ş.	100.0	Full Consolidation
Akfen Hidroelektrik Santrali Yatırımları A.Ş.	100.0	Full Consolidation
Akfen Enerji Kaynakları Yatırım ve Ticaret A.Ş.	100.0	Full Consolidation
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.	56.09	Full Consolidation
Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.	49.99	Partial Consolidation

EMPLOYEES BY ENTITY

As of December 31, 2011, a total of 25,598 individuals were employed by Akfen Holding, its subsidiaries and joint ventures (December 31, 2010: 23,109).

Activity	31.12.2011	31.12.2010
Holding	45	41
Real Estate	13	14
Construction	78	126
Energy	156	19
Subtotal	292	200
Joint Ventures	31.12.2011	31.12.2010
TAV Airports Holding	20,269	18,768
TAV Investment Holding	2,749	3,537
MIP	1,089	550
İDO	1,135	
Akfen Water	41	38
Other (RHI-RPI)	21	9
Akfen REIT	2	-
ArtıDöviz	-	7
Subtotal	25,306	22,909
Total	25,598	23,109

Trade Union Data:

- MIP: A total of 552 unionized employees work at MIP and MMI.
- İDO: A total of 392 unionized employees (260 maritime workers and 132 land personnel) work at İDO.
- Subsidiaries without unionized workers: TAV Construction, Akfen Construction, Akfen REIT, Akfen HEPP, Çamlıca Electricity Production, İdeal Energy, Akfen Electric Energy Wholesales, Beyobaşı Energy and TASK*.
- TAV Airports employees in Turkey, TRNC, Lithuania and Georgia do not have trade unions, while employees in Finland, Sweden and Tunisia are unionized. In Macedonia, 80% of employees are unionized.

** Although TASK is not directly bound by any union contract, as per the concession agreement of Akfen Güllük Çevre ve Su Yat. Yap.İşl. A.Ş., the Company has unionized employees - those who transferred from Güllük Municipality. As of March 31, 2012, four more personnel transferred from the Municipality to the Company.*

Employee Fringe Benefits and Severance Pay:

The Company's severance pay liability is calculated by determining the current value of future liabilities resulting from the retirement of Group employees. In certain joint ventures, severance pay rights are to be reimbursed at the end of the concession agreement. Accordingly, the duration of concession agreements were taken into account in the calculation of the current value of future liabilities.

Remuneration Policy:

The Company's remuneration policy is determined by the executive management according to employees' performance.

FINANCIAL STATEMENTS

AKFEN HOLDING'S SUMMARY CONSOLIDATED
BALANCE SHEET FOR YEAR-END 2011 AND 2010

TL 000	31.12.2011	31.12.2010
Fixed Assets	4,152,943	2,721,093
Tangible fixed assets	1,503,865	1,023,754
Intangible fixed assets	938,031	538,453
Investment property	1,080,092	658,758
Other	630,955	500,128
Current assets	1,286,026	997,973
Cash and cash equivalents	518,590	422,569
Bank accounts with limited use	150,708	123,380
Commercial receivables	300,603	220,572
Other	316,125	231,452
Total assets	5,438,969	3,719,066
Shareholders' equity of the parent company	758,916	794,180
Non-controlling shares	392,965	160,605
Total shareholders' equity	1,151,881	954,785
Financial debt	3,474,146	2,246,719
Other short-term liability	543,755	361,560
Other long-term liability	269,187	156,002
Total shareholders' equity and liabilities	5,438,969	3,719,066

AKFEN HOLDING'S CONSOLIDATED NET/GROSS DEBT AS OF DECEMBER 31, 2011

TL 000	Net Debt	Net Debt (%)	Gross Debt	Gross Debt (%)
Akfen Holding	512,711	18.28	716,243	20.62
Akfen Construction	68,842	2.45	71,586	2.06
Akfen REIT	277,948	9.91	285,739	8.22
Akfen HEPP	442,272	15.77	456,763	13.15
Akfen Water	12,287	0.44	15,771	0.45
MIP	491,346	17.52	592,589	17.06
TAV Investment	70,864	2.53	127,750	3.68
TAV Airports	505,663	18.03	781,468	22.49
İDO	423,517	15.10	426,238	12.27
Other	-601	-0.02	-	-
Total	2,804,848	100.00	3,474,146	100.00

AKFEN HOLDING'S CONSOLIDATED NET/GROSS DEBT AS OF DECEMBER 31, 2010

TL 000	Net Debt	Net Debt (%)	Gross Debt	Gross Debt (%)
Akfen Holding	300,989	17.70	432,492	19.25
Akfen Construction	-13,279	-0.78	972	0.04
Akfen REIT	210,887	12.40	212,192	9.44
Akfen HEPP	271,133	15.94	335,117	14.92
Akfen Water	9,858	0.58	10,648	0.47
MIP	450,059	26.46	506,549	22.55
TAV Investment	31,661	1.86	87,059	3.87
TAV Airports	439,639	25.85	661,690	29.45
TASS	-	-	-	-
Other	-177	-0.01	-	-
Total	1,700,770	100.00	2,246,719	100.00

**AKFEN HOLDING'S SUMMARY CONSOLIDATED INCOME STATEMENT
AS OF YEAR-END 2011 AND 2010**

TL 000	31.12.2011	31.12.2010
Sales Revenue	1,353,583	994,237
EBITDA after adjustment	314,852	186,351
Depreciation	83,304	59,379
Continued operations - taxes	-45,541	-17,485
Continued operations - profit (loss) for the period	39,388	94,720
Discontinued activities - profit (loss) for the period after taxes	--	17,226
Profit for the period	39,388	111,946
Non-controlling shares	104,112	40,119
Shares of the parent company	-64,724	71,827

**AKFEN HOLDING'S SUMMARY CONSOLIDATED CASH FLOW
STATEMENT AS OF YEAR-END 2011 AND 2010**

TL 000	31.12.2011	31.12.2010
Net profit for the period	39,388	111,946
Adjustment to profit/(loss)	463,750	29,675
Change in operating capital and cash used in operations	(373,464)	(250,139)
Net cash flow from operations	129,674	(108,518)
Net cash provided from (used in) in investing activities	(746,853)	(351,463)
Net cash earned from financing activities	669,255	503,501
Increase in cash and cash equivalents	52,076	43,520
Cash and cash equivalents January 1	166,349	122,829
Cash and cash equivalents December 31	218,425	166,349

**AKFEN HOLDING'S COMPARATIVE TURNOVER AND EBITDA
STATEMENT AS OF YEAR-END 2011 AND 2010**

(TL 000)	SALES		EBITDA		EBITDA Margin (%)	
	2011	2010	2011	2010	2011	2010
TAV Investment	500,192	407,559	22,676	13,412	4.14	3.08
Akfen Construction	0	16,418	-14,114	-4,354	-	-
Akfen REIT	27,621	18,471	16,950	12,213	61.36	66.12
HEPP 1-2-3	29,054	1,146	18,074	-2,398	61.47	-
MIP	187,040	150,131	107,069	79,862	58.43	54.74
Akfen Water	4,036	8,275	2,566	700	45.86	24.95
TAV Airports	532,185	392,103	157,459	110,206	29.44	27.03
IDO Maritime	72,937	0	26,015	0	35.67	-
Other	517	134	-4,167	-8,793	-	-
Interdepartmental eliminations	-	-	-17,676	-14,497	-	-
Total	1,353,583	994,237	314,852	186,351	23.26	18.63

IMPORTANT DEVELOPMENTS WITHIN THE PERIOD

GENERAL ASSEMBLY

AKFEN HOLDING

June 15, 2011, Ordinary General Assembly Meeting:

Akfen Holding's 2010 Ordinary General Assembly convened on June 15, 2011. The following resolutions were reached during the meeting:

- The Board of Directors' Activity Report and Audit Committee Report for the year 2010 were approved unanimously.
- As for the Company's 2010 balance sheet, income statement and profit / loss statement, since the Company's 2010 operations did not yield any distributable profit in the legal ledgers, it was decided that the Company would not pay dividends to its shareholders. The balance sheet and the profit / loss statement were approved unanimously by the participants at the meeting.
- By a unanimous decision, Board members and Auditors were individually released from their liabilities.
- The appointment of KPMG Akış Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as independent external audit firm was approved unanimously by participants.
- The General Assembly was provided information about transactions with "Related Parties" as per Article 5 of Communiqué No. 41, Series: IV of the Capital Markets Board.

- The General Assembly was provided information about pledges, guarantees and mortgages given as per the Capital Markets Board resolution no. 28/780, dated September 9, 2009.

- The authorization of the Chairman and Board members regarding the performance of functions outlined in Articles 334 and 335 of the Turkish Commercial Code were debated and subsequently approved unanimously by the participants at the meeting.

- The General Assembly was provided information about the Akfen Holding Corporate Governance Compliance Report, Akfen Holding Code of Ethics and Akfen Holding Information Policy, previously adopted by the Board of Directors.

The minutes of the General Assembly Meeting were registered on June 15, 2011 in the Ankara Trade Registry and issued in the Turkish Trade Registry Gazette no. 7840, dated June 20, 2011.

AKFEN WATER:

July 6, 2011, TASK Çorlu General Assembly Meeting and Trade Name Change:

On July 6, 2011, TASK Çorlu held its General Assembly meeting. The General Assembly resolved that the headquarters address of the Company be changed from Kazimiye Mahallesi Omurtak Caddesi Heykel Meydanı Gündoğdu Apartmanı No: 10 Daire: 5 Çorlu -TEKİRDAĞ to Levent Loft Residence, Büyükdere Caddesi No: 201 A Blok Kat: Zemin Daire: 4 Levent/Istanbul. At the General Assembly, the trade name of the Company was changed from TASK Çorlu Su Kanalizasyon Yatırım Yapım ve İşletme A.Ş. to Akfen Çevre ve Su Yatırım A.Ş.

July 11, 2011, TASK Güllük General Assembly Meeting and Trade Name Change:

On July 11, 2011, TASK Güllük held its General Assembly meeting and resolved to increase the Company's capital from TL 7,300,000 to TL 10,400,000; the trade name was changed from TASK Güllük Su Kanalizasyon Yatırım Yapım ve İşletme A.Ş. to Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş.

July 12, 2011, TASK Water General Assembly Meeting and Trade Name Change:

On July 12, 2011, TASK Water held its General Assembly meeting. The General Assembly resolved to increase the Company's capital from TL 13,000,000 to TL 28,800,000 and the trade name was changed from TASK Su Kanalizasyon Yatırım Yapım ve İşletme A.Ş. to Akfen Çevre ve Su Yatırım, Yapım İşletme A.Ş.

December 28, 2012, TASK Arbiogaz General Assembly Meeting and Trade Name Change:

At the Ordinary General Assembly held on December 28, 2012, the trade name TASK-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. was changed to Akfensu Arbiogaz Dilovası Atık Su Arıtma Tesisi Yapım ve İşletim A.Ş.

EXTRAORDINARY GENERAL ASSEMBLY

AKFEN HOLDING

September 12, 2011, Extraordinary General Assembly Meeting:

At the Board of Directors meeting no. 2011/26 dated August 16, 2011, in accordance with "Principles and Rules Governing Share Buyback by Companies Traded on the ISE (date August 10, 2011 and number 26/767)", it was resolved that an Extraordinary General Assembly

Meeting be held on September 12, 2011 since the Company's shares lost a significant portion of their initial value following the IPO on May 14, 2010 due to the global economic crisis and prices materializing on the ISE failed to represent the true performance of companies. The objective was to repurchase Company shares when deemed necessary in light of current market conditions to limit price fluctuations. Accordingly, in order to submit the share buyback decision to the General Assembly; to revise Article 3 of the Articles of Association following the presentation of the share buyback program to the attention of the General Assembly, and to authorize the Board of Directors to repurchase Company shares and to execute the share buyback program, the following resolutions were adopted at the meeting:

- It was unanimously decided by participants at the meeting that the Articles of Association be amended in accordance with the Board of Directors' resolution dated August 22, 2011 and no. 2011/28; the Capital Markets Board's permission dated August 25, 2011 and no. B.02.6.SP.K.0.13-00-110-03-02-1656/8323; and Turkish Ministry of Customs and Commerce, General Directorate of Interior Trade's approval dated August 25, 2011 and no. B.21.0.İTG.0.03-00-01/351-02.57624-83663-1080.
- The General Assembly unanimously decided to authorize the Board of Directors to execute a share buyback program.
- The Share Buyback Program format suggested by the Board of Directors was approved unanimously.

The minutes of the General Assembly Meeting were registered on September 12, 2011 in the Ankara Trade Registry and issued in the Turkish Trade Registry Gazette no. 7900, dated September 15, 2011.

October 14, 2011, Extraordinary General Assembly Meeting:

Akfen Holding's Extraordinary General Assembly Meeting convened on October 14, 2011. The following resolutions were reached during the meeting:

- It was decided that Article 8 entitled "Issuing Capital Market Instruments" of the Articles of Association be amended as per the CMB approval dated October 11, 2011 and no. 9476 and the Turkish Ministry of Customs and Commerce, General Directorate of Interior Trade's permission dated October 11, 2011 and no. 1467, with 167,886,053 votes against 538,700 votes.

The new text of Article 8 of the Articles of Association can be found in Section 4.3 of the report.

The minutes of the General Assembly Meeting were registered on October 14, 2011 in the Ankara Trade Registry and issued in the Turkish Trade Registry Gazette no. 7924, dated October 19, 2011.

AKFEN REIT:

February 7, 2011, Article Amendment and Capital Increase:

Akfen REIT made an amendment to its Articles of Association, later confirmed by CMB's approval dated February 7, 2011 and no. B.02.1.SP.K.0.15-325.06-141/1457, as well as Ministry

of Industry and Commerce's approval no. B.14.0.T.TG.0.10.00.01/351.01-59012-18162/832. In the scope of this amendment registered on February 16, 2011, the Company increased its registered capital ceiling from TL 200,000 divided into 200,000,000 shares with a nominal value of TL 1 to TL 1,000,000 divided into 1,000,000,000 shares with a nominal value of TL 1.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

AKFEN HOLDING

Amendments to the Articles of Association at the Extraordinary General Assembly Meeting dated September 12, 2011:

It was unanimously decided by participants at the meeting that the Articles of Association be amended, in accordance with the Board of Directors' resolution dated August 22, 2011 and no. 2011/28; Capital Markets Board's permission dated August 25, 2011 and no. B.02.6.SP.K.0.13-00-110-03-02-1656/8323; and Turkish Ministry of Customs and Commerce, General Directorate of Interior Trade's approval dated August 25, 2011 and no. B.21.0.İ.TG.0.03-00-01/351-02.57624-83663-1080.

The new text of Article 3 of the Articles of Association can be found in the Annex of the report.

Amendments to the Articles of Association at the Extraordinary General Assembly Meeting dated October 14, 2011:

At the Extraordinary General Assembly Meeting dated October 14, 2011 it was decided that the Article 8 entitled "Issuing Capital Market Instruments" of the Articles of Association be amended as per the CMB approval dated October 11, 2011 and no. 9476 and the Turkish Ministry of Customs and Commerce, General Directorate of Interior Trade's

permission dated October 11, 2011 and no. 1467, with 167,886,053 votes against 538,700 votes.

The new text of the Article 8 of the Articles of Association is as follows:

ARTICLE 8 - ISSUING CAPITAL MARKET INSTRUMENTS

The Holding may issue any debt instruments, financial bills, profit and loss sharing certificates, participation bonds, convertible bonds, participation dividend certificates and other securities considered as capital market instruments according to the provisions of the Turkish Commercial Code, Capital Market Law and applicable legislation, subject to the authority of the Board of Directors.

Only the General Assembly is authorized to issue redeemed shares.

IMPORTANT DECISIONS BY THE BOARD OF DIRECTORS

AKFEN HOLDING

Board of Directors resolution on Amendment of the Article on "Issuing Capital Market Instruments" of the Articles of Association:

At the Board of Directors meeting dated September 27, 2011 and no. 2011/33, it was resolved that:

- Article 8 on "Issuing Capital Market Instruments" be amended as follows: "The Holding may issue any debt instruments, financial bills, profit and loss sharing certificates, participation bonds, convertible bonds, participation dividend certificates and other securities considered as capital market instruments according to the provisions of the Turkish Commercial Code, Capital Market Law and applicable legislation, subject to the authority of the Board of Directors";

- and that the Company demand the approval of the Capital Markets Board and the Ministry of Customs and Commerce regarding the amendment of Article 8.

The referenced article amendment was made to ensure the cohesion of the Company's Articles of Association and an application was filed with the CMB on September 27, 2011 as regards the approval of the amendment. The General Assembly was held on October 14, 2011 and is therefore included among events after September 30, 2011.

November 22, 2011, Board of Directors Resolution on Bond Issue:

On November 22, 2011, the Company's Board of Directors resolved that in accordance with Article 8 of the Articles of Association, TL 50,000,000.- (fifty million Turkish lira) in bonds be issued to the public and that the bond issue be increased to a maximum of TL 100,000,000.- (one hundred million Turkish lira) if there is sufficient demand, that the bond have a maturity of two years, variable interest rate and three-monthly coupon payments, that the General Manager's Office be authorized to determine all the guidelines and rules regulating the bond issue, that the public offering be performed under the guidance of İş Yatırım Menkul Değerler A.Ş., that the Company file an application with the Capital Markets Board to ensure that the bonds to be issued are registered by the CMB as per the Capital Market Law, CMB's Communique Series: II, No: 22 Principles for the Sales and Registry of Borrowing Instruments with the CMB and other applicable legislation; and file another application with the ISE and other relevant agencies for stock exchange quotation and that other legal transactions be completed upon the acquisition of the necessary permits.

AKFEN REIT

August 17, 2011, Board of Directors Resolution on Share Buyback Program:

At the Akfen REIT Board of Directors meeting dated August 17, 2011 and no. 2011/36, it was resolved that waiting for an approval from the General Assembly to the Board of Directors in the scope of the Article (n) of the CMB's "Principles and Rules Governing the Share Buyback Programs of Companies Traded at the ISE" dated August 10, 2011 and no. 26/767 (n) would cause a delay, that the Company's shares that started be trading on the ISE on May 11, 2011 have significantly lost value from their initial price following the IPO due to the global economic crisis, that the prices on the ISE fail to represent the true value of the Company's operations and that there is "sufficient justification" to buy back Company shares from the ISE in order to limit price fluctuations, in view of current market conditions, whenever deemed necessary.

It was decided that the funds earmarked for this purpose be generated from Company resources and operational revenues, that its aggregate upper limit be TL 10,000,000 and that the Board of Directors buy back the shares in the price interval of TL 0 - 2.28 per share, up to the maximum amount permitted by legislation, whenever deemed necessary.

DIVIDEND DISTRIBUTION

None.

OTHER IMPORTANT DEVELOPMENTS

AKFEN HOLDING:

June 16, 2011, Transfer of İDO Shares: Detailed information concerning the shares in the İDO transfer was presented in the İDO section of the current report.

September 2, 2011, Bond Coupon Payment and Interest Rate: On September 2, 2011, the Company paid TL 5,550,000.00 as the third coupon payment of the TL 100,000,000.00 on bonds issued. The corresponding interest rate for the referenced period is 5.55%. On September 2, 2011, the interest rate for the fourth coupon payment on the bond was fixed at 5.13%. The coupon payment will be effect or, made ed on March 2, 2012.

September 28, 2011, Authorization Agreement for Participation Bond: As regards the shares of TAV Airports Holding and TAV Investment Holding, both joint ventures of Akfen Holding and Tepe İnşaat Sanayi A.Ş., an authorization agreement was signed with the investment bank Credit Suisse Securities (Europe) Limited on September 28, 2011 in order to identify and evaluate every strategic alternative including share sales.

November 30, 2011, Establishment of a Joint Venture Group to Place a Bid at the Tender Held by the Privatization Administration:

A Joint Venture Agreement was signed on November 30, 2011 to establish an equal parts Joint Venture Group among Akfen Holding, Autostrade Per l'Italia S.P.A., Doğuş Holding A.Ş. and Makyol İnşaat Sanayi Turizm ve Ticaret

A.Ş. in order to place a bid at the privatization tender held by the Privatization Administration for the wholesale privatization of access roads administered, constructed, maintained and operated by the General Directorate of Highways, as well as the Edirne-Istanbul-Ankara Motorway, Pozanti-Tarsus-Mersin Motorway, Tarsus-Adana-Gaziantep Motorway, Toprakkale-İskenderun Motorway, Gaziantep-Şanlıurfa Motorway, İzmir-Çeşme Motorway, İzmir-Aydın Motorway, İzmir and Ankara Çevre Outer Motorway, Bosphorus Bridge, Fatih Sultan Mehmet Bridge and Peripheral Motorway, associated service facilities, maintenance and operation facilities, fee collection centers and other units for producing goods and services, as per Law no. 4046 on Privatization Practices. The deadline for the preliminary qualification application to the tender is April 24, 2012; the deadline for bidding is May 17, 2012.

December 26, 2011, Sales Results for the Akfen Holding Bond Issue:

At the Akfen Holding bond issue on December 22 and 23, 2011 under the leadership of İş Yatırım Menkul Değerler A.Ş. and the co-leadership of Oyak Yatırım Menkul Değerler A.Ş., demand from individual investors reached TL 26,001,703.- and demand from corporate investors reached TL 54,220,000.-, thus totalling TL 80,221,703.-. Accordingly, the total volume of the bond issue was revised upward to TL 80,000,000.- and the sales breakdown was changed as 32.5% for individual investors and 67.5% for corporate investors, as per Article 3.9 of the bond issue circular. The Additional Annual Return Rate that was given as an interval in the bond issue circular, was fixed at 4.00%. According to the now fixed Additional Annual Return Rate, the interest rate for the first coupon payment is 3.51% and the Annual

Compound Interest Rate calculated according to the interest rate of the first coupon payment is 14.84%.

December 28, 2011, Akfen Holding Share

Buyback Transaction: In the framework of the Share Buyback Program approved at the Akfen Holding Extraordinary General Assembly dated September 12, 2011, a total of 347,150 Holding shares were repurchased from December 28, 2011 until the current report went to press. The average price of the share buyback transactions was TL 7.14 and the total transaction volume reached TL 2,478,483.

TAV AIRPORTS:

May 4, 2011, Share Transfer of TAV Security: As regards TAV Airports Holding's 66.67%-owned subsidiary TAV Özel Güvenlik Hizmetleri A.Ş. (TAV Security), the Holding had declared on March 25, 2011 that it would purchase the remaining 33.33% of the Company's shares from Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. in return for TL 6,000,000 and that the share transfer would be performed in a duration of three months. Accordingly, the share transfer was completed by May 4, 2011. The purchasing price of the shares was calculated according to the purchasing price evaluation report. In the aftermath of the share transfer, the total stake of TAV Airports Holding at the Company reached 100% and Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. had no stake at TAV Özel Güvenlik Hizmetleri A.Ş.

July 4, 2011, Share Transfer of TAV Batumi:

Regarding TAV Airports Holding's 60%-owned subsidiary TAV Batumi Operations LLC, the Holding purchased 16% of the Company's shares from Aeroser International Holding (6%)

and Akfen İnşaat Turizm ve Ticaret A.Ş. (10%) in return for US\$ 667,200; the share transfer was completed by July 4, 2011. After the share transfer, the total stake of TAV Airports Holding in the Company went from 60% to 76%. Akfen Construction had no stake left in the Company.

August 8, 2011, Share Transfer of TAV Urban

Georgia: Regarding TAV Airports Holding's 66%-owned subsidiary TAV Urban Georgia LLC, the Holding purchased 10% of the Company's shares from Sera Yapı Endüstrisi Tic. A.Ş. (5.5) and Akfen İnşaat Turizm ve Ticaret A.Ş. (4.5%) in return for US\$ 8,583,000; the share transfer was completed by August 8, 2011. After the share transfer, the total stake of TAV Airports Holding in the Company went from 66% to 76%. Akfen Construction had no stake left in the Company.

August 26, 2011, Corporate Governance

Rating Revision Report: The international rating company ISS Corporate Services, authorized by the CMB to deliver rating services in Turkey in line with the CMB's Corporate Governance Principles, produced its Periodic Revision Corporate Rating Report. TAV Airports' Corporate Governance Rating was revised upwards from 90.35 (9.03 out of 10) on August 31, 2010 to 90.96 (9.09 out of 10) on August 26, 2011, owing to the Company's commitment to corporate governance and determination in its practices.

AKFEN CONSTRUCTION:

July 4, 2011, Share Transfer of TAV Batumi: In March 2011, the Group subsidiary Akfen İnşaat ve Ticaret A.Ş. decided to sell its 10% stake in TAV Batumi Operations LLC to TAV Airports Holding. The necessary permit was acquired for the authorization of the sales transaction and the share transfer was completed on July 4, 2011.

August 8, 2011, TAV Georgia Share Transfer: In March 2011, the Group subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. decided to sell its 4.5% stake in TAV Urban Georgia LLC to TAV Airports Holding. The necessary permit was acquired for the authorization of the sales transaction and the share transfer was completed on August 8, 2011.

İDO:

June 16, 2011, İDO Share Transfer was completed.

December 16, 2011, Merger of İDO and TASS: TASS was subsumed into İDO complete with its assets and liabilities on December 16, 2011 at the General Assembly for Merger organized pursuant to the Turkish Commercial Code and applicable legislation; accordingly, TASS was closed without liquidation.

AKFEN REIT:**May 11, 2011, Public Offering of Company**

Shares: Regarding the public offering of the shares of the Company's subsidiary Akfen REIT, demand was collected on May 5-6, 2011 and the public offering price was set at TL 2.28. Even as the total demand reached 166,301,486 shares, shares with a total nominal value of TL 54,117,500 were offered to the public; the volume of the public offering reached TL 123,387,900 (of which TL 18,507,900 was share sales revenue and TL 104,880,000 was capital for Akfen REIT). As such, Akfen REIT's capital was raised from TL 138,000,000 to TL 184,000,000 corresponding to a capital increase of TL 46,000,000. A total of 8,117,500 shares with a nominal value of TL 8,117,500 were marketed in joint bond sales. In accordance with applicable legislation, Akfen REIT attained the legally required minimum free-float rate of 25%. Akfen REIT's current free-float rate stood at 29.41%. The Company did not make use of its additional sales option and has a 51.72% stake in Akfen REIT following the public offering. As of September 30, 2011, with a view to establishing price stability, Akfen Holding bought back 4.37% of Company shares, thereby bringing its total stake in Akfen REIT up to 56.1%.

July 29, 2011, Share Transfer of Russian

Hotel Investment: Akfen REIT's wholly-owned subsidiary Akfen Real Estate Commerce and Construction purchased the 45% of the Netherlands-based Russian Hotel Investment BV and Russian Property Investment for

US\$ 4,352,000 on July 29, 2011. Russian Hotel Investment BV has a 100% stake in the companies running the Samara Ibis Hotel, Yaroslavl Ibis Hotel and Kaliningrad Ibis Hotel projects, while Russian Property Investment BV holds a 100% stake in the company running the Samara Office project. The share transfer was completed on July 29, 2011 and Akfen Real Estate Commerce and Construction came to control 95% of Russian Hotel Investment BV and Russian Property Investment BV.

November 2, 2011, Euromoney Magazine Awards for the Best Companies in the Turkish Real Estate Sector:

Established in the UK in 1969 and read by the finance, business and capital markets communities in 172 nations, Euromoney Magazine organizes global, regional and national research and surveys on a number of sectors and distributes awards in the light of its findings. In 2005, Euromoney included the real estate sector in its studies. In the framework of its Euromoney Real Estate Awards, the magazine posed questions to real estate specialists from seven regions and 53 nations of the world. The survey covered 55 corporations in Turkey and the top players in 19 categories were determined as a result. On November 2, 2011, Akfen REIT was deemed worthy of an award as the top developer in the best hotel/accommodation category.

IMPORTANT DEVELOPMENTS AFTER THE PERIOD-END

GENERAL ASSEMBLY

None.

EXTRAORDINARY GENERAL ASSEMBLY

None.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

None.

IMPORTANT DECISIONS BY THE BOARD OF DIRECTORS

February 10, 2012, Board of Directors

Resolution on Bond Issue: On February 10, 2012, as per Article 8 of the Articles of Association, the Board of Directors decided to issue bonds with a nominal value of TL 100,000,000 (one hundred million Turkish liras) in the first phase and to increase the bond volume to a maximum of TL 200,000,000.- (two hundred million Turkish liras) if there is sufficient demand, that the bond have a maturity of two years, variable interest rate and six-monthly coupon payments, that Garanti Yatırım Menkul Kıymetler A.Ş. be designated as the brokerage firm in charge of the public offering, that the initial TL 100 million of the bond offering be executed with the balance underwriting method, that the Company file an application with all authorized agencies and that all legal transactions be completed upon the acquisition of the necessary permits.

March 21, 2012, Board of Directors Resolution on the Amendment of the Articles of Association:

Pursuant to the Board of Directors resolution dated March 21, 2012, Number 2012/13 and in line with CMB's Communique Series: IV, No: 56 on the Determination and Application of Corporate Governance Principles, it was unanimously decided to file an application for the approval of the revision of Articles 9,11,14,16 and 21 of the Articles of Association as follows.

DIVIDEND DISTRIBUTION

None.

OTHER IMPORTANT DEVELOPMENTS

AKFEN HOLDING:

March 2, 2012, Coupon and Bond Principal

Payment: On March 2, 2012, the Company paid TL 5,129,998.5 in coupon payments as the fourth coupon payment of the TL 100,000,000.00 in bonds issued by the Company. In addition, the Company paid the principal of the TL 100,000,000.00 in bonds issued by the Company, again on March 2, 2012.

March 4, 2012, Borrowing Instrument Demand

Collection Date and Interest Rate: On February 10, 2012, Akfen Holding filed an application with the CMB regarding the registration of a bond issue with a nominal value of TL 100,000,000 (one hundred million Turkish liras) in the first phase and the increase of the bond volume to a maximum of TL 200,000,000.- (two hundred million Turkish liras) if there was sufficient demand. The application was approved by the Board on March 2, 2012. Demand for the bond issue was collected on March 6-7-8, 2012. The interest rate of this two-year bond with six-monthly coupon payment is calculated by adding a spread of (350-400) basis points to the annual compound interest rate of the benchmark bond in the market.

March 9, 2012, Results of the Bond Issue by

Akfen Holding: The public offering transaction of the TL 200,000,000 in bonds issued by Akfen Holding was completed on March 8, 2012.

- Upon demand, the nominal value of the bonds to be issued was revised upward from TL 100,000,000 to an estimated TL 200,000,000.
- At the end of the distribution transaction, 9.88% of the bonds issued were purchased by individual investors and the remaining 90.12% by corporate investors.
- Annual Additional Return was set at +400 basis points. In accordance with this additional return rate, the interest rate on the first coupon payments of the bonds was 6.4178%; and the annual compound interest rate for the first coupon payment was 13.2862%.

March 12, 2011, Sale of Fixed Financial Assets:

The Company signed a Share Sales and Purchase Agreement with Tepe İnşaat Sanayi A.Ş.(Tepe), Sera Yapı Endüstrisi ve Ticaret A.Ş. (Sera) and Aéroports de Paris Management, regarding the sale of its 18% stake of the TAV Airports Holding joint venture for US\$ 414,000,000.

The Company also signed a Share Sales and Purchase Agreement with its subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen Construction), Tepe İnşaat Sanayi A.Ş., Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. ve Tepe Home Mobilya ve Dekorasyon Ürünleri Sanayi Ticaret A.Ş. (Tepe), Sera Yapı Endüstrisi ve Ticaret A.Ş. (Sera) and Aéroports de Paris Management regarding the sale of its 20.325% stake of the joint venture TAV Airports Holding for US\$ 20,325,000. The total share sales by the Company and Akfen Construction reached 20.825% of shares and a total sales price of US\$ 20,825,000.

The payment will be made in a single installment when the contract ends. The Company has not assumed any obligations under the contract, in the framework of the Capital Market Law. The share transfer will be carried out following the completion of permits listed in the contract and the effectuation of all necessary transactions required by the Capital Market Law.

March 22, 2012, Assessment of a Proposal on Participation Share Purchases: Hamburg, Germany-based company Aquila Hydropower Invest Investitions GmbH & Co. KG made an offer concerning direct and/or indirect purchase of the Company's subsidiary HEPP-1 and its subsidiaries on March 22, 2012. The offer is being evaluated by the Company's Board of Directors and talks are underway to reach a memorandum of understanding concerning the offer.

The public disclosure on this issue was as follows:

Akfen Holding reached an agreement with German investment fund Aquila Hydropower Invest Investitions for the sale of Akfen HEPP Investments.

Akfen Holding stated that it had reached an agreement with the Hamburg-based German investment fund Aquila Hydropower Invest Investitions GmbH & Co. KG (Aquila) regarding the sale of shares of its subsidiary Akfen HEPP Investment and Energy Production (HEPP-1) and its subsidiaries. Once the purchase transaction is complete, the three companies with a total installed capacity of 128.4 MW will fetch a price of € 353,896,000.

In Akfen Holding's report to the Public Disclosure Platform (KAP), it was indicated that a memorandum of understanding was signed with Aquila concerning the sale of shares from İdeal Enerji Üretim Sanayi ve Ticaret A.Ş. (İdeal Enerji) (installed capacity of 139.1 million Kwh), Çamlıca Elektrik Üretim A.Ş. (installed capacity of 180.6 million Kwh) and Beyobası Enerji Üretim A.Ş. (installed capacity of 251.1 million Kwh), all of which are under the HEPP 1 umbrella.

The sales transaction will commence with the shares of İdeal Enerji. The sales contract will be signed by June 29, 2012 (or at the August 31, 2012).

March 27, 2012, Interest Rate and Coupon Payment: The interest rate on the second coupon payment due on June 26, 2012 of the Company's bond issue of TL 80,000,000 was set as 3.31%. The first coupon payment of TL 2,807,999.76 on the bond issue was effected on March 27, 2012.

İDO:

February 9, 2012, İDO Project Finance Award:

At the Project Finance Awards 2011 organized by Euromoney, the İDO privatization transaction received the European Transport Privatization Deal of the Year award. This transport project finance award was granted in the category of Europe & Africa Deals. İDO officers and consultants who took part in the transaction received the award at a ceremony held in London on February 9, 2012.

March 22, 2012, Launch of the İDOBÜS

Project: On March 22, 2012 the İDOBÜS project integrating maritime and ground transportation was initiated on the Istanbul-Izmir line. On the route Istanbul-Izmir, a total of 13 journeys will be organized each day, of which nine will be express cruises. The express cruise between Istanbul - İzmir will last six hours and 25 minutes and cruises with stops at Balıkesir and Manisa will last six hours and 40 minutes.

March 30, 2012, İDO Project Finance

Award: İDO received the Deal of the Year by the Infrastructure Journal in the category Infrastructure Acquisition on March 30, 2012.

AKFEN ENERGY INVESTMENT:

The Asset Sale Agreement for the Mersin Combined Natural Gas Power Plant Property was signed and the property acquired on January 10, 2012.

EMRA reached a favorable decision concerning the Company's application for the Mersin Combined Natural Gas Power Plant Production License on February 22/23, 2012. Shortly thereafter, on March 8, 2012, the Company obtained a license for 450 MW of installed capacity from EMRA. The Company filed an application to revise the installed capacity upward to approximately 570 MW on March 23, 2012.

AKFEN REIT:**March 1, 2012, Opening of Samara Ibis Hotel:**

The 204-room Samara Ibis Hotel was opened on March 1, 2012, becoming the second Ibis Hotel constructed by Akfen REIT in Russia.

AKFEN HOLDING:**April 11, 2011, Applications with the Competition Authority concerning the share sales of TAV Airports Holding and TAV Investment Holding:**

The signing of a sales contract on March 11, 2012 for the sale of a 38% stake in Aéroports de Paris Management and TAV Airports Holding (the Company 18%, Tepe İnşaat Sanayi A.Ş. 18% and Sera Yapı Endüstrisi ve Ticaret A.Ş. 2%) and further sale of a 49% stake in Aéroports de Paris Management and TAV Airports Holding (the Company 20.325%, Akfen İnşaat Turizm ve Ticaret A.Ş. 0.5%, Tepe İnşaat Sanayi A.Ş. 22.275%, Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. 0.5%, Tepe Home Mobilya

ve Dekorasyon Ürünleri Sanayi ve Ticaret A.Ş. 0.5% and Sera Yapı Endüstrisi ve Ticaret A.Ş. 4.9%), the necessary applications were filed with the Competition Authority in line with the applicable legislation and the stipulations of the share sales contract on April 11, 2012. Completion of the share transfer is dependent on the materialization of the conditions outlined in the share purchase contract, as well as general conditions valid in such contracts.

April 13, 2012, Memorandum of Understanding for subsidiary share sales:

On April 13, 2012, a memorandum of understanding was signed with the Hamburg-based German investment fund Aquila Hydropower Invest Investitions GmbH & Co. KG (Purchaser) as regards the block sales of the AkfenHEPP Investment and Energy Production (HEPP-1) subsidiaries İdeal Enerji Üretim Sanayi ve Ticaret A.Ş. (İdeal), Çamlıca Elektrik Üretim A.Ş. (Çamlıca) and Beyobası Enerji Üretim A.Ş. (Beyobası). The general conditions and the effected compensation and advance payments are summarized below:

- (i) Share Purchase Agreement (SPA) regarding the share transfer of İdeal, which owns Karasu 1, Karasu 2, Karasu 4.2., Karasu 4.3 and Karasu 5 HEPP projects (total annual generation capacity of 139,1 million Kwh) will be signed and executed by June 29, 2012 latest or the signing will be postponed to August 31, 2012 provided that 70% of the of the purchase price has been deposited to the escrow account by June 29, 2012. The sales agreement has already been undersigned by the parties and the whole purchase price will be deposited to the escrow account at the signing of SPA. Parties foresee a maximum period of 45 days after the signing of the the SPA for the share transfer and for the

fulfillment of conditions of the share transfer. The share purchase price will be paid at an Enterprise Value (EV) of € 86,242,000. On April 19, 2012, a break-up fee of € 1,000,000 was deposited to the escrow account and the upfront fee of 10% of the EV (€ 8,642,200) will be deposited to the escrow accounts in five business days. Including the break-up fee, a total of € 9,642,200 was deposited to the escrow account, the EV stands at € 86,242,000.

- (ii) The Purchaser will have a call option for the acquisition of 100% of the shares of Çamlıca, owners of the Çamlıca 3 HEPP and Saraçbendi HEPP (total annual generation capacity of 180.6mn kWh) until the signing of Ideal's SPA for an EV of € 111,972,000. This right will be executed if the 3% break-up fee and the 10% upfront payment have been deposited to the escrow accounts. Parties have already agreed on the related SPA. If the call option is exercised, the SPA will be signed by October 15, 2012 latest and the share transfer will be completed by November 30, 2012 following fulfillment of the conditions of the share transfer, provided that the whole purchase price has been deposited to the escrow account.
- (iii) The Purchaser will have a call option for the acquisition of 100% of the shares of Beyobası, which owns Sirma HEPP, Otluca HEPP and Sekiyaka II HEPP (total annual generation capacity of 251,1mn kWh) until the signing of the SPA of Çamlıca for an EV of € 155,682,000. This right will be executed

if the 3% break-up fee and the 10% upfront payment have been deposited to the escrow accounts. Parties have already agreed on the related SPA. If the call option is exercised, the SPA will be signed on December 28, 2012 at the latest and the share transfer will be completed by February 15, 2013 following the fulfillment of the conditions of the share transfer, provided that the whole purchase price has been deposited to the escrow account.

- (iv) The total purchase price will amount to an EV of € 353,896,000 once the call options have been exercised.

April 19, 2012, TAV Construction Awarded the Tender for King Abdul Aziz International Airport Hangar:

On April 18, 2012, Saudi Aerospace Engineering Industries Company announced that TAV Construction was awarded the tender for the construction of a new aircraft maintenance, repair and operation facility at the King Abdul Aziz International Airport in Jeddah. The tender awarded to the joint venture among TAV Construction-Al Rajhi Holding-Al Habtoor Leighton has a contract value of approximately US\$ 765 million and TAV Construction has a 40% stake in the joint venture. Planned to be completed within 900 days, the facility will belong to Saudi Arabian Airlines and feature 11 hangar, aircraft maintenance and support buildings, administrative offices, covered parking facility and aircraft parking aprons. The joint venture, in-charge of the design and construction of the facility, is also ready to assume the second phase of the project whose plans are already complete, if demanded by the employer.

April 20, 2012, Upfront fee for share sales of an indirect subsidiary: Regarding the transfer of Akfen HEPP Investment and Energy Production (HEPP1) shares in the framework of the material disclosure dated April 13, 2012, Aquila Hydropower Invest Investitions GmbH & Co. KG deposited the upfront fee of € 8,624,200 to the escrow account on April 19, 2012, within the five-day period, in order to acquire the shares of İdeal Enerji Üretim Sanayi ve Ticaret A.Ş. Accordingly, this upfront fee calculated as 10% of the total Enterprise Value of € 86,242,000 and a break-up fee of € 1,000,000, totaling € 9,642,200, were deposited to the escrow account. On June 29, 2012, Aquila will deposit the 70% of the total sales value and the share sales contract will be signed on August 31, 2012 at the latest.

April 25, 2012, A partial separation decision by Akfen HEPP Investment and Energy Production Board of Directors: Within the scope of the memorandum of understanding signed with Aquila Hydropower Invest Investitions GmbH & Co. KG, Akfen Holding's subsidiary Akfen HEPP Investment and Energy Production's (Akfen Hepp Investments) Board of Directors resolved that the Company's wholly-owned subsidiaries İdeal Enerji Üretimi Sanayi ve Ticaret A.Ş. and Çamlıca Elektrik Üretim A.Ş. would be transferred as capital in kind into two companies under the umbrella of the Holding via partial separation. Accordingly, the necessary procedure was initiated. The transactions will be performed once the necessary permits and legal procedures are complete.

April 27, 2012, Competition Authority's approval of TAV Airports Holding and TAV Investment Holding share sales: Regarding the sales of a 38% stake in Aéroports de Paris Management and TAV Airports Holding (the Company 18%, Tepe İnşaat Sanayi A.Ş. 18% and Sera Yapı Endüstrisi ve Ticaret A.Ş. 2%) and the further sales of a 49% stake in Aéroports de Paris Management and TAV Airports Holding (the Company 20.325%, Akfen İnşaat Turizm ve Ticaret A.Ş. 0.5%, Tepe İnşaat Sanayi A.Ş. 22.275%, Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. 0.5%, Tepe Home Mobilya ve Dekorasyon Ürünleri Sanayi ve Ticaret A.Ş. 0.5% and Sera Yapı Endüstrisi ve Ticaret A.Ş. 4.9%), the share sales contract was signed as announced in a material disclosure dated March 12, 2012. Aeroports de Paris Management filed the legally required application with the Competition Authority as announced in a material disclosure dated April 11, 2012. The Competition Authority has reached a favorable decision concerning the share transfer. The completion of the share transfer is dependent on the materialization of the conditions outlined in the share purchase contract, as well as general conditions valid in such contracts.

May 7, 2012, Ordinary General Assembly 2011: The Company's Ordinary Shareholders General Assembly for the year 2011 will convene to discuss and reach decisions concerning agenda items on May 31, 2012, Thursday at 11:00 a.m. at Akfen Holding Building, Conference Hall, Third Floor, Koza Sokak No: 22 GOP ANKARA.

INVESTMENTS

AKFEN HOLDING'S INVESTMENTS

MIP has continued to invest in the Mersin Port since it took over the facility. In late 2011, two new pier cranes were transported to the port and commissioned in January 2012. These new super post panamax pier cranes are capable of serving even the largest of container ships.

A full 100% of the shares of İDO, a subsidiary of Istanbul Metropolitan Municipality, were acquired by TASS through block sale privatization in the framework of Law no. 4046 on Privatization Practices. Akfen Holding has a 30% stake in TASS, a joint venture that also includes Souter Investments LLP, Noble Grossart Investments Limited and PSD Investments Limited. On June 16, 2011, TASS deposited the sales price of US\$ 861 million and took over all of İDO shares. On October 25, 2011, the Company purchased the vessel Bozcaada 1 from Çanakkale Special Provincial Administration. It has a capacity of 62 vehicles and 541 passengers; TL 754,000 was paid for this vessel, which will be used by İDO for operations on the Eskihisar-Topçular and Sirkeci-Harem lines.

Since 2008, Akfen Holding has invested in the hydroelectric power plant business through its subsidiaries Akfen HES Investments and Energy Generation, Akfen Hydroelectric Plant Investments and Akfen Energy Resources Investment and Trade. Nine power plants with an installed capacity of 124.97 MW and an annual energy production capacity of 554.06 GWh were completed, approved and commissioned in 2011. Seven other power plants with a total installed capacity of 98.66 MW and an annual energy production capacity of 418.09 GWh were under construction during 2011.

Akfen Holding's subsidiary, Akfen REIT, continues with its hotel investments in Turkey and Russia. The Company's portfolio features five hotel projects currently under construction; of these, three are in Turkey (Adana Ibis, Esenyurt Ibis and Izmir Ibis Hotels) and two are in Russia (Samara Ibis Hotel and Office and Kaliningrad Ibis Hotel). There are also other projects in the planning phase: two in Turkey (Istanbul Karaköy and Ankara Esenboğa) and one in Russia (Moscow Ibis). The room capacity of projects under construction is 832: 461 in Turkey, and 371 in Russia. The room capacity of projects in the planning phase total 830: 350 in Turkey and 480 in Russia.

On October 29, 2011, Turkey's leading airport operator TAV Airports Holding, jointly with Saudi Oger and Al Rajhi, signed a BOT contract for the Medina International Airport. On November 17, 2011, the Holding placed the highest bid and won the operational tender for the lease of the İzmir Adnan Menderes Airport Current International Terminal, CIP, Domestic Terminal and auxiliary buildings. The Holding continues to make investment outlays in the scope of these two large scale projects.

INCENTIVES FOR INVESTMENTS

TAV Airports: As of December 31, 2011, TAV Esenboğa and TAV Izmir projects are benefitting from investment incentives. According to the current taxation law, there is no deadline for these investment incentives; until the termination of the leasing period, no tax liability will be calculated.

TAV Investment: TAV Construction's Macedonian project is exempt from taxes according to Macedonian law, since the project was completed within a span of two years. Furthermore, construction projects at airports developed by TAV Construction are exempt from the value-added tax.

İDO: With the decision dated July 1, 2003, number 2003/5868, the Council of Ministers resolved that from 2004 onwards no special consumption tax for fuel oil will be imposed on passenger or freight vessels, commercial yachts, service and fishing ships operating in coastal navigation lines, registered to the Turkish International Ship Registry and the National Ship Registry. Previously, a special consumption tax was calculated according to the technical specifications of every ship and recorded in the journal of the ship that would use this fuel oil. As such, the Group has enjoyed a special consumption tax exemption since 2004.

As per the Council of Ministers resolution dated December 2, 2004, number 2004/5266, revenue from the operation and transfer of ships and yachts registered to the Turkish International Ship Registry are exempt from income tax, corporate tax and fund excise. Purchase, sales, mortgage, registry, loan and freight contracts concerning ships and yachts to be registered with the Turkish International Ship Registry are exempt from stamp duty, fees, bank and insurance transaction tax and fund excise: the Group benefits from corporate tax and income tax discounts.

Akfen REIT: According to Investment Incentive Law no. 47/2000, the Group's subsidiary Akfen REIT enjoyed a 100% investment incentive for its investments in the TRNC prior to December 31, 2008.

Akfen Energy: Moreover, according to investment incentive certificates in HEPP investments, the following HEPPs enjoy 100% exemption from customs duty and VAT: Sirma, Karasu 1, Karasu 2, Karasu 4, Karasu 5, Çamlıca, Otluca and Saraçbendi.

POLICIES

DIVIDENDS

There is no privilege among share groups with respect to dividend distribution. The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors. The provisions of the Capital Market Law apply.

According to the Board of Directors' resolution dated April 9, 2010, Akfen Holding follows a profit distribution policy by proposing to the General Assembly the distribution of at least 30% of the distributable profit, from the 2009 accounting year onwards, after taking into consideration the general profitability of the Company.

At Akfen Holding's General Assembly dated June 15, 2011, it was unanimously resolved that, since the Company's 2010 operations failed to yield any distributable profit, in legal records such as the balance sheet, income statement and profit/loss statement, it was not possible to distribute dividends to Company shareholders. The balance sheet and profit / loss statements were approved.

INVESTMENT

Akfen Holding invests in Turkey and neighboring countries either directly or through the companies under its umbrella. Its investments prioritize projects with a high growth potential, generating predictable cash flows for the long run and concentrating mainly on the infrastructure sector. In line with its business model, the Holding focuses on investments that deliver value to the national economy and society at large.

Akfen Holding focuses on monopolistic business lines and sectors, where public enterprises cede their place to the private sector via privatization, public-private partnerships and block share sales. The Holding establishes joint ventures with numerous foreign companies leading their sectors in order to boost project efficiency and to ensure the attainment of international standards. As such, the Company imports this international know-how to Turkey and adds value to its projects. Likewise, the Company exports its vast know-how generated in Turkey to neighboring countries via miscellaneous brands such as TAV Airports, TAV Investment and Akfen REIT.

Akfen Holding's management policy is to either control a majority stake in companies or participate in equal parts joint ventures and contribute its rich added value to the projects.

FINANCE

In line with its investment policy, Akfen Holding finances its investments either via long-term project finance or by capital transfer from the Holding to individual projects. The Holding aims to generate financial leverage through project finance provided either through the domestic banking market or from international credit corporations. The Holding strives to structure its project finance operations without surety or with partial surety. Akfen Holding opts for long-term infrastructure projects with limited competition and strives to choose the correct international partners to successfully provide finance from credit corporations.

To generate funds at the holding level, various financial market instruments are utilized, such as IPO, commercial borrowing, bond issue, partial or wholesale exit through company share sales. As such, the Holding succeeds in generating funds at the holding level and channeling these to new projects.

RISK MANAGEMENT

Efficient risk management is vital for achieving a planned and manageable growth performance, generating sustainable revenue for shareholders and ensuring operational efficiency. Including both positive and negative events, the risk phenomenon covers opportunities that will enable the Company to attain its targets and to manage threats that might prevent the Company from reaching their goals.

Corporate risk management, a key component of modern corporate management, identifies the possible effects of decisions taken and thereby allows the prioritization, measurement and reduction of these effects in line with corporate strategies.

Akfen Holding maintains a close watch on developments in Turkey and across the world with a view to making its corporate risk management policies efficient and systematic and sustaining its successful performance in the years to come.

Akfen Holding views corporate risk management as a control function, the first step of strategic decision-making, a transformation of the corporate culture and management of opportunity. The Company formulates its corporate risk management process with a view to identifying potential events that might have an effect on itself, managing these in line with its risk appetite and taking the required action. This process is designed to establish a systematic and continuous corporate approach, a common risk management culture shared by all employees, a risk-based performance management, the optimization of risk management costs and strategic operational decision-making.

The importance Akfen Holding places on efficient risk management has materialized in the establishment of the Budget, Planning and Risk Management Coordination Unit, mobilization of the Internal Audit Unit reporting to the Audit Committee and independent from the executive management and corporate risk management consultancy from the world's leading companies. The Holding has taken the necessary measures both at the holding level and at the individual company level to implement efficient risk management through its risk-intelligent companies.

Akfen Holding classifies the risk that it faces as financial, operational, legal strategic and reputational risk:

FINANCIAL RISK

Financial risk includes the uncertainties and opportunities to which a company is exposed due to the employment of financial instruments. These are divided into credit, market and liquidity risk. Market analyses at the level of the holding and individual companies, customer and third party evaluations, historical data accumulation and the monitoring of new instruments are the main means for managing such risk. Akfen Holding has adopted a policy of keeping its financial risk exposure at an optimum level by monitoring the profit-loss balance and taking precautions concerning macroeconomic developments that might affect its operations.

OPERATIONAL RISK

Operational risk is the direct or indirect risk of loss that emanates from a wide variety of reasons related to the Group's processes, employees, technologies and infrastructure, as well as external factors. Operational risk can result from the Group's entire range of operations. The objective of the Group is to manage operational risk by minimizing limits to entrepreneurship and creativity and by avoiding any financial loss or damage to the Group's reputation. The efficiency of controls and their compliance with Group standards are audited through periodic audit programs carried out by the Internal Audit Unit. The results of the inspections by the Internal Audit Unit are reported to the management of the concerned operational department and to the Audit Committee and senior management.

LEGAL RISK

Legal risk includes potential risk that might emanate from the Group operations' non-compliance with the laws and regulations of host countries and that might prevent the Group from attaining its goals. The Group continuously monitors current legislation within the framework of Corporate Risk Management and inspects the legal compliance of all resolutions reached, under the supervision of the Akfen Holding Assistant General Manager - Legal Affairs and of the senior management of concerned companies. Regular training seminars and informational meetings are organized to provide information to the personnel about any legal changes.

STRATEGIC RISKS

Strategic risk management is designed to evaluate potential risk situations emanating from macroeconomic or sector-specific changes, to ensure accuracy in business development decision-making and to avoid activities that might incur losses for the Group. The control and management of strategic risk is the responsibility of the Holding's senior management.

REPUTATIONAL RISK

The management of reputational risk is the responsibility of the Holding's senior management and plays a pivotal role in preserving the robust image of Akfen Holding, increasing its clout in current and potential markets and avoiding operations that might damage the Group's reputation. In the framework of Corporate Risk Management, the Holding strives to instill a common corporate culture and values in all related parties and employees.

CAPITAL MARKETS INSTRUMENTS

SHARES

Akfen Holding went public on May 14, 2010 and its shares are traded on the ISE National Market under the ticker symbol AKFEN.

Akfen REIT went public on May 11, 2011 and its shares are traded on the ISE National Market under the ticker symbol AKFGY. There was no capital increase from January 1, 2011- December 31, 2011. As a result of the IPO, Akfen REIT's capital was increased from TL 138,000,000 to TL 184,000,000.

TAV Airports Holding held its IPO on February 23, 2007 and its shares are traded on the ISE under the ticker symbol TAVHL. There was no capital increase from January 1, 2011- December 31, 2011.

BONDS

On March 5, 2010, Akfen Holding held a bond issue of TL 100,000,000 and it was met with a demand five times the amount issued. The two-year bond has a maturity date of March 2, 2012 and an annual additional revenue rate of 2.5%.

Akfen Holding's bond issue on December 22 - 23, 2011 met with a total demand of TL 80,221,703, of which TL 26,001,703 was from individual investors and TL 54,220,000 was from corporate investors.

The Annual Additional Return Rate given as an interval in the bond issue circular was later fixed at 4.00%. According to this Additional Return Rate, the First Coupon Payment Period Interest Rate was 3.51% and the Annual Compound Interest Rate calculated according to this interest rate was 14.84%.

AKFEN HOLDING'S INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS

2011 ANNUAL REPORT

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Akfen Holding employs Internal Audit and risk management mechanisms to enhance the value of the Company and to ensure continuity, in the framework of corporate governance.

The Group's risk management vision is defined as the identification of variables and uncertainties that might affect the Group's targets, as well as the adoption and control of the most convenient preemptive action and measures.

Corporate risk management activities are conducted as an integral whole and include the following actions:

- Determining Corporate Risk Management policies and standards,
- Developing risk management culture and capabilities and establishing a common language,
- Performing risk analyses for businesses and new investments,
- Reporting risks by new investments, companies, sectors and groups to establish a top-notch management tool,
- Identification of risk limits and activity plans,
- Support for the implementation of activities,
- Risk management support to strategic processes.

Risk management activities are performed by the Budget, Planning and Risk Management Coordination Unit reporting to the Assistant General Manager - Fiscal Affairs, under the supervision of the Board of Directors. Corporate risk management controls are conducted by the Internal Audit Unit that reports to the Audit Committee composed by Board members.

In 2011, the Group decided to receive corporate risk management consultancy in order to systematize corporate risk management functions and to nurture a risk management culture across the Group. At present, work is underway to create the risk inventories of the Holding and its subsidiaries. Planned to be completed by May 2012, this project will outline the risk maps and control activities concerning all processes at the Holding and its subsidiaries Akfen Construction, AkfenHEPP 1, HEPP 2, HEPP 3, Akfen Energy and Akfen REIT. The Holding also plans to complete the organization of a Risk Committee under the supervision of the Board of Directors by June 2011, so as to improve the efficiency of corporate risk management across the Group.

The efficiency of risk control actions performed in the scope of Corporate Risk Management are controlled by the Internal Audit Unit. The Audit Committee, composed of Board members, manages the Internal Audit system. One member of the Audit Committee is an independent Board member and presides over the committee.

Internal audit activities are carried out in the framework of the annual audit program approved by the Audit Committee. Audit reports are submitted to the members of the Audit Committee and the Board of Directors. Recommendations presented in these audit reports are evaluated by the Audit Committee. All audits are performed in line with the Akfen Holding Internal Audit Standards, which in turn are based on International Audit Standards.

CORPORATE SOCIAL RESPONSIBILITY

An engine of development in its operating sectors and across Turkish society at large, Akfen Holding carries out social responsibility campaigns in numerous fields such as education, arts and health care.

AKFEN HOLDING

The Human Resources Foundation of Turkey (TİKAV)

The Human Resources Foundation of Turkey (TİKAV) was established by Akfen Holding A.Ş. to help university students become socially and culturally active and successful individuals. Founded by Hamdi Akin on January 15, 1999, TİKAV believes in doing its part to support education rather than remaining dependent on government action. TİKAV strives to increase the quality of Turkey's young human resources through programs it implements. TİKAV is a civil society organization that is dedicated to the tenets of Atatürk, the founder of the Republic of Turkey. Since its establishment, the Foundation has provided scholarships and educational opportunities to university students through a program called the Individual Development Program. In 2001, the Foundation became the independent operator of the International Youth Award Program and gained the authority to implement the program for the young people in its ranks. In 2003, the Foundation pioneered the establishment of the Youth Award Program and was authorized to implement the International Award for Young People Program in Turkey.

TİKAV benefits from UNFPA, UNICEF and European Union Youth Program funding for the projects and programs it implements. The Foundation has also participated in the Turkish delegations to various UN conferences.

UGO International Youth Award Association

The International Youth Association, which Akfen Holding A.Ş. supports as a main sponsor, was authorized by the British International Award Association as the sole entity to implement, promote and audit the International Youth Award Program in Turkey since October 19, 2003. The Association aspires to achieve societal development by contributing to the individual and social development of young people through this program it administers.

The 2011 Regional Meeting of the International Youth Award Program was held in Istanbul from April 28 to May 1, 2011 with participants from 15 nations in the region encompassing Europe, the Mediterranean and the Arab States. The program is committed to supporting the personal development of youth, and is based on a spirit of not competition but volunteering.

London School of Economics

The establishment of the Turkish Studies chairs at leading universities around the world is an essential element of Turkey's promotional activities abroad. Such professorial chairs are important not only for the promotion of Turkish history and culture, but also for providing a platform to express Turkey's point of view and opinions on current events outside of the country. In this context, a chair for Contemporary Turkish Studies was established at the London School of Economics, one of the most prestigious academic institutions in the world, thanks to the efforts of the Turkish Ministry of Foreign Affairs. Akfen holds a permanent membership on the Advisory Board, a function fulfilled by Pelin Akin. Akfen is pleased to support such an important project geared toward promoting Turkey.

Abdullah Gül University Support Foundation

Since 2011, Akfen Holding has contributed to the Abdullah Gül University Support Foundation, committed to help Abdullah Gül University to attain its stated vision in a short span of time, and thereby relieve the public sector of its heavy burden in the field of education. The Foundation not only supports and rewards bright students, but also meets the economic, social and cultural needs of the academic and administrative personnel. Furthermore, the Holding strives to support the university's physical and technological infrastructure so as to enhance its education, research and application capabilities.

Bab-ı Âli Meetings

Bab-ı Âli (Sublime Porte) Meetings bring together world-renowned, esteemed figures in an effective platform built around a vision of providing benefits to its participants, corporations and all of humanity. Strategically located at the heart of Eurasia, Bab-ı Âli Meetings draw attendance from among presidents, parliamentary leaders prime ministers, opposition leaders, ministers, mayors and leading specialists, and thus offering a more efficient, visionary, inclusive and multi-dimensional intellectual platform where participants can receive crucial information first-hand.

Considered to be one of the top intellectual hubs in Turkey since its inception in 1990, Bab-ı Âli Meetings were organized for the 103rd time on April 4, 2011 under the sponsorship of Akfen Holding. The honorary spokesperson for the event was Dr. Kadir Topbaş, the mayor of the Istanbul Metropolitan Municipality.

Support for Hürriyet Houses in the province of Van

In the aftermath of the earthquake that hit Van in 2011, the newspaper Hürriyet and the Turkish Red Crescent joined forces to launch the Hürriyet Neighborhood campaign to provide shelter to those citizens left homeless. Within the scope of this campaign, Akfen Holding donated 20 houses to families hit by the earthquake.

Aid to Somalia

Akfen Holding made a donation to the Turkish Red Crescent campaign organized to help the Somali people impacted by famine.

Istanbul Modern Friends of Education

The donations collected at the Gala Modern nights organized by Istanbul Modern Friends of Education helped organize arts education seminars for 70 thousand children and youth in the years 2009 and 2010. Committed to supporting artistic creativity in Turkey and promoting Turkish culture in the international arena, Istanbul Modern organizes educational programs which help enthusiasts learn more about art, and allows the museum to reach out to a wider audience.

In 2012, too, Akfen Holding continued to support the educational programs of the Istanbul Modern with a view to providing learning opportunities for children and youth and to bequeath an even stronger museum to future generations.

Ülkü Akin Primary School

Proceeding along the lines of its mission to contribute to a brighter future for Turkey, Akfen Holding established the Ülkü Akin Primary School in the academic year 1993-1994, to serve elementary students in Ankara.

Hikmet Akın Primary School

Hikmet Akın Primary School opened its doors to students in Düzce, in the academic year 2004-2005.

Turkish Foundation for Waste Reduction

The Turkish Foundation to Reduce Waste was established in 1998 in Ankara to prevent waste and reduce poverty in Turkey. In addition to operating food banks for the needy, the Foundation works in cooperation with Muhammed Yunus, the 2006 Nobel Prize winner and the Grameen Micro-Loans Program to ensure that poor women engage in production and generate income. Akfen sponsored the micro-loan project to contribute to its promotion.

The Micro-Loans Program was initiated for the first time in Diyarbakır on July 18, 2003; it has been successfully implemented in the provinces of Diyarbakır, Mardin, Batman, Gaziantep, Kahramanmaraş, Adana, Ankara, Çankırı, Yozgat, Zonguldak, Amasya, Eskişehir, Kayseri, Niğde, Bursa, Aydın, Erzincan, Sivas and Rize. In addition, micro-greenhouse projects that use hydroponic techniques were initiated in these provinces. Akfen has also provided financing for the micro-loan project in Kayseri.

Akyurt Foundation

Hamdi Akın is a member of the Board of Trustees of Akyurt Foundation established in 1999 to meet the physical, psychological, social and cultural needs of senior citizens who cannot look after themselves.

Global Compact

To contribute to the formation of a common culture on the basis of universal principles in the business world, Akfen Holding signed the United Nations Global Compact on July 2, 2002.

The Global Compact requires participating companies to work in close cooperation with the United Nations by establishing 10 principles regarding the issues of human rights, labor standards, the environment and anti-corruption. These 10 principles are as follows:

Human Rights

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses should not abuse human rights in any way.

Labor Standards

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should eliminate all forms of forced and compulsory labor.

Principle 5. Businesses should refrain from using child labor.

Principle 6. Businesses should eliminate discrimination with respect to employment and occupation.

Environment

Principle 7. Businesses should develop a pro-active, activist approach to environmental issues.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technology.

Anti-corruption

Principle 10. Businesses should work against corruption in all of its forms, including extortion and bribery.

Overseas Communication Fund

TÜSİAD (Turkish Industry and Business Association) established an Overseas Communication Commission to perform communication and promotion activities geared toward the public opinion in European countries and an Overseas Communication Fund to finance these activities. Akfen Holding signed a sponsorship agreement for this fund for the period between January 1, 2008 and December 31, 2012.

TAV AIRPORTS HOLDING

TAV Airports Holding supports Istanbul Modern

On September 2011, TAV Airports became a sponsor of the Istanbul Modern Arts Museum, Turkey's first modern arts museum, for the duration of one year.

Atatürk Airport employees come to the aid of Somalia

TAV Airports Holding's employees at the Atatürk Airport supported the aid campaign initiated by the Administrative Authority and dispatched a cargo plane full of supplies to Somalia.

Participation in the Corporate Games

TAV Group joined the ninth edition of the Corporate Games, Turkey's most comprehensive corporate sports organization held in Istanbul between May 13 and 15, with the fourth largest sports team among all participating companies. TAV Group's 120 athletes competed in eight different sports and became champions in chess, soccer and volleyball.

TAV Construction Supports TAF

The Turkish-Arab Economic Forum (TAF) was organized between April 26 and 27, 2011 at the Four Seasons Bosphorus Hotel. TAV Construction supported this event as a "Platinum Sponsor".

Joint Corporate Communications Certificate Program with Istanbul Bilgi University

TAV Airports Holding and Istanbul Bilgi University joined forces to launch the Corporate Communications Certificate Program, with the participation of 25 students from the Bilgi University, Faculty of Communications. The Holding shares its know-how and experience with participating students, who enjoy the chance to learn about the practical aspects of entering the aviation sector. Graduates of the Certificate Program were granted their certificates at a special ceremony.

TAV's Sustainable Growth Discussed at Bilkent University MBA Forum

Organized under the sponsorship of TAV Airports Holding by the MBA Clubs of Bilkent University and Sabancı University, the fifth edition of "Bilkent University MBA Forum 2011" was held in Istanbul for the first time.

The Exhibition "Maps of Istanbul" Opens at TAV Gallery

In 2011, TAV Airports' culture and arts platform, TAV Gallery, hosted the exhibition Historical Maps of Istanbul, featuring the maps in the book "Istanbul Maps 1422-1922", which received the Social Sciences Award at the Sedat Simavi Awards.

TAV Brightens the Future of Children

TAV Airports gave its support to the "Stars of Istanbul" project, organized by UNICEF, UN's aid organization to protect the children of the world and to improve their living standards. The project was organized as part of celebrations for 60th anniversary of the establishment of UNICEF in Turkey.

"Karagöz-Hacivat" Exhibition at TAV İzmir

Throughout the month of Ramadan, the İzmir Adnan Menderes Airport International Terminal hosted a painting exhibition centered on Karagöz and Hacivat, two popular figures of the traditional Turkish shadow theater.

TAV İzmir Fishing Club Established

TAV İzmir's Fishport Amateur Fishing Club held its first fishing expeditions.

Global Journeys of Cabin Attendants at TAV Gallery

Istanbul Atatürk Airport's culture and arts platform TAV Gallery hosted an exhibition featuring photographs taken by members of the Turkish Cabin Attendants Association (TASSA) during their journeys across the globe.

Istanbul Exhibition at Atatürk Airport

Under the sponsorship of TAV Airports, Istanbul Atatürk Airport housed an exhibition of photographs featured in the book entitled "Bu Şehr-i İstanbul" (The City of Istanbul).

Third Edition of TAV Cup

Organized among TAV Group employees since 2009, TAV Cup Tournaments are designed to bring together TAV employees in a non-professional social environment to foster their communication and motivation. The tournaments are held simultaneously in Istanbul, Ankara and İzmir in sports such as soccer, basketball, volleyball, table tennis, chess and bowling. Three thousand employees participated in the games to date. The third edition of TAV Cup was held in 2011 with the participation of 1,600 employees. Athletes who stood out at TAV Cup later participated in the Corporate Games, Turkey's largest corporate sports event.

Joint Photo Project by TAV and Daçka

The TAV Photography Workshop Club, formed by the Corporate Communications Coordination Unit from among TAV Group employees are getting ready to launch the exhibition "Sana Ne Getireyim" (What Shall I Bring You?) together with the students of the Darüşşafaka High School.

The Ottoman Palace Comes to Life at TAV Gallery

Airline passengers had the chance to visit the exhibition entitled 'Hatunlar ve Kaftanlar' (Ladies and Caftans) by the miniature painting artist Bahramishad at TAV Gallery.

World Automobile History at TAV Gallery

TAV Gallery hosted the exhibition "Otomobilin İlkleri" (Firsts in Automobile History) curated by the prominent researcher on automobiles Süleyman Dilsiz.

Van Earthquake Aid Campaign

In order to alleviate the pains inflicted by the Van earthquake on October 23, 2011, and to meet urgent needs for necessities such as food, shelter and heating, TAV Airports Holding initiated an aid campaign. In the scope of this campaign, rapidly raised aid money and urgent supplies such as tents, blankets, baby food and diapers were dispatched to the region.

MERSIN INTERNATIONAL PORT OPERATION

The Mothers' School Project

Launched jointly by MIP and TIKAV, the "Mothers' School Project" was organized to deliver basic health care education to and to raise awareness among young mothers in areas with large populations of rural migrants. The ultimate aim is to ensure that these mothers raise well-informed and well-educated young generations immune to superstitious beliefs, who can transform knowledge into action.

The project, which aims to reach out to a total of 225 mothers through nine different projects, delivers training on hygiene, self-care and nutrition. A doctor specialized in maternal health, designated by the Provincial Directorate for Health, provides information to mothers on reproductive health.

During the training program, mothers receive a unique experience through the breathing therapy administered by a psychologist assigned by the Provincial Directorate for Health. Most of these mothers are also provided the chance to watch a film in a movie theatre, since their surroundings mostly deprives them from a rich social life.

Mothers who participated in the Mothers' School Project received their "Participation Certificate" at a ceremony held in the month of December.

Mersin and Vienna Connected Through Art

This project is designed to enable 20 children staying at the Mersin dormitory of the Social Services and Child Protection Agency have access to an environment where they can develop their talents and add brand new dimensions to their lives.

MIP joined forces with the tango composer, arts director and violinist Serkan Gürkan who is currently pursuing a master's degree at the Vienna Academy of Music, to launch this project in 2009 and form a children's orchestra. The project receives ample support from the Governorship of Mersin. In April 2011, the orchestra performed in concert for the first time. MIP provided sponsorship to this concert. In March 2012, the kindergarten students will take the stage in the Austrian capital Vienna and then across Turkey. The project stands out as the first ever kindergarten children's orchestra in Turkey.

10th Mersin International Music Festival

In 2011, MIP was the sponsor of the 10th edition of the Mersin International Music Festival, the city's most important arts event.

Mersin Cumhuriyet Primary School

In the scope of projects in support of education, the façade of the Mersin Cumhuriyet Primary School was painted under the sponsorship of MIP.

Mersin Selçuklar Primary School

The equipment needed for the kindergarten classes of Mersin Selçuklar Primary School, which has a capacity of 1,800 students, was provided by MIP, in the scope of its projects in support of education.

AKFEN REIT

Istanbul REstate Real Estate Fair

Istanbul REstate is a fair that covers all aspects of the real estate sector, with a special focus on the EMEA region spanning across Eastern Europe, North Africa, Russia and CIS nations. Despite the recent economic turmoil, these regions continue to stand out as appealing destinations for international investors. More and more international firms show ample interest in these countries with rapidly growing populations and economies.

Istanbul REstate Real Estate Fair provides unique opportunities of cooperation by focusing on commercial and industrial real estate, project investment and all other real estate segments. Spread across Europe and Asia, Istanbul has served as a veritable bridge between the Occident and the East for centuries. As a result of these factors, Istanbul has stood out as the ideal meeting point for this important event. Akfen REIT figured among the sponsors of the Istanbul REstate 2011.

Gaziantep Developing Cities Summit

Held on November 24-25, 2011 in Gaziantep, the Gaziantep Developing Cities Summit was co-organized by Akfen REIT, GYODER (The Association of Real Estate Investment Companies) and Gaziantep Metropolitan Municipality. Viewed as one of the most important Turkish cities owing to its unmatched historical, social and cultural riches as well as industrial, commercial and tourism development, Gaziantep is also the Turkish economy's window on the world, boasting an export volume of US\$ 5 billion to 150 nations in Central Asia, Europe and the Americas. At the Summit, real estate professionals had the chance to get together in Gaziantep, a city with a rich historical, social and cultural legacy, on the road to becoming a leading world city boasting a sustainable development level and high living standards.

Conference on "Becoming a REIT"

Akfen REIT was among the sponsors of the Conference on "Becoming a REIT". The conference was held jointly by GYODER and the Capital Markets Board on December 15, 2011. Organized for the first time in Turkey, this conference provided an important platform shedding light on the establishment and operation of REITs. The conference drew attendance not only from REITs but also banks, financial corporations, valuation companies, project developers, investors and companies keen on becoming REITs.

1. Corporate Governance Principles Compliance Statement

Akfen Holding A.Ş. ("Company") makes the utmost effort to comply with "Corporate Governance Principles" ("Principles"), published by the Capital Markets Board ("CMB") in July 2003, and republished complete with revisions and additions in February 2005. In accordance with the Communiqué on Corporate Governance Principles, which came into effect on December 30, 2011, the Company also expends efforts to revise its Articles of Association and to comply with Corporate Governance Principles. The Company constantly takes the necessary steps to reach the highest standards in the field of corporate governance, and also continues its activities uninterruptedly to enforce various advisory provisions included in the Principles. Akfen Holding considers ethical rules, transparency, equity, responsibility and accountability as key components of its corporate culture.

Due to the importance of complying with the CMB's Corporate Governance Principles, the Company revised its Articles of Association and brought them into conformity with the Principles.

The following amendments were made to the Articles of Association:

- The Board of Directors will include two independent members in line with the advisory provisions included in the Principles;
- A statement on independent Board Members will be published in the annual activity report of the Board of Directors;
- Public authorities must be notified of General Assembly meetings at least 15 days prior to the meeting day, and a Commissioner from

the Ministry of Industry and Commerce must be invited to the meetings;

- The announcement of the General Assembly must be published in newspapers and on the Company website at least 15 days in advance;
- Establishment of committees in the Board of Directors, determination of their duties, responsibilities and operating principles, and the election of their members;
- Provisions concerning the Audit Committee;
- Provisions concerning the Corporate Governance Committee.

The Company's public disclosure policy prepared as per the CMB's Corporate Governance Principles was discussed and approved at the Board meeting on 04.04.2011. The public disclosure policy was put into written form and published on the Company website at www.akfen.com.tr.

Upon a Board resolution dated 17.05.2010, an Audit Committee and a Corporate Governance Committee were established pursuant to the Articles of Association, their members were elected, and the committees commenced operations.

Investor Relations are reported directly to the CEO and Executive Director, the most senior executive managers in the Company.

In the activity period ending on December 31, 2011, the Company complied with and applied the Principles except certain provisions specified in Article 18.3.4 ("Use of the cumulative voting system in the election of the Board Members") and Article 26.5.2 ("The number, structure and independence of committees established at the Board" - "Committee chairmen are elected

among independent Board Members”) of the Report. It is assumed that non-compliance with these provisions will not cause critical conflicts of interest. Although minority rights can be used via the two independent members of the Board of Directors, the advantages and disadvantages of employing the cumulative voting system in the election of the Board member has yet to be assessed by the Company. The independent Board Member Mr. Şaban Erdikler serves as Chairman of the Audit Committee, and Mr. Mümtez Khan as Member of the Corporate Governance Committee.

The Board of Directors, provides full support to Senior Management and the employees of Akfen Holding A.Ş. in the implementation of the Corporate Governance Principles across Company. Upon the adoption of the Corporate Governance Principles by the Company, the Corporate Governance Principles Compliance Report was issued to declare that the Company’s operations will be in line with the principles of equity, transparency, accountability and responsibility.

Even though the CMB made various revisions to its Capital Governance Principles with the Communique Series: IV, No: 56 on Determination and Application of the Corporate Governance Principles, the current report was prepared along the lines of the CMB Corporate Governance Principles in force in 2011.

CHAPTER I - SHAREHOLDERS

2. Investor Relations

The use of the shareholders’ rights complies with the legislation, the Articles of Association and other in-house regulations, and every measure is taken to ensure the use of these rights.

In January 2010, an “Investor Relations” Unit was established in the Company before the public offering of May 2010, in order to monitor all relations between the shareholders

and the Company, and to ensure healthy communication. Investor Relations strives to provide current and prospective customers correct, timely and consistent information about Akfen Holding; to increase the recognition and credibility of the Company, to reduce the Company’s capital costs with the implementation of Corporate Governance Principles, and to ensure the communication between the Board of Directors and capital markets participants. In parallel with these objectives, the Company places utmost importance on communication with shareholders and investors, and runs an active investor relations program. In the organizational chart, Investor Relations reports to the CEO.

Investor Relations serves as a connection between the Board of Directors, and the finance world, and carries out the following functions:

- To ensure that records of the shareholders are kept in a healthy, safe and up-to-date fashion;
- To respond to written or verbal information requests by shareholders, prospective investors, stock analysts, public agencies (CMB, ISE, CRA, et al.), and the financial media - except confidential, secret information and/or commercial secrets not disclosed to the public - to ensure accurate and simultaneous access to information, and to update current information;
- To issue material disclosure statements to the Public Disclosure Platform, to translate them into English and share these with investors via the Company’s official website;
- To review all Company announcements, and to prepare Turkish and English announcements on the Company’s financial results;
- To update the Investor Relations Section of the website and use all electronic communication means in order to keep shareholders and prospective investors informed;
- To build a database of domestic and international corporate investors, as well as

- stock and sector analysts;
- To ensure the Company's representation in domestic or overseas investor relations meetings attended by current and prospective investors and analysts;
- To review and analyze reports by analysts, and to monitor critical developments and statistics concerning the Company;
- To take the necessary measures to ensure that General Assembly Meetings are held in line with legislation, Articles of Association and other in-house regulations;
- To prepare all documents that the shareholders will need in the General Assembly Meeting;
- To ensure the delivery of meeting minutes to shareholders;
- To supervise all public disclosure actions and ensure their compliance with the legislation.

Investor Relations strives to use all electronic communication means and the corporate website in its activities.

Contact information for Investor Relations can be found on the website (<http://www.akfen.com.tr>) and in the annual activity reports of the Company. Investor Relations can be contacted at yatirimci@akfen.com.tr for any requests and questions.

Ms. Aylin Çorman, who holds an advanced level capital market activities license, is the officer in charge of Investor Relations and her contact information is as follows:

Aylin Çorman, Investors Relations Manager
Levent Loft - Büyükdere Cad. No:201
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Tel: +90 (212) 319 87 00
Fax: +90 (212) 319 87 30
acorman@akfen.com.tr
yatirimci@akfen.com.tr

As of April 24, 2012, 28.26% of the Company's shares were floated publicly, and about 78.49% was held by foreign investors. In 2011, the

Company participated in 10 roadshows, and various domestic and overseas investment conferences to provide information to shareholders and investors. The Company conducted face-to-face meetings with over 60 current and potential investors. Numerous meetings were held with investors, shareholders and analysts as regards the Company's operational results, performance and other developments.

Furthermore, pursuant to the Capital Market Law, 64 material disclosures were issued and also published on the Company's website in 2011. Queries from investors and analysts were answered by phone and email, and detailed financial statements were issued in financial reporting periods.

3. Use of Shareholders' Right to Information

It is essential to treat all shareholders, prospective investors and analysts equally with regards to the right to information and analysis, and to simultaneously deliver all statements to everyone, with the same content. Within the scope of public disclosure policy, all information concerning shareholders and market players are announced via material disclosures; the English version of these announcements is transmitted electronically to any persons/institutions who submit their email addresses; and the Turkish and English versions of all past material disclosures can be accessed via the website.

The numerous written and verbal information requests from shareholders are responded to without any delay by Investor Relations and pursuant to the provisions of the Capital Market Law. In order to expand shareholders' right to information, any current information that might affect the use of their rights is submitted to shareholders via the website. The English and Turkish versions of all information are published so as to ensure equality among domestic and foreign shareholders.

The Articles of Association do not yet provide the appointment of a special auditor as an individual right, and the Company has not received any request for the appointment of a special auditor.

4. Information on the General Assembly

The Ordinary General Assembly Meeting for the year 2011 was held at Akfen Conference Hall at the Company's Headquarters on 15.06.2011, and Extraordinary General Assembly Meetings were held in the same location on 12.09.2011 and 14.10.2011.

The General Assembly Meeting announcements published on the website featured the date, time, location and agenda of the meeting, the invitation of the Board of Directors, and the shareholder participation procedure for the General Assembly.

The General Assembly's meeting procedures ensure the largest participation of shareholders.

The General Assembly Meetings are organized in the least complicated manner so as to avoid any inequality among shareholders, and to impose the least possible cost to shareholders.

The Akfen Conference Hall, where the General Assembly Meetings are held, is located at the Company's Headquarters, and can accommodate all shareholders. The General Assembly Meetings are open to the public, and are organized under the supervision of the Commissioner of the Ministry of Industry and Commerce.

In the General Assembly Meeting agenda, items are detailed in an impartial, detailed, clear and comprehensible fashion; and the wording does not allow multiple interpretations. The shareholders have an equal chance to express their opinions and pose questions, in order to engage in a healthy debate.

The General Assembly's Meeting minutes are accessible on the website (www.akfen.com.tr).

5. Voting Rights and Minority Rights

Voting Rights

The Company avoids practices that might make the use of voting rights difficult, and it is ensured that each shareholder uses their voting right in the most practical and convenient manner.

Pursuant to the Articles of Association, Class A shareholders have three votes for one share, while Class B shareholders have one vote for one share. Class A share certificates are registered shares, not traded on the ISE.

At the Company, there is no provision requiring the voting right to be used in a certain time limit after it is granted.

The Articles of Association do not provide any regulation preventing a non-shareholder to cast a vote as a representative by proxy.

Minority Rights

The use of minority rights at the Company is subject to the Turkish Commercial Code, Capital Market Law, relevant legislation, and communiqués and resolutions of the Capital Markets Board. The Articles of Association do not provide any provisions in this matter. At the Company, minority rights are thus to be used in accordance with the referenced legislation. These rights can also be used via two independent Board Members.

Although the Articles of Association has yet to include the cumulative voting system, the advantages and disadvantages of the system will be assessed by the Company according to changes in legislation.

Equal Treatment of Shareholders

At the Company, all shareholders including minority and foreign shareholders receive equal treatment.

6. Profit Distribution Policy and Timing of Profit Distribution

The Company takes its profit distribution resolutions in accordance with Turkish Commercial Code, Capital Market Law, tax laws, other relevant legislation, communiqués and resolutions of the Capital Markets Board and the Articles of Association.

Pursuant to the Articles of Association, after the deduction of the Company's general expenses, miscellaneous depreciation, and other such sums to be paid or reserved by the Company, as well as any taxes to be paid by the Company's legal entity from year-end revenue, the dividend is calculated in the following manner from the remaining net profit on the annual balance sheet, if any, after the subtraction of any loss from the previous periods:

Primary Legal Reserve Fund:

1. 5% of the total is set aside as first legal reserves.

First Dividend:

2. Any donation during the year is added to the remainder, and of this sum, the first dividend is calculated according to the ratio and amount determined by the Capital Markets Board.
3. After the deduction of the abovementioned amounts, the General Assembly has the right to decide on the distribution of a dividend to Board Members, officers and employees of the Company.
4. After the first dividend for shareholders is allocated, 1% of the remaining profit is transferred to the Turkish Human Resources Foundation.

Second Dividend:

5. After the deduction of the abovementioned amounts from the net profit, the General Assembly is entitled to allocate the remaining amount partially or completely as the second dividend or as extraordinary reserves.

Secondary Legal Reserves:

6. Of the sum to be distributed to shareholders and other individuals with a stake in the profit, 5% of the paid-in capital is deducted and one-tenth of the remainder is allocated as secondary legal reserves, pursuant to Article 466, Sub-clause 2, Paragraph 3 of the Turkish Commercial Code.
7. Until the legal reserves are allocated, and the first dividend for shareholders is distributed in cash and/or as shares in line with the Articles of Association, the Company cannot allocate other reserves, transfer profits to the following year, distribute dividends, or give profit shares to Board Members, officers and employees of the Company, foundations established for various purposes, and persons/institutions with similar purposes.
8. The dividend of the accounting period is distributed evenly to all existing shares, regardless of their issue and acquisition dates.
9. There is no privilege among share groups with respect to dividend distribution.
10. The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors. The provisions of the Capital Market Law apply.

According to the Board of Directors' resolution dated 09.04.2010, Akfen Holding follows a profit distribution policy based on "proposing to the General Assembly the distribution of at least 30% of the distributable profit, from the 2009 accounting year onwards, after taking into consideration the general profitability of the Company".

7. Transfer of Shares

The transfer and assignment of the Company's bearer shares are subject to the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation.

Pursuant to the Articles of Association, in case shareholders holding registered share certificates wish to sell their shares, the share transfer must be approved by a resolution of the Board of Directors and the transaction needs to be registered in the share ledger. The Board may reject a share transfer without presenting any reason. Class A privileged shares are registered shares.

CHAPTER II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. The Company's Public Disclosure Policy

The Public Disclosure Policy of the Company, prepared pursuant to the Corporate Governance Principles of the CMB were discussed and approved at the Board of Directors meeting dated 04.04.2011.

The Public Disclosure Policy was prepared in written form, and published on the website (www.akfen.com.tr).

The Board of Directors is responsible for monitoring, reviewing and developing the Public Disclosure Policy. The Corporate Governance Committee gives information and presents proposals to the Board of Directors, Audit Committee and Investor Relations on matters concerning the Public Disclosure Policy. Investor Relations is in charge of monitoring and supervising any matters concerning public disclosure.

The Public Disclosure Policy aims at sharing the Company's past performance and future expectations with shareholders, investors

and capital markets experts (capital markets participants) in a complete, accurate, timely, comprehensible and equal fashion, in line with generally accepted accounting principles and the Capital Market Law, and thus to maintain active and transparent communication.

Principles of the Public Disclosure Policy

Any information to be disclosed to the public is submitted in a timely, accurate, complete, comprehensible, interpretable, cost-effective, accessible and equal fashion so as to help concerned persons and institutions make decisions. Akfen Holding A.Ş. acts in accordance with the Capital Market Law and regulations of the ISE in its public disclosure practices. The Company's public disclosure principles are as follows:

- "Investor Relations" is in charge of supervising and monitoring all matters concerning the public disclosure policy. Any queries from outside the Company are responded to by Investor Relations with the knowledge of the Executive Director, CEO or Assistant General Managers. All communications and meetings with capital markets participants are under the responsibility of Investor Relations.
- In addition to methods required by legal regulations, all public disclosure means and methods such as press bulletins, means of electronic data transmission, e-mail messages, meetings with current shareholders and prospective investors, online announcements, and the like are used in an effective manner.
- Akfen Holding's Code of Ethics outlines all principles and rules that managers and employees have to comply with. The Code of Ethics has been published at the Company website.
- In case that any critical change occurs or is expected in the near future in the financial condition and/or operations of the Company, the public is informed in line with the provisions of relevant legislation.

- Any changes and developments that arise after the Company's public disclosures are announced to the public through regular updates.
- News in the media about the Company are monitored daily by the contracted public relations agency and submitted to the Company. In case that rumors or news circulated in the media, market or internet, and which do not originate from the Company are so significant as to affect the value of the Company's shares and in case that these rumors or news have content differing from prior material disclosures, statements, circulars, announcements approved by CMB, financial statements and other public disclosure documents, the Company issues a material disclosure on whether such information is accurate or adequate, even before any warning, notification or request from the CMB or ISE.

Periodical Financial Statements and Reports, and Independent Audit in Public Disclosure

The Company's financial statements and their footnotes are prepared on a consolidated basis as per the CMB's Communiqué Serial: XI, No: 25 and International Financial Reporting Standards (IFRS), and these are submitted for independent audit and then disclosed to the public according to International Audit Standards (IAS).

Annual Report

Akfen Holding's annual report is prepared in accordance with the principles stipulated by the applicable legislation and in sufficient detail to ensure that the general public can obtain accurate and complete information on the Company's activities.

9. Material Disclosures

Any developments which might affect the value of the Company's capital market instruments are announced to public without any delay within the time limit determined by legislation. In 2011, 64 material disclosures were issued.

No sanction was imposed on the Company by the CMB due to any failure in issuing material disclosures. The Company received one warning as regards material disclosures.

The Company has not issued any capital market instruments in foreign stock exchanges, therefore it has no further public disclosure obligations.

10. The Company Website and its Contents

The Company website is used actively in public disclosure as prescribed by the CMB Principles.

All matters on "Investor Relations" are featured on the www.akfen.com.tr website.

The English version of the website is intended for foreign investors.

All information disclosed to the public is accessible online. The web address of the website is clearly indicated on the letterhead of the Company. The following information is included on the www.akfen.com.tr website:

- The History of the Company
- The most up-to-date management and shareholding structure
- The summary balance sheet, income statement and cash flow statement
- Summary operational information
- The Board of Directors and Board committees
- Agenda of the General Assembly, information document for the General Assembly, form for voting by proxy, and meeting minutes
- The latest version of the Articles of Association
- Prospectuses and public offering circulars
- Trade registry details
- Annual activity reports
- Periodic financial statements and reports
- Material disclosures
- Corporate Governance Principles Compliance Report

- Information Policy
- Code of Ethics
- Presentations
- Information and graphics concerning the share price and performance
- News updated by a data provider
- Contact details for Investor Relations
- The Company's contact details

All applicable provisions indicated in the CMB's Corporate Governance Principles Section II, Article 1.11.5 is published and updated via the Company website.

11. Disclosure of Ultimate Controlling Individual(s)

With a 68.19% stake, Mr. Hamdi Akin is the ultimate controlling shareholder in the Company.

12. Public Disclosure of Insiders

The following individuals fall in this category according to legal provisions and employment contracts:

- Mr. Hamdi Akin, Chairman of the Board
- Mr. Mustafa Keten, Vice Chairman of the Board
- Mr. İrfan Erciyas, Board Member/ Executive Director
- Mr. İbrahim Süha Güçsav, Board Member
- Mr. Selim Akin, Board Member
- Mr. Şaban Erdikler, Independent Board Member
- Mr. Mümtaz Khan, Independent Board Member

Senior executives with a say in management are CEO Mr. İbrahim Süha Güçsav, Assistant General Manager Ms. Sila Cılız İnanç (Legal Affairs) and Assistant General Manager Mr. Hüseyin Kadri Samsunlu (Financial Affairs).

The other senior executives are Fatma Gülbin Uzuner Bekit (Finance Coordinator), Necmiye Meral Altınok (Budget and Reporting Coordinator), Rafet Yüksel (Accounting Coordinator), Burak Kutluğ (Business Development Coordinator), Kürşat Tezkan (Public Relations Coordinator -as of March 21, 2012), Sevinç Özlen (Human Resources Coordinator -acting) and Aylin Çorman (Investor Relations Manager -as of February 1, 2012).

Pursuant to the Corporate Governance Principles, a list of people with access to insider information is featured in the Corporate Governance Compliance Report. Furthermore, any updated versions of the list are published on the website.

CHAPTER III - STAKEHOLDERS

13. Informing the Stakeholders

The corporate governance practices and Code of Ethics of the Company guarantee the rights of stakeholders stated in the legislation and in mutual agreements. Stakeholders are regularly provided with information in accordance with the Company's public disclosure policy under the current legislation.

Furthermore, all stakeholders are informed through press bulletins, annual activity reports, the website and the Company's transparent public disclosure practices.

While carrying out their duties, Company employees are expected to hold the Company's interest above the interest of themselves, family and relatives, and to fulfill their obligations accordingly. Employees avoid any effort that might generate personal favors for themselves or their families.

Any possible, foreseeable conflicts of interest and various cases defined by the Company management are disclosed to employees, and the Company management takes all the necessary preventative measures.

14. Stakeholder Participation in Management

No mechanism has been defined for the participation of stakeholders in management. However, independent members of the Board of Directors enable all shareholders and stakeholders to be represented in senior management.

15. Human Resources Policy

- In recruitment, training and development, remuneration and career planning, as a principle, equal opportunities are provided to people under equal conditions.
- Employment criteria are stated in written form and observed in practice.
- Employees are treated equally in matters of development and promotion; various development policy and plans are devised to enhance the know-how, skills and experience of employees.
- Employees' job definitions, and criteria for performance assessment and remuneration are determined by managers and shared with employees.
- Relations with employees are managed by the Human Resources Coordination Department, and employees are not subject to any kind of discrimination. No complaints have been received from employees with regards to discrimination.

As of December 31, 2011, Akfen Holding, its subsidiaries and joint ventures employ a total of 25,598 individuals.

16. Relations with Customers and Suppliers

Since the Company is a holding company, it is not directly involved in operations. Therefore, it does not have any direct contact with customers and suppliers.

As a holding company, Akfen Holding A.Ş. formulates general policies concerning affiliates' measures and efforts to ensure customer

satisfaction, gives its shareholders the utmost support and in some cases, meets with third parties on these matters, and constantly supervises efforts to enhance customer satisfaction.

17. Corporate Social Responsibility

Relevant information is presented in the chapter on Corporate Social Responsibility of the current Annual Report in the pages 106-109.

CHAPTER IV - BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors, and Independent Members

The formation and election of the Board is carried out in accordance with the Corporate Governance Principles, and the relevant provisions are stated in the Articles of Association of the Company. Accordingly:

The operations and management of the Company are carried out by the Board of Directors comprising seven (7) members elected by the General Assembly. The Board of Directors elects from among its members a Chairman and a Vice Chairman to preside over the Board in the Chairman's absence. The Board includes two independent members, pursuant the advisory provisions of CMB's Corporate Governance Principles. The presence of independent Board members is stated in the annual activity report of the Board of Directors.

The Board Members elected in accordance with the Articles of Association are listed below:

Mr. Hamdi Akın, Chairman of the Board of Directors

Mr. Mustafa Keten, Vice Chairman of the Board of Directors

Mr. İrfan Erciyas, Board Member/ Executive Director

Mr. İbrahim Süha Güçşav, Board Member

Mr. Selim Akın, Board Member

Mr. Şaban Erdikler, Independent Board Member

Mr. Mümtaz Khan, Independent Board Member

Five out of the seven members of the Board of Directors (more than half) are non-executive members, and the remaining two members are executive members who sit on the Executive Committee. The Chairman of the Board and the Chairman of the Executive Committee are different individuals. There is no Board Member authorized to represent and bind the Company individually.

Board Members Mr. Şaban Erdikler and Mr. Mümtaz Khan have independent member status in accordance with CMB's Corporate Governance Principles. During the activity period, no circumstance, which might annul their independence has occurred.

Independent Board Members, who have given the Board an independence statement, have to immediately inform the Board in case their independence is annulled. Any person, who has served as a Board Member for a total of seven years, cannot be appointed as an independent Board Member.

The Company does not impose any rules or restrictions on Board Members for assuming additional duties outside of the Company.

According to a resolution by the General Assembly dated May 31, 2012, the article stipulating that the Board of Directors consist of seven members, was amended as: "The Board of Directors consists at least six members designated by the General Assembly, the majority of whom are non-executive". Furthermore, the article concerning the presence of two independent members on the Board was amended as: "The Board of Directors includes a sufficient number of independent members designated by the General Assembly" as per CMB's Corporate Governance Principles.

19. Qualification of Board Members

All individuals nominated and elected to the Board of Directors possess the required qualifications listed in CMB's Corporate Governance Principles, Section IV, Articles 3.1.1, 3.1.2 and 3.1.5.

The Board of Directors is structured to ensure maximum impact and efficiency. The relevant provisions are outlined in Article 9 of the Articles of Association. It is essential that the Board Members are elected among persons, who have knowledge of all legal principles that regulate the operations and procedures in the field of activity of the Company, trained and experienced in corporate management, capable of reviewing financial statements and reports, and preferably holding a higher education diploma.

20. Mission, Vision and Strategic Goals of the Company

Mission

Our mission is to maintain a leading position in our sectors by undertaking significant and successful projects both at home and abroad.

Strategic Outlook

With a successful history of obtaining and managing concessions in Turkey, Akfen Holding will continue in its main fields of operation as it has in the past by building additional strategic partnerships. The main focus of Akfen Holding's investments are on concessions and sectors with high growth potential, monopolistic market structures and long-term minimum income guarantee agreements, which allow the Holding to further reinforce its position in its main sectors of activity and engage in new infrastructure investments. Akfen Holding acts as an "investment platform" thanks to its success in forming strategic partnerships and its focus on shareholder interest and exit strategies.

Corporate Policy

Our corporate policy is to take advantage of the know-how, managerial expertises and technology acquired since our inception utilizing our highly-qualified human resources and specialized teamwork.

Our Principles

Our principles are to work with well-trained and experienced human resources, to prioritize quality in production, execution and business management, to complete contracted work on time and with premium quality.

21. Risk Management and Internal Control Mechanism

Our Board of Directors has initiated the efforts to set up a system for Corporate Risk Management, which is planned to go into operation in 2012. Budget, Reporting and Risk Management Coordination will be in charge of developing and implementing all processes for efficient risk management.

With the formation of the Audit Committee, the Internal Control Mechanism performs duties delegated to it by the Board efficiently, under the umbrella of the Audit Committee. The Independent Board Member Mr. Şaban Erdikler serves as Chairman of the Audit Committee.

22. Authorities and Duties of the Board Members and Managers

Authorities and duties of the Board are defined in a consistent and indubitable fashion, in clear distinction and separation from those of the General Assembly. The Board Members use their authorities in reference to the circular of signature.

Each shareholder is under the obligation to safeguard any commercial secret of the Company that he/she has learned through any capacity, even after the shareholding right is terminated. In case of any possible damages

incurred due to failure in fulfilling this obligation, the concerned shareholder is held accountable to the Company. However, the provisions of this article does not cover information obligatorily disclosed as per the Capital Market Law.

23. Operating Principles of the Board of Directors

It is ensured that Board Members access all necessary information in a timely fashion to fulfill their duties.

The Board of Directors Secretariat was established under the Board of Directors to serve all Board Members and to keep regular records of Board meetings.

Board meetings are planned and held in an effective and efficient manner. The Board convenes whenever necessitated by the Company's operations and transactions, as stated in the Articles of Association. However, the Board has to convene at least once a month.

- The Board of Directors may be convoked by the Chairman, Vice Chairman or any Board Member in accordance with the Turkish Commercial Code and Capital Market Law. All such meeting invitations are delivered by fax; however a copy must also be either delivered by courier or registered mail and a written receipt must be obtained.
- The Board of Directors can take a decision without convening, according to Article 330/2 or any other equivalent article of the Turkish Commercial Code.
- The Board members receive a reasonable monthly or annual salary, or a payment for each meeting, as determined by the General Assembly.
- The quorum of the Board is reached with the presence of at least five members.
- The Board of Directors can take a decision when at least four attending members cast a vote in the same direction.

24. Restriction on Doing Business or Competing with the Company

The authorization of the Board's Chairman and Members to take actions specified in Articles 334 and 335 of the Turkish Commercial Code on doing business or competing with the Company, was approved by the shareholders at the General Assembly dated 20.04.2010.

25. Code of Ethics

Akfen Holding has issued the "Code of Ethics" in order to generate financial added value for shareholders and increase the corporate value. Compliance with these principles and guidelines is the duty of all managers and employees.

These guidelines are meant to ensure that Akfen Holding managers and employees conduct themselves in line with elevated standards, are aware of the corporate effects of their actions and attitude, choose the most accurate methods in Company operations and dealings with shareholders, and display the most sophisticated behavior.

26. The Number, Structure and Independence of Board Committees

The Corporate Governance Committee and Audit Committee have been founded to operate under the Board of Directors, in line with the CMB's Corporate Governance Principles. General provisions concerning the Corporate Governance Committee and Audit Committee are outlined in Article 11 of the Articles of Association. Committees convene as necessitated by their business and upon invitation of the Committee's Chairman.

Corporate Governance Committee

The Corporate Governance Committee reports directly to the Board of Directors and helps the Board devise and develop any necessary mechanisms and practices for the Company's management, to coordinate the remuneration, development and career plans of senior executives in accordance with internationally accepted Corporate Governance Principles.

The Corporate Governance Committee supports the Board of Directors in ensuring the Holding's compliance with Corporate Governance Principles, identifying Board Members and senior executives, assessing remuneration, awards and performance, conducting career planning, investor relations and public disclosure practices through its studies. The Corporate Governance Committee consists of three members appointed from among the Board Members. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors.

The Corporate Governance Committee is responsible for the Company's adoption of the Corporate Governance Principles, and the following activities:

- To investigate the extent to which Corporate Governance Principles are implemented at the Company, and in case of failure to comply with the Principles, to determine its reasons and any negative results, and to propose corrective measures;
- To determine methods to ensure transparency in the identification of candidates to the Board of Directors;
- To conduct studies on the number of Board Members and managers, and come up with proposals;
- To develop suggestions on the principles and procedures for the performance assessment and remuneration of the Board Members and managers.

The Chairman of the Corporate Governance Committee is Mr. Hamdi Akin. Members of the Corporate Governance Committee are listed below:

Chairman of the Corporate Governance Committee:

Mr. Hamdi Akin,
Chairman of the Board
Akfen Holding A.Ş.

Members of the Corporate Governance Committee:

Mr. Mustafa Keten,
Vice Chairman of the Board
Akfen Holding A.Ş.

Mr. Mümtaz Khan,
Independent Board Member
Akfen Holding A.Ş.

Audit Committee

The Audit Committee supports the Board of Directors in ensuring and supervising the audit of the accounting system, the public disclosure of financial statements, and the functionality and effectiveness of the internal control system of the Holding. The Audit Committee consists of three members appointed from among the Board Members. One member of the Audit Committee is an independent Board Member, who also chairs the Audit Committee.

Members of the Audit Committee and Corporate Governance Committee are appointed by the Board of Directors in accordance with the Articles of Association. Their duties and authorities are determined by the Board of Directors.

The Audit Committee is responsible for taking any necessary measures and fulfilling any duty granted by the Capital Market Law in order to ensure the adequacy and transparency of any internal or independent external audit. Members of the Audit Committee are listed below:

Chairman of the Audit Committee:

Mr. Şaban Erdikler,
Independent Board Member
Akfen Holding A.Ş.

Members of the Audit Committee

Mr. İrfan Erciyas,
Board Member / Executive Director
Akfen Holding A.Ş.

Mr. Selim Akin,
Board Member
Akfen Holding A.Ş.

27. Remuneration of the Board of Directors

The independent Board Members who serve as independent members as per the CMB's Corporate Governance Principles are paid a specific salary for the time they spare and for the fulfillment of their duties. However, it was decided that no salary or attendance fee would be paid to other Board Members or to statutory auditors.

In accordance with the Corporate Governance Principles, the Company plans to expend efforts to formulate its remuneration policy in the year 2012.

ANNEX: TEXT OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The amendments to the Articles of Association, from the changes approved at the Extraordinary General Meeting held on September 12, 2011, are stated below.

ARTICLE 3 – PURPOSE AND SUBJECT MATTER

A. The main purposes of the Holding are as follows:

1. The Holding participates in the capitals and managements of companies established or to be established by itself or by others and finds solutions related to their investment, finance, organization, and management matters and engineering issues; manages the risks; provides for the sustainability of the investments in spite of the changes in the economy together or within a common structure and within the framework of modern management rules, so that it provides the continuity of the development of the companies.
2. It realizes large scale investments that combine resources and the capital, provided that the Capital Market Law and the relevant legislation shall not be contradicted, and helps the companies established or to be established by itself or others to provide funds from the capital markets.
3. Provided that the provision of Article 15/ last clause of the Capital Market Law shall be reserved, it combines the funds that are in its structure, operates to increase them and to establish new equity companies with them, creating new investment areas this way or participating in the existing equity companies in order to develop and update their technology.
4. It makes effort to be helpful both for its members and the society by social services to be developed within its structure and outside.

B. The Holding may participate as a founding partner in every foreign and domestic industrial, commercial and agricultural equity companies engaging in activities in every field so as to perform its above-referenced goals, provided that any such action will not constitute security portfolio operation and brokerage activities

and provided that the provision of Article 15/ last clause of the Capital Market Law will be reserved, it may participate as a founder in any capital company, domestic or foreign, engaging in industrial, commercial, financial, agricultural and other activities, may participate in the management of those established or to be established, it may become a partner by buying their shares.

1. The Holding may sell the shares held by it, exchange with other shares, put in pledge or take in pledge, provided that any such action will not constitute asset management and brokerage activities.
2. The Holding makes decisions for the investments that will be made by any companies that it takes part in capital and/ or management by taking the financial, economic and technical capacities of the relevant groups into consideration and applies them.
3. The Holding carries out and implements the financing, administration and management organizations of the companies in its group and ensures their supervision and planning for the future.
4. The principles determined within the framework of the capital market legislation shall be observed with regards to the Company issuing guarantees, surety and warranties or creating any right to pledge including mortgage in the name of the Company itself and to the favor of the third parties.
5. Provided that the necessary explanations to be demanded by the Capital Markets Board within the scope of special cases with a view to ensure that investors are informed and provided that any such activities will not constitute brokerage activities, the Holding mediates in payment subscription of share and debenture issuance for the companies that it has participated in capital and/or management, warrants their results toward share and debenture issuing companies and buyers, and commits to repay them and performs the required transaction to maintain their sales and values.

6. Provided that the necessary explanations to be demanded by the Capital Markets Board within the scope of special cases with an intent to ensure that investors are informed, the Holding takes over all kinds of receivables of the companies, which it has participated in the capitals and managements, stemming from their sales; it transfers and endorses them to other companies that it has participated in; it insures or has insured the loans opened for the sellers and customers of these companies.
7. The Holding arranges and carries out the financial control, rationalization, management, export, import, customs, storage, insurance, transport, collection, financial and legal consultancy affairs of the companies that it has participated in the capitals and managements, provided that any such actions shall not be of the nature of investment consultancy.
8. It establishes cooperation and partnerships with foreign and domestic companies and groups and concludes agreements with them based on distribution of financial liability.
9. Provided that the necessary explanations to be demanded by the Capital Markets Board within the scope of special cases with an intent to ensure that investors are informed, in connection with its purpose and business matter and in order to perform its purposes, purchases, sells, rents out, rents movable and immovable properties, has mortgages placed over its own immovable properties with all kinds of in kind and intangible rights, removes the mortgages, puts and takes secured mortgages, it may exercise any legal and financial discretion.
10. Provided that the provisions of the Capital Market Law and relevant legislation shall be observed, it may establish all kinds of foundations and run them according to the provisions of the Turkish Civil Code and as required by the related legislation. If new arrangements are required with regards to them, the Holding may perform necessary amendments to the Articles of Association.
11. Other than brokerage activities, it may guarantee all kinds of financing of the companies that it has participated in the capitals and managements. It may give all types of in-kind or personal guarantees in favor of them, provided that the necessary explanations demanded by the Capital Markets Board within the scope of special cases ensure that investors are informed. It may assume debts upon resolution of the Board of Directors.
12. It may appoint special committees and/ or persons within its structure in order to follow-up legal and financial transactions and to resolve centrally all kinds of issues related to the companies that it has participated in the capital and/or management. It may execute agreements subject to a certain period or not with experts or personnel outside of its structure for all kinds of follow-ups, transactions and solutions of the companies that it has participated in, when necessary.
13. It may follow-up and conclude all kinds of financial and legal affairs of the companies that it has participated in through these experts and personnel; it may follow-up the experts the defending of disputes before all levels of administrative, financial and legal authorities, when necessary.
14. In return for all of these services, the Holding may collect fees per job or by concluding annual contracts.
15. It renders the central operation of the financial, economic and technical services of the companies, which it has participated in the capital and/or management, like conducting plans, projects and studies. In this relationship, it may prepare tender projects and offers and it may participate in tenders in the name of and on behalf of subsidiary companies or may participate in on its behalf but on account of subsidiary companies, when necessary, or it may assign the tenders that it participated in on its behalf and on its own account to the subsidiary companies. In return for these services, it may generate income by concluding per job or annual agreements

with subsidiary companies subject to a certain period or not, per work or per subscription and it may receive a sum in return for assignment of tenders.

16. It may perform or may have performed the organization of accounting and legal actions of the companies, especially those in which it has participated in the capital and management, through its own facilities within its structure or through external experts that it bound by agreements and may receive a sum in return for these services.
17. It may organize courses subject to a certain period or not in order to train or to enable them to gain expert knowledge for the personnel at every level of the companies that it has participated in the capital and/or management and it may receive a sum in return for these services.
18. Other than brokerage activities, it may render the services related to the commercial transactions among subsidiary companies or between subsidiary companies and third natural persons or legal entities. In this contract, in return for a sum, it may provide facilities for all kinds of commercial agreements being concluded between participations and act as a mediator in the performance of the agreement. Especially, it may help in the sale and purchase of movable and immovable goods, finished or semi-finished commodities or raw materials; it may collect the price of the referenced commodities within the framework of the power granted to it; and it may transport the commodities in the name and on behalf of the parties, when necessary.
19. It may work as a commission-agent for the purchase and/or sales of all kinds of movable goods, finished or semi-finished commodities and raw materials on behalf of the Holding or the companies that it has participated in capital or management. It may set up all legal relationships with subsidiary companies or third persons as required by Article 416 and following provisions of the Code of Obligations.
20. Provided that the provisions of the Capital Market Law and the relevant legislation shall be observed and that the provision of Article 15/last clause of the Capital Market Law shall not be contradicted, that necessary explanations are made regarding special circumstances and that the shareholders are informed about the donations of the year during the General Assembly, it may donate to or engage in charity for national and international organizations and institutions, foundations and associations,
21. It may participate in the tenders announced domestically and abroad by the Directorate of Privatization Administration and public and private authorities,
22. It may carry out, sale and purchase, both on a retail and wholesale basis, transportation, marketing, exporting and importing, providing corporate trust services and trading in transit of the goods with respect to its field of activity; it may participate in the auctions or auctions by underbidding, without acting as a customs broker; it may conduct custom transactions and activities.
23. The Holding may purchase, lease, use, sell, let on lease the necessary domestic or foreign authorizations, license certificates, brevets, trademarks, licenses, grants and intangible rights such as copyrights, trademarks, models, drawings, trade names, know-how, technical information; grant usufruct rights and pledges on them; and exercise similar legal discretion as necessary or useful for its purpose, its subject matter and relevant activities. Provided that the necessary explanations to be demanded by the Capital Markets Board within the scope of special cases with an intent to ensure that investors are informed and provided that any such actions will not have the nature of security portfolio management and brokerage activities, the Holding may purchase, sell, all kinds of movable or immovable assets and rights, enter into real estate promise to sell agreements, may lease or give for rent in full or in part and make their annotation before the land registry, in order to realize the purpose and subject matter of activity of the Holding,

- to meet its needs and make use of its resources. Relating to the real estates of the Holding, it may carry out any transaction and discretion for the adjustment of the type of the land, unification, partition, allotment, parceling of the land; in order to realize the purpose and subject matter of the Holding it may let the real estates free of charge and donate to public institutions and municipalities; may abandon the land to be transformed to green area or to road, additionally it may abandon the same. Due to its debts and its claims it may establish or remove for and against itself mortgages, other pledges and other real and individual rights, within the scope of the usufruct it may partly or entirely sell its usufruct, lease it to local and foreign real persons; in order to realize the Holding's goal or recover the Holding's debts mortgage, pledge, encumbrance on land, pledge of commercial enterprise, usufruct, easement, right of residence and all kind of individual and real rights may be established on the movable or immovable assets of the Holding; to obtain its claims from third persons or to realize the Holding's purpose it may accept the rights established on the third persons' movable and immovable assets. It may accept guarantees and surety, may obtain and provide real and individual guarantees for all its rights and claims, it may establish mortgage on its own real estates, establish pledge on its own movables, give guarantee and surety in favor of the third persons, sign warranty and surety agreements to warrant the third persons' debts. For the assurance of the debts and claims of the Holding it may perform all transactional and promissory operations relating to real and incorporeal rights as per the terms of the Civil Code; it may realize all transactions with or without charge upon the real estates; accordingly, it may execute and accept all kind of transfer, annotate before the land registry, accept the annotation and execute and conclude all other kinds of land registry operations.
- 24.** The Holding may purchase, sell, lease, import any tools and facilities needed to achieve the company objectives and enter into financial lease agreements;
- 25.** May open branches, liaison offices, representation offices, agents, vendors and representative offices domestically and abroad.
- 26.** Subject to the provisions of the applicable legislation and provided that the provisions of the relevant legislation will be observed, it may help or donate to departments with general budget, administrations with supplementary budget, special provincial administrations, charity institutions exempted from taxes by the Cabinet of Ministers, fellowships admitted as beneficial to the public, institutions and foundations engaging in research and development, universities, education institutions and similar persons and institutions within the limits of applicable legislation.
- 27.** It may organize insurance services jointly with authorized organizations.
- 28.** It may engage in organization and service sectors within the scope of certain operational and service models and provide consulting and controlling services in relation to the subject matter of its activity.
- 29.** It may establish a research and development center within the Holding.
- In the cases where the Holding wishes to perform activities other than those matters mentioned above, it will be subjected to the approval of General Assembly at the recommendation of the Board of Directors and the company shall be able to perform these activities if a resolution is taken on this matter.
- 1.** Required authorization shall be received from the Ministry of Industry and Commerce and the Capital Markets Board in order to apply this decision, which has a quality of an amendment to the Articles of Association.
- 2.** While engaging in the foregoing, the Company will fulfill its liabilities to inform the public with an intent to keeping the investors informed in accordance with the Capital Market Law and applicable legislation.

INFORMATION DISCLOSURE POLICY

A. Purpose, Authority and Responsibility

Akfen Holding Inc. (Company) applies the Information Policy for informing shareholders, investors, capital market experts fully, fairly, on a timely basis, in an understandable manner and with the lowest cost about the developments related to the Company within the framework of the Turkish Commercial Code (TCC), Capital Market Law, Capital Market Board (CMB) and Istanbul Stock Exchange ISE regulations as well as CMB Corporate Governance Principles.

The Akfen Holding Inc. Information Policy has been prepared by the Board of Directors. The Board of Directors is responsible for the follow-up, review and development of the Information Policy. Applications relevant to the information policy are under the responsibility of the Investor Relations Unit and the Corporate Governance Committee of the Company.

B. Public Information Disclosure Methods and Tools

Information methods and tools used by our Company are indicated below, reserving the provisions of the Capital Market Law and Turkish Commercial Code (TCC).

- Material disclosures submitted to the ISE and Public Disclosure Platform (PDP),
- Financial statement and footnotes submitted periodically to the ISE and PDP, independent audit reports, declarations and annual report,
- Announcements and notifications made through the Turkish Trade Registry Gazette and daily newspapers (prospectus, circulars, call for General Meeting, et al.),
- Corporate website (www.akfen.com.tr),
- Explanations made over telephone, electronic mail, fax, and other communications means,
- Press releases made through print and visual media,
- Explanations made to information distributors such as Reuters, Forex, and others,
- Meetings, teleconferences or one to one meetings organized with capital market participants,
- Presentations including financial and operational information of the Company,
- Annual and interim annual reports.

C. Principles Related to Material Disclosures made to the Public

a. Disclosure of Internal Information to Public

Disclosure of internal information to the public will be done in accordance with the regulations of the CMB related to material disclosures made to the public.

Material disclosures made by the Company in accordance with the regulations will be announced on the internet site of the Company (www.akfen.com.tr) within the business day following the public disclosure after these are submitted to the PDP system in accordance with legal regulations, and will be kept there for a minimum of five years.

Information to be explained to the public with material disclosures will not be announced to certain investors and related parties prior to the disclosure.

b. Postponement of Public Disclosure of Internal Information

At its own discretion, our Company may postpone public disclosure of internal information in order to avoid damaging its legitimate interests, provided that this will not mislead the public and that our Company will ensure keeping this information confidential. As soon as the reasons for postponement of public disclosure of internal information cease to exist, these are disclosed to the public in accordance with regulatory requirements. In the explanation to be made, the postponement decision and the reasons behind it are indicated.

Postponement by our Company of public disclosure of internal information is dependent upon the decision of the Board of Directors and written approval of the person authorized by the Board of Directors. This approval will include such details as the internal information postponed, the impact of the postponement on the protection of legal rights of our Company, that this does not create the risk of misleading the investors, and what sort of measures are taken in order to protect the confidentiality of this information.

All measures required for non-disclosing the internal information within the scope of postponement will be taken. In the process where the information is postponed, if as a result of the failure of persons in charge of protecting the information any rumors arise in relation to the information disclosure which is postponed, or if some details are disclosed to the public in any way and thus if the confidentiality of internal information is not ensured, the internal information confidentiality which is not protected is immediately disclosed to the public. However, if the spread of such rumors does not arise from the failure of our Company, the postponement may continue.

c. Explanations Relevant to the Use of Partnership Rights

In case that the issues related to the following become final with a decision of the Board of Directors, a material disclosure is made and this information is also announced on the internet site of our Company.

- Determination of the date, hour, place and agenda of the General Assembly Meeting, the manner in which the right of participation in the General Assembly could be used, obligations which those who want to participate in or vote as proxy at the General Assembly should fulfill,
- Information on discussing and deciding on the items of agenda and non-agenda issues in the General Assembly, failure to convene the General Assembly, total number of shares and total voting rights,
- Announcement related to profit distribution, new share issuance, allocation in capital increases, use of new share acquisition right, cancellation of the share increase.

d. Measures Related to Ensuring Confidentiality up to the Public Disclosure of Internal Information

Employees of our Company are informed about the obligations to keep confidential the internal information they may know during the performance of tasks related to the Company or execution of works and processes on behalf of

the Company, which has not yet been disclosed to the public, and not to use the same in order to provide benefit to themselves or to third persons, or not to disclose to unauthorized third persons.

In addition, the Investor Relations Unit and Corporate Governance Committee keep a list of persons who work in our Company with an employment contract or in any other manner and who have regular access to internal information in accordance with CMB regulations, and the list is updated in case of any change. The list is sent to the CMB and ISE at times when necessary in accordance with legal regulations. All persons who are on the list should be informed in writing about protecting the internal information and complying with the rules of confidentiality during their tasks.

Disclosure of internal information to attorneys, independent auditors, tax advisers, credit agencies, project consultants, financial service providers, and the like who are subject to the rules of confidentiality is not characterized as unauthorized disclosure provided that these persons need such information when fulfilling their tasks. For that reason, the person to whom the information is to be disclosed should be under the obligation to keep such information confidential pursuant to a legal arrangement, Articles of Association or a special contract.

e. Persons Authorized to Make Material Disclosures

Material disclosures of our Company are prepared by the Investor Relations Unit. This unit is charged with observing and monitoring any type of issue in relation to public information.

There should be a minimum of two managers, who are authorized to represent and bind the Company and who are in charge of making special situation disclosures, and names, authorities and titles of these persons are notified to the ISE and CMB in writing. The notification is updated in case that there is any change in these persons. These managers fulfill these responsibilities in close collaboration with the Audit Committee and Corporate Governance Committee.

D. Public Disclosure of Financial Reports

Annual and interim financial statements and footnotes of our Company are prepared in accordance with Financial Reporting Standards published by the CMB.

Before the financial statements are disclosed to the public, they are presented to the Board of Directors by the Audit Committee, taking the opinions of the responsible managers of the partnership and of the independent auditors in relation to compliance with the accounting principles published by the CMB, conformity with reality and their accuracy, together with their own assessment, and are approved by the Board of Directors.

Financial statements, which are independently audited, are sent to the CMB and ISE in accordance with CMB and ISE procedures in order to be disclosed to the public by the end of office hours on the first day following the date on which these are delivered to our Company, attached to a letter bearing the signature of the person authorized to represent and bind the independent audit institutions together with the independent audit report, and on the same date when the Board of Directors of our Company resolves on notification of financial statements to the CMB and ISE; and financial statements, which are not subject to independent audit are sent on the first day following the date on which the decision is taken by the Board of Directors of our Company about the acceptance of financial statements, in order to be disclosed to public. During the announcement and notification of the annual and interim financial statements and activity reports, the statement of responsibility in relation to the accuracy of these reports will be signed by people authorized according to the Company signature circulars and disclosed to the public by sending to the ISE. Financial statements are also sent in electronic media as PDP notification in accordance with the regulations of the CMB. After the annual and interim financial statements and activity reports are disclosed to the public, they are published on the internet site of our Company (www.akfen.com.tr)

and left accessible to the public for a minimum of five years. These reports could also be provided from the Investor Relations Unit at any time.

Annual financial statements and activity reports are presented for the examination of shareholders at Company headquarters at least 15 days in advance of annual ordinary General Assembly Meeting and sent to the shareholders who request them.

E. Information of Beneficiaries

Immediately following the public disclosure of annual and interim financial statements and activity reports of our Company, presentations, which evaluate the activity results related to the relevant period are published in the Investor Relations section on the Company website (www.akfen.com.tr)

The presentations will include information and evaluations related to the past activity period, as well as estimations, expectations and assessments related to the future, within the scope of the general strategy and financial data of our Company. Notably, such estimations and expectations are open to some risks and various unforeseeable factors that arise from failure to know the future with certainty. As a result, the presentation will include an explanation on the fact that the estimations, expectations and assessments rely on various assumptions and results that occur in the future and that could be different from the expectations. In case that it is understood that such estimations and expectations will not happen in the coming periods, such information is revised.

Our Company may also organize meetings or teleconferences that are open to the participation of all beneficiaries on the days following the announcement of financial reports. It is a requirement that senior managers of our Company participate in these meetings. Participation information pertinent to the meetings and teleconferences to be held will be announced on the website of our Company at least 15 days in advance, and the presentations to be used in the meetings are announced at least one day in

advance. Information on participation related to the meetings and teleconferences to be held will be sent via electronic mail to all who request beforehand by the Investor Relations and Corporate Communications Unit of our Company. Depending on the requests received from investors and analysts, participation could be ensured to various domestic / foreign investor / analyst meetings or conferences with the participation of the Investor Relations Unit and senior managers. In addition to this, one to one meetings are made with the investors and analysts who request, to the extent the work program permits.

F. Follow-up of News and Rumors

News that arises in media and press about our Company is followed daily by public relations agencies contracted by our Company and daily reports are submitted to our Company.

In case that the rumors or news, which are published in media and press channels, market or internet media, and which do not arise from our Company are significant so as to affect the value of shares of our Company and in case that the material disclosures, prospectus, circulars, announcement texts approved by the CMB, financial reports and public information documents have contents that are different from the information published to public, a material disclosure is made on whether these are correct or sufficient without waiting for any warning, notification or demand from the CMB or ISE.

However, if the information included in such news or rumors comprises a prior material disclosure, prospectus, circulars, announcement texts approved by the CMB, information announced to public through financial reports and includes no other additional information, or if in the assessment made by the management of our Company it was concluded that these news and rumors are not significant so as to impact the value of shares of our Company, no explanation is made.

In case that such news or rumors are related to a public disclosure of information, which is postponed, the decision whether to continue

postponement will be dependent upon the decision of the authorized person or body that decides on the postponement.

In cases where our Company wants to make an explanation in relation to news and rumors that arise in media and press channels, however, which do not lead to the obligation of making any material disclosure pursuant to relevant regulations, a denial, press release or a material disclosure in conformity with the importance and nature of the event could be made through the website of the Company or through the media by persons authorized to make public disclosure on behalf of our Company.

In case that any explanation is requested by the ISE or CMB in relation to the news that arise in media and press channels, a material disclosure is made in accordance with legal regulations in relation to the issue.

G. Persons with Management Responsibility

Persons who have management responsibility in our Company are those who have regular access to internal information of Akfen Holding Inc. directly or indirectly and who have the authority to make management decisions that impact the future development and commercial targets of the Company.

Any type of responsibility in relation to notification of the ISE about buy- sell transactions that are carried out by people who have management responsibility in relation to the shares of our Company, and by people who have close relationship with such people pursuant to regulations, will be borne by the person who carries out the transaction.

H. Press Releases and Persons Authorized to Make Public Disclosure

All information and report requests and all inquiries, which are within the scope of information previously disclosed to the public in relation to the activities or the financial status of our Company, and which are not classified as commercial secret, will be responded to by the Investor Relations Unit through telephone, e-mail or meetings to be held.

Requests for interviews and conversations received from written and visual media and from various data distribution channels are directed to the Corporate Communications Unit of our Company and coordination of Company authorities in relation to the issue is made by this unit. In addition, the press meetings and explanations to be made are coordinated by the same unit with the approval of the General Manager, Executive Member or Chairman of the Board of Directors.

In case that any internal information is unintentionally announced during the explanations made by the managers of our Company within this scope, a separate explanation is immediately made in accordance with the regulation on public disclosure of special situations.

In addition to the process explained above, employees of our Company may not respond to questions received from capital market participants or from any organization / person, unless they are authorized to do so.

Contact information pertaining to the Investor Relations Unit and Corporate Communications Unit are published on the internet site of our Company.

I. Analyst Reports

Akfen Holding Inc. accepts the analyst reports prepared in relation to the Company as the property of the preparing company and such reports will not be published on the website of the Company, and no responsibility is undertaken in relation to the model used in the preparation of such reports and the results thereof. In the event of any request, information in the reports is reviewed in terms of accuracy.

Names – surnames of analysts following our Company, information on their institutions and contact details are published on the website of our Company.

J. Website

The website of the Company (www.akfen.com.tr) is actively used in the disclosure of information to the public. The Investor Relations Section of the Company website contains the following information, at minimum:

- Trade registry information,
- Shareholding structure as of the latest status,
- Information on members of the the Board of Directors and Audit Committee,
- Material disclosures,
- Annual and interim financial statements and activity reports,
- Calls for General Assembly Meetings, agenda, information document, minutes of meeting, chart of attendees, form for voting as proxy in the relevant period,
- Latest version of the Company Articles of Association,
- Information disclosure policy,
- Profit distribution policy and profit distribution history,
- Information on committees reporting to the Board of Directors,
- Investor presentations,
- Other information which the beneficiaries may need.

K. Annual Report

The annual activity report is published yearly prior to the General Assembly Meeting, in accordance with the Capital Market Law and the CMB's Corporate Governance Principles, complete with the required data and explanations as per international standards. The annual report is approved by the Board of Directors and submitted for the examination of shareholders 15 days before the General Assembly on the corporate website.

Moreover, the three-monthly interim activity reports are disclosed to the public via the ISE, and presented to the attention of investors on the corporate website.

Akfen Holding defines the Code of Ethics as the principles and rules that all managers and employees have to comply with, in order to increase the financial wealth of shareholders and elevate the Company's value. These guidelines are meant to ensure that Akfen Holding managers and employees conduct themselves in line with elevated standards, are aware of the corporate effects of their actions and attitude, choose the most accurate methods in Company operations and dealings with shareholders, and display the most sophisticated behavior. The Code of Ethics is published via Akfen's Corporate Intranet, internal publications and is explained in programs intended for employees. The Board of Directors, managers and employees are all expected to comply with Akfen Holding's Code of Ethics specified below.

Akfen's Management Policy

The **Foremost Objective of Akfen** is to run its operations in accordance with international criteria, as well as regulations, standards and specifications in force, in a high quality, environmentally-friendly and profitable manner by taking health and safety conditions into consideration.

Akfen bases its activities in work plans on the foundation of its broad know-how thanks to its well-experienced staff, and performs these activities via Group companies and affiliates.

Akfen Management is fully aware of the fact that securing success and the future is dependent upon establishing peace and safety in the workplace with the contribution of employees, and achieving high quality in business operations.

Akfen Employees' Main Principle is to perform their tasks in a correct, complete and timely manner, in line with quality targets. Akfen considers every person and institution to which it provides services as a customer, and devises its management system accordingly.

The **Goal of the Akfen Management System** is to identify risks relevant to environment, occupational health and safety within the framework of laws and regulations, to make the required risk analysis, to prevent the risks at the

source, to continuously minimize the situations that could jeopardize human lives and assets, to protect the environment, to prevent pollution, and to improve the management system.

Akfen Senior Management commits itself to taking the following measures in order to achieve this goal:

- Planning and implementing training programs to raise employee awareness in order to make improvements in the fields of quality, environment, occupational health and safety;
- Monitoring technological developments, and establishing a convenient working environment in project areas;
- Providing high quality material and equipment to safeguard human and environmental health;
- Supporting recycling;
- Reviewing these policies by the senior management.

Akfen employees will take Akfen to further and continued success with their teamwork, spirit, Akfen Family identity, as well as mutual support, admiration and respect.

It is the desire and responsibility of all employees, including the Senior Management, to create a healthy, safe and environmentally-friendly work culture and to ensure its continuity.

Accordingly, the Holding espouses the following Code of Ethics in line with its "Corporate Governance" principles:

1. Honesty

The principle of honesty is fundamental in all relationships and processes within and outside the organization.

2. Confidentiality

The employee is required to keep all information and secrets she/he has acquired about the business and the Organization, regardless of whether these relate to the task she/he performs. She/he cannot disclose such secrets, information or relevant documents to unauthorized individuals or agencies. This obligation persists even after the termination of her/his relationship with the Organization.

3. Cases of Conflicts of Interest

It is essential for the employee to prioritize the interests of the Organization in all work related activities. The following conditions are considered to be situations leading to conflicts of interest:

- Commercial contact between the Organization, and family members or relatives up to third degree of an employee;
- Ownership or stake in rival companies by family members or relatives up to third degree of an employee;
- Cases in which an employee gives work to companies employing her/his family members or relatives up to third degree;
- Cases in which an employee borrows money or has commercial dealings with a company with which she/he has a professional relationship.

4. Conflicts of Interest

Possible cases of conflict between the interests of individuals and the interests of the Holding or related persons or organizations are monitored and avoided. While carrying out their tasks, the Holding employees hold the interests of the Organization above all else, and avoid any action and behavior that could amount to providing personal interest to oneself or one's relatives by using the Organization's resources or prestige.

Holding employees make the utmost effort to avoid any misuse of the Organization's resources and to protect the name and reputation of the Holding.

5. Prevention of Conflicts of Interest

Any foreseeable cases of conflicts of interest identified by the Organization are shared with the employees and the Organization management takes the necessary measures. Managers and employees of the Organization are obliged to notify the management about any cases of conflicts of interest they observe. After the occurrence of any such situation, the Board of Directors evaluates the case and takes the necessary action.

6. Our Responsibilities

The Holding pays the maximum attention to fulfilling the following responsibilities toward its customers, employees, shareholders, suppliers and business partners, rivals, the environment and the society.

6.1 Responsibility to Comply with Laws and Regulations

The Holding acts in compliance with laws and regulations both in Turkey and in foreign countries where it operates. Information, documents and records pertaining to these activities are kept regularly and completely. Any type of report, presentation, financial statement and footnotes to be disclosed to the public or presented to authorities by the Holding, is prepared accurately and transparently, with maximum attention to laws, regulations and Company directives.

6.2 Responsibility to Exercise

The employee is obliged to fulfill the employment contract and the tasks she/he is assigned with due care. She/he is obliged to acquire/develop the competencies required by the work, and to take the necessary action to acquire the information required. She/he is responsible for any damages incurred by the Organization as a result of willful conduct, negligence and carelessness. The employee is responsible for the delegation of the tasks assigned to her/him or to subordinates as required, for the timely completion of such tasks, and for fulfilling the instructions of her/his superior in the best possible manner. Every employee is obliged to protect the reputation of the Organization against third parties, aware of the fact that she/he represents the Organization. She/he is obliged to refrain from any behavior or action that could put the Organization under burden. Every employee is obliged to maintain relationships with other employees, business partners and shareholders in the framework of business ethics and ethical rules. An employee cannot acquire any personal benefit from third parties or organizations in relation to his work, nor may she/he engage in any private business relationship, make or demand a payment.

6.3 Responsibility toward the Environment and Society

The Holding takes into consideration the environment and society while running its operations, and strives to reach high standards of environmental awareness. It avoids any transgression of environmental rules that might damage the health and rights of employees, customers and locals. In all fields of activity, the Company acts so as to minimize its negative impact on the environment and takes measures to prevent environmental pollution. Consumption of natural resources is kept at the minimum level.

Within the framework of its social responsibilities, the Company supports education and charity campaigns, as well as actions toward increasing environmental and community awareness, activities with public benefit, and cultural and social responsibility projects.

The Holding is also sensitive to the traditions and cultures of the foreign countries where it operates, respects the social structure, and avoids any action that might have a negative impact on the social environment. It takes all measures to protect the archeological, historical, architectural and cultural heritage, as well as the natural environment.

6.4 Responsibility toward Shareholders

The Holding's operations aim at increasing the value of the Holding. Due care is taken to strike an optimum balance between profitability and risk management. The Holding's operations are carried out within the framework of transparency, accountability, sustainability and honesty; the responsibility of informing the shareholders is fulfilled by taking these issues into account within the framework of laws and regulations.

The Holding's resources are used in an efficient and effective manner, and waste is avoided. Equilibrium is maintained between short term goals and long term success.

6.5 Responsibility to Comply with Workplace Rules and Principles

The employee is obliged to comply with the workplace rules concerning management, harmony, discipline, occupational health and

safety, and all related instructions, directives and procedures.

6.6 Responsibility to Exercise Due Care in Conduct and Relationships

In the workplace, the employee is under the obligation to work in harmony with her/his colleagues and managers, to establish sound and humane relationships with private individuals, public officers and organizations which have a relationship with the workplace, and to fulfill her/his tasks in an honest and rapid fashion. The employees are also obliged to notify the Management of any violation of business ethics, together with any evidence thereof.

6.7 Responsibility to Safeguard Corporate Interests

The employee is under the obligation to protect the interests of the business and workplace of the Organization, and to avoid any action that could damage such interests. The employee cannot use the means of the Organization for her/his personal interests.

6.8 Responsibility toward Competitors

The Holding takes utmost care to ensure the development of the sectors in which it operates, to observe the common interests of all companies active in the sector, and to safeguard the mutual trust in the sector. It avoids unfair competition against its competitors, and acts within the framework of ethical rules and fair competition principles.

6.9 Responsibility to Declare Personal Information and Changes

The employee is under the obligation to timely notify the Personnel Department of any changes in her/his family, marital status and address, as well as personal data, and information about family or relatives, which constitute the basis for contractual rights and obligations, as well as to deliver any document on which such information is based.

7. Ban on Having a Second Job

Without the official permission of the Company, employees cannot assume another official or private, temporary or permanent, paid or unpaid work post, or engage in commerce.

**AKFEN HOLDİNG ANONİM ŐİRKETİ
CONVENIENCE TRANSLATION
TO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011
(ORIGINALLY ISSUED IN TURKISH)**

KPMG Akis Bađımsız Denetim ve Serbest Muhasebeci Mali
Müşavirlik Anonim Őirketi

12 April 2012

This report includes 1 pages of independent auditors' report
and 119 pages of consolidated financial statements together
with their explanatory notes.



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**Convenience Translation to English of
Independent Auditors' Report Originally Issued in Turkish
Independent Auditors' Report**

To the Board of Directors of
Akfen Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of Akfen Holding Anonim Şirketi, its subsidiaries and jointly controlled entities (the "Group"), which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and 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

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our independent audit. We conducted our audit in accordance with auditing standards promulgated by CMB. Those standards require that ethical requirements are complied and independent audit is planned and performed perform to obtain reasonable assurance whether the financial statements are free of material misstatement.

Our audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our 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, entity's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the entity and its internal control system. Our independent audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards (Note 2) promulgated by CMB.

Additional paragraph for convenience translation to English

The financial reporting standards described in note 2(defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of Akfen Group in accordance with IFRS.

İstanbul, 12 April 2012
Akis Bağımsız Denetim ve Serbest Muhasebeci Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer
Partner

AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Financial Position as at 31 December 2011

(Currency: Thousands of TL)

		Audited	
	Notes	31 December 2011	31 December 2010
ASSETS			
Total current assets		1.286.026	997.973
Cash and cash equivalents	6	518.590	422.569
Trade receivables			
-Due from related parties	10-38	6.000	12.039
-Other trade receivables	10	300.603	220.572
Other receivables			
-Due from related parties	11-38	5.068	10.514
-Other receivables	11	11.460	4.498
Financial investments	7	--	5.671
Derivative financial instruments	9	2.685	--
Restricted cash	12	150.708	123.380
Inventories	14	26.165	8.205
Other current assets	27	264.747	190.525
		1.286.026	997.973
Total non-current assets		4.152.943	2.721.093
Trade receivables			
-Due from related parties	10-38	5.510	2.007
-Other trade receivables	10	159.598	109.351
Other receivables			
-Due from related parties	11-38	39.225	24.465
-Other receivables	11	1.556	1.934
Financial investments	7	151	2.520
Investment in equity accounted investees	17	1.436	--
Investment property	18	1.080.092	658.758
Property, plant and equipment	19	938.031	538.453
Intangible assets	20	1.503.865	1.023.754
Goodwill	21	128.452	113.781
Deferred tax asset	36	109.683	66.770
Other non-current assets	27	185.344	179.300
TOTAL ASSETS		5.438.969	3.719.066

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

AKFEN HOLDİNG ANONİM ŞİRKETİ**Consolidated Statement of Financial Position as at 31 December 2011**

(Currency: Thousands of TL)

		Audited	
	Notes	31 December 2011	31 December 2010
LIABILITIES			
Total current liabilities		1.287.177	732.246
Loans and borrowings	8	743.422	370.686
Derivative financial instruments	9	80.896	56.180
Trade payables			
-Due to related parties	10-38	25.125	16.043
-Other trade payables	10	184.822	106.802
Other payables			
-Due to related parties	11-38	15.564	14.323
-Other payables	11	150.466	108.975
Provisions	23	12.671	8.665
Other current liabilities	27	74.211	50.572
		1.287.177	732.246
Total non-current liabilities		2.999.911	2.032.035
Loans and borrowings	8	2.730.724	1.876.033
Derivative financial instruments	9	86.649	50.354
Trade payables			
-Due to related parties	10-38	1.083	--
-Other trade payables	10	36.780	21.329
Other payables			
-Due to related parties	11-38	9.002	14.607
-Other non-trade payables	11	43.832	26.141
Employee benefits	25	17.873	9.672
Deferred tax liabilities	36	58.816	21.239
Provisions	23	681	--
Other non-current liabilities	27	14.471	12.660
Total Equity		1.151.881	954.785
Total equity attributable to equity holders of the parent parent		758.916	794.180
Paid in capital	28	145.500	145.500
Adjustments to share capital		(7.257)	(7.257)
Share premium		454.782	454.782
Treasury shares		(4.010)	(3.709)
Business combination of entities under common control		20.062	20.062
Foreign currency translation reserve		101.443	17.914
Revaluation reserve		(2.294)	(2.076)
Cash flow hedge reserves		(104.992)	(71.363)
Other reserves		(112.112)	(93.780)
Legal reserves		19.699	12.081
Retained earnings		312.819	250.199
Profit / (loss) for the period		(64.724)	71.827
Non-controlling interest		392.965	160.605
TOTAL LIABILITIES AND EQUITY		5.438.969	3.719.066

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

AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2011

(Currency: Thousands of TL)

		Audited	
	Notes	31 December 2011	31 December 2010
CONTINUING OPERATIONS			
Revenue	29	1.353.583	994.237
Cost of sales (-)	29	(1.008.726)	(779.514)
Gross profit		344.857	214.723
General administrative expenses (-)	30	(158.182)	(135.212)
Other operating income	32	334.784	179.994
Other operating expenses (-)	32	(39.681)	(13.646)
Results from operating activities		481.778	245.859
Finance income	33	123.373	194.820
Finance expenses	34	(520.222)	(328.474)
Profit before tax		84.929	112.205
Tax benefit / (expense)		(45.541)	(17.485)
Tax expense	36	(31.871)	(23.737)
Deferred tax income/(expense)	36	(13.670)	6.252
Profit from continuing operations after tax		39.388	94.720
DISCONTINUED OPERATION			
Profit from discontinued operation, net off tax	35	--	17.226
Profit for the period		39.388	111.946
Other comprehensive income			
Change in revaluation of property, plant and equipment		44	37
Change in net fair value change in cash flow hedges	33	(36.000)	(14.194)
Change in foreign currency translation differences	33	91.478	(8.238)
Other comprehensive income		55.522	(22.395)
Total comprehensive income		94.910	89.551
Profit attributable to:			
Non-controlling interest		104.112	40.119
Equity holders of the parent		(64.724)	71.827
Profit for the period		39.388	111.946
Total comprehensive income attributable to:			
Non-controlling interest		111.730	35.538
Equity holders of the parent		(16.820)	54.013
Total comprehensive income		94.910	89.551
Basic and diluted earnings / (loss) per share	37	(0,457)	0,631

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

AKFEN HOLDING ANONİM ŞİRKETİ**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2010**
(Currency: Thousands of TL)

	Adjustments to share capital	Share premium	Treasury share	Entities under common control	Translation differences	Revaluation reserve	Cash flow hedging reserve	Other reserves	Legal reserves	Retained earnings	Retained earnings	Equity holders of the parent	Non controlling interest	Total equity
Balances as at 1 January 2010	99.669	(7.257)	--	(4.767)	20.062	25.004	(2.010)	(60.677)	--	14.985	264.088	349.097	179.911	529.008
Total comprehensive income for the period	--	--	--	--	--	--	--	--	--	71.827	71.827	71.827	40.119	111.946
Other comprehensive income	--	--	--	--	--	(7.165)	--	--	--	--	--	(7.165)	(1.073)	(8.238)
Foreign currency translation differences (Note 33)	--	--	--	--	--	(7.165)	--	--	--	--	--	--	--	--
Revaluation of property, plant and equipment	--	--	--	--	--	(66)	--	--	--	103	--	37	--	37
Net fair value change in cash flow hedges (Note 33)	--	--	--	--	--	--	(10.686)	--	--	--	--	(10.686)	(3.508)	(14.194)
Total other comprehensive income	--	--	--	--	--	(7.165)	(66)	(10.686)	--	103	--	(7.814)	(4.581)	(22.395)
Total comprehensive income	--	--	--	--	--	(7.165)	(66)	(10.686)	--	103	71.827	54.013	35.538	89.551
Transactions with owners, recorded directly in equity	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividend distribution	--	--	--	--	--	--	--	--	--	--	--	--	(321)	(321)
Transfer to legal reserves	--	--	--	--	75	--	--	--	936	(1.031)	--	(20)	268	248
Total changes in structure of entities under common control	--	--	--	--	--	--	--	--	--	--	--	--	(86.413)	(86.413)
Share premium	--	--	454.782	--	--	--	--	--	--	--	--	454.782	--	454.782
Change in subsidiaries equity interest	--	--	--	1.058	--	--	--	(93.780)	(3.840)	2.824	--	(93.738)	31.513	(62.225)
Public offering expenses	--	--	--	--	--	--	--	--	--	(15.785)	--	(15.785)	--	(15.785)
Capital increase	45.831	--	--	--	--	--	--	--	--	--	--	45.831	109	45.940
Total transactions with owners	45.831	--	454.782	1.058	--	75	--	(93.780)	(2.904)	(13.992)	--	391.070	(54.844)	336.226
Balances as at 31 December 2010	145.500	(7.257)	454.782	(3.709)	20.062	17.914	(2.076)	(71.363)	(93.780)	12.081	250.199	794.180	160.605	954.785

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

AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011 (Currency: Thousands of TL)

	Paid in Capital	Adjustments to share capital	Share premium	Treasury share	Entities under common control	Translation differences	Revaluation reserve	Cash flow hedging reserve	Other reserves	Legal reserves	Retained earnings	Retained earnings	Equity holders of the parent	Non controlling interest	Total equity
Balances as at 1 January 2011	145.500	(7.257)	454.782	(3.709)	20.062	17.914	(2.076)	(71.363)	(93.780)	12.081	322.026	--	794.180	160.605	954.785
Total comprehensive income for the period	--	--	--	--	--	--	--	--	--	--	(64.724)	--	(64.724)	104.112	39.388
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Foreign currency translation differences (Note 3.3)	--	--	--	--	--	81.489	--	--	--	--	--	--	81.489	9.989	91.478
Revaluation of property, plant and equipment	--	--	--	--	--	--	(218)	--	--	--	262	--	4.4	--	4.4
Net fair value change in cash flow hedges (Note 3.3)	--	--	--	--	--	--	--	(33.629)	--	--	--	--	(33.629)	(2.371)	(36.000)
Total other comprehensive income	--	--	--	--	--	81.489	(218)	(33.629)	--	--	262	--	47.904	7.618	55.522
Total comprehensive income	--	--	--	--	--	81.489	(218)	(33.629)	--	--	262	(64.724)	(16.820)	111.730	94.910
Transactions with owners, recorded directly in equity	--	--	--	--	--	1.761	--	--	--	7.618	(9.469)	--	(90)	90	--
Transfer to legal reserves	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Acquisition of the shares of the Company	--	--	--	(301)	--	--	--	--	--	--	--	--	(301)	--	(301)
Changes in subsidiaries equity interest	--	--	--	--	--	279	--	--	(18.332)	--	--	--	(18.053)	120.540	102.487
Total transactions with owners	--	--	--	(301)	--	2.040	--	--	(18.332)	7.618	(9.469)	--	(18.444)	120.630	102.186
Balances as at 31 December 2011	145.500	(7.257)	454.782	(4.010)	20.062	101.443	(2.294)	(104.992)	(112.112)	19.699	312.819	(64.724)	758.916	392.965	1.151.881

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

AKFEN HOLDING ANONİM ŞİRKETİ**Consolidated Statements of Cash Flows for the Year Ended 31 December 2011**

(Currency: Thousands of TL)

	Notes	Audited	
		31 December 2011	31 December 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		39.388	111.946
Adjustments for:			
Depreciation of property, plant and equipment	19	32.641	20.552
Amortization of intangible assets	20	50.663	38.828
Loss on sale of investment property	32	--	7.040
Gain on sales of trading property	32	--	(2.691)
Provision for employee termination benefits		7.067	5.070
Provision for doubtful receivables		16.870	4.010
Unearned interest income, net	33	(211)	(1.492)
Rediscount interest gains from IFRIC 12 effect	33	(8.826)	(5.331)
Gain or loss on sale of property, plant and equipment	32	(1.128)	(1.232)
Gain on sale of non controlling interests in subsidiaries	32	(4.714)	(19.646)
Gain on sale of discontinued operations	35	--	(15.056)
Impairment loss on property, plant and equipment	19	(425)	4.185
Gain on investment property	32	(282.139)	(129.971)
Impairment of financial instruments		--	(57)
Provision / (Release of provision) for claims and vacation pay	23	3.029	4.837
Unrealized foreign exchange differences on balance sheet items		460.457	7.741
Interest income	33	(34.378)	(27.398)
Interest expense	34	199.712	158.262
Bargain purchase	32	(20.409)	--
Tax benefit / (expense)	36	45.541	(17.976)
Cash flow from operating activities before changes in working capital		503.138	141.621
Changes in:			
Other current trade receivables		(85.441)	(13.710)
Other current non-trade receivables		(6.950)	1.770
Other current assets		(97.248)	(7.532)
Other non-current trade receivables		(50.247)	(14.412)
Other non-current non-trade receivables		378	278
Financial assets		6.180	(15.899)
Inventories		(12.073)	6.337
Due from related parties		(13.376)	(14.475)
Other non-current assets		(20.125)	(14.584)
Other current trade payables		78.020	(9.037)
Other current non-trade payables		24.507	727
Other short term liabilities		12.291	17.613
Other non-current trade receivables		11.105	10.976
Other non-current non-trade receivables		17.450	(1.040)
Due to related parties		5.801	(5.479)
Other non-current liabilities		1.394	4.114
Net cash provided by operating activities		374.804	87.268

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

AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Cash Flows for the Year Ended 31 December 2011

(Currency: Thousands of TL)

		Audited	
	Notes	31 December 2011	31 December 2010
Taxes paid		(28.982)	(32.845)
Retirement benefit paid	25	(3.365)	(1.847)
Collection of doubtful receivables	39	3.666	308
Interest paid		(216.449)	(161.402)
Net cash provided by / (used in) operating activities		129.674	(108.518)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		29.871	32.033
Acquisition of property, plant and equipment	19	(259.916)	(270.515)
Effect of group structure change		(3.020)	2.942
Proceeds from sale of property, plant and equipment		16.098	7.203
Acquisition of intangible assets	20	(46.926)	(39.393)
Proceeds from sale of intangible assets		1.875	12.338
Purchases of investment property	18	(75.447)	(40.589)
Proceeds from sale of investment property		--	22.809
Cash outflow from acquisition of noncontrolling interests in subsidiaries		--	(196.259)
Business combination		(411.067)	--
Cash outflow from acquisition of subsidiaries		(23.403)	--
Acquisition of subsidiary and jointly controlled entity net of cash acquired		25.082	123.482
Purchase of held for sale financial assets		--	(5.514)
Net cash used in investing activities		(746.853)	(351.463)
Net cash flow from financing activities			
Proceeds from borrowings		911.934	845.662
Change in project, reserves and fund accounts		(45.686)	(35.527)
Repayment of borrowings		(329.691)	(751.686)
Change in non-controlling interests		132.698	(39.776)
Capital increase		--	45.831
Public offering expenses		--	(15.785)
Share Premium		--	454.782
Net cash from financing activities		669.255	503.501
Net increase in cash and cash equivalents		52.076	43.520
Cash and cash equivalents at 1 January	6	166.349	122.829
Cash and cash equivalents at period end of 31 December	6	218.425	166.349

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

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

1 REPORTING ENTITY

Akfen Holding A.Ş. ("Akfen Holding", "Group" or "Company") was founded in Turkey in 1999. The activity fields of Akfen Holding, which founded its first company in 1976, are to make investment and provide the coordination and management to the affiliate partners which deal with the industrial branches such as the management and operation of airports, construction, maritime and port authority, marine transportation, water distribution and waste water services, energy and real estate.

Akfen Holding extended its construction activities, since its foundation, through Ataturk Airport Build-Operate-Transfer Model ("BOT") in 1997 and implemented the investment planning models in airports in many infrastructure projects in Turkey as the executor and became one of the most important infrastructure holdings of Turkey.

As at 31 December 2011, Akfen Holding has 7 (2010:7) subsidiaries and 7 (2010: 6) jointly controlled entities. The consolidated financial statements of the Group which belong to 31 December 2011 and concluded in the same year include the shares of Akfen Holding and its affiliates and the Group's stakes in the participations and the jointly controlled entities. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through stocks with voting rights and/or the shares of Hamdi Akin.

It manages the partnerships together with the nationally and internationally recognized companies such as Grup Tepe İnşaat Sanayi A.Ş., PSA International, Souter Investments LLP and Kardan N.V. There is also a framework agreement between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, based on mutual exclusivity for the trademarks of Novotel and Ibis Hotel to be constructed in Turkey.

Akfen Holding is registered on the Capital Markets Board ("CMB") and its shares are traded on the Istanbul Stock Exchange ("ISE") under 'AKFEN' code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 31 December 2011 are as follows (Note: 28):

	2011		2010	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akin	99.209	68,18	99.209	68,18
Akfen İnşaat Turizm ve Ticaret A.Ş.	3.995	2,75	3.995	2,75
Other partners	1.180	0,81	1.180	0,81
Public shares	41.116	28,26	41.116	28,26
Paid in capital (nominal)	145.500	100	145.500	100

The address of the registered office of Akfen Holding is as follows:

Koza Sokak No:22
Gaziosmanpaşa
06700/ Ankara-Türkiye
Tel: 90 312 408 10 00
Fax: 90 312 441 07 82
Web: <http://akfen.com.tr>

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 31 December 2011 is 292 (31 December 2010: 200) and 25.306 (31 December 2010: 22.909), respectively.

Akfen İnşaat Turizm ve Ticaret A.Ş.

Akfen Holding owns 99.85% of Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat") which is one of the core segments of the company. The company, which was initially established to produce feasibility and engineering services of the industrial facilities, has expanded its range of services to include manufacturing, installation and assembly work. The company has successfully completed the construction of superstructure, infrastructure, environmental protection and integrated airport building projects.

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

The construction experience of Akfen makes important contribution to Group activities. Over the last 20 years Akfen has completed a total of USD 1,6 billion dollars of construction projects.

The major projects include airport terminals plus associated infrastructure, natural gas pipe lines/ distribution systems, hospitals, schools, industrial plants, energy projects in hydroelectric / thermal sectors, water distribution, sewage systems and waste water treatment facilities.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

The Company, which was restructured as Aksel Turizm Yatırımları ve İşletmecilik A.Ş. in 25 June 1997, was registered in 25 August 2006 upon the approval of Capital Markets Board ('CMB') dated 14 July 2006 and transformed in to a 'Real Estate Investment Trust'.

The shares of Akfen GYO have been trading on the ISE under 'AKFGY' code since 11 May 2011.

The shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ('Akfen Ticaret'), which is a subsidiary of Akfen Holding, were transferred to Akfen GYO with nominal value on 21 February 2007. The main activity fields of Akfen Ticaret are to make real estate investments, to create and develop a real estate portfolio.

Akfen Ticaret has established Russian Hotel Investment BV ('Russian Hotel' or 'RHI') in Holland on 21 September 2007 and Russian Property Investment BV in Holland on 3 January 2008 ('Russian Property' or 'RPI') together with Eastern European Property Investment Ltd. ('EPEI Ltd.'). It transferred its 45% shares in RHI and RPI to Kasa Investments BV ('Kasa BV') in December 2010 and 5% to Cüneyt Baltaoğlu. %45 shares which belonged to RHI and RPI and were transferred to Kasa BV were taken over by Akfen Ticaret on 29 July 2011. The main activity field of Russian Hotel is to develop the hotel investments to be operated by ACCOR S.A. in Ukraine and Russia. The main activity field of Russian Property is to implement Office projects in Russia. As at 31 December 2011, 95% shares of Russian Hotel and Russian Property belonged to Akfen Ticaret and 5% shares belonged to Cüneyt Baltaoğlu.

Akfen GYO established a subsidiary named Hotel Development and Investment BV ('HDI') in Holland on 18 March 2011 in order to develop hotel projects in Russia. In accordance with the contract signed between Akfen GYO and Horus International B.V. on 4 February 2011 and amended on 24 November 2011, the shares of Keramit Financial Company Limited ('Keramit') of which the Head Office is in British Virgin Islands, were taken over by HDI, a 100% owned subsidiary of Akfen GYO, with USD 1 million on 24 November 2011.

Akfen GYO established a subsidiary titled Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. ('Akfen Karaköy') on 31 May 2011 in order to develop a hotel project in Istanbul, Karaköy. 70% shares of Akfen Karaköy belong to Akfen GYO.

Akfen GYO has an exclusive partnership with Accor S.A., one of the most important international hotel chains of the world, and in accordance with the rental contract renewed in April 2010, it develops hotel projects in all provinces of Turkey and in specific cities of Russia under Ibis and Novotel trademarks. The period of the rental contracts is 25+/-10 years and according to the contracts, a specific percentage of gross operational profit or the high percentage of turnover is paid by Accor S.A. to Akfen as the rent income.

A total of 9 hotels in Turkey as Ibis and Novotel in Istanbul, Zeytinburnu and Ibis in Eskişehir, Novotel in Trabzon, Ibis and Novotel in Kayseri, Ibis and Novotel in Gaziantep and Ibis in Bursa and a total of 2 Ibis hotels in Russia Yaroslavl and Samara and 1 hotel called Mercure in the Turkish Republic of Northern Cyprus are being operated. In addition to these, lands have been purchased in Istanbul Esenyurt and Adana for hotel investments and the construction of these hotels have begun in the first quarter of 2011. The tender made by General Directorate of Foundations on 25 August 2010 in İzmir was awarded and the land located in Konak district Alsancak location was rented for 49 years. The investment process is continuing. Also, Akfen GYO established Akfen Karaköy with a 70% stake in order to develop a project in Istanbul Karaköy. It also purchased a land which is 1.5 km away from Ankara Esenboğa Airport. The projects in Istanbul Karaköy and Ankara Esenboğa Airport are in the development and design stages. The hotel construction in Russia, Klaningrad is continuing.

Energy Sector

Akfen Holding has been investing in hydroelectric power plants (HES) through its subsidiaries since January 2000.

Akfen Holding, planning to be active in the energy sector including energy generation and distribution, grouped the hydroelectric power plants under three main companies and is also planning its other investments in the energy sector under the title of Akfen Enerji Yatırımları Holding.

AKFEN HOLDING ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

The Renewable Hydroelectric Power Plant portfolio of Akfen Holding is grouped under three entities as Akfen HES Yatırımları ve Enerji Üretim A.Ş. ("HES I"), Akfen Hidroelektrik Santrali Yatırımları A.Ş. ("HES II") and Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ("HES III").

Beyobası Enerji Üretimi A.Ş. ("Beyobası"), İdeal Enerji Üretimi A.Ş. ("İdeal") and Çamlıca Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Çamlıca") are the subsidiaries of Akfen HES I, which has 100% voting right as at 31 December 2011 and 2010.

Total ten projects are included in HES I and total installed power is 128,43 MW. 9 power plants having 124,97 MW installed power are operated for energy generation and the investment in 1 power plants is continuing. Investments have begun in 6 power plants included in HES II and their total installed power is 95,20 MW. The total installed power of HES I and HES II portfolios shall rise up to 224 MW when 7 projects, whose investments are continuing start operation. There are also 2 projects included in HES III having 109,5 MW installed power.

BT Bordo Elektrik Enerji Üretim Dağıtım Pazarlama A.Ş. ("BT Bordo"), Elen Enerji Sanayi ve Ticaret A.Ş. ("Elen"), Pak Enerji Üretim Sanayi ve Ticaret A.Ş. ("Pak"), Rize İpekyolu Enerji Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Rize"), Yeni Doruk Elektrik Üretim ve Ticaret A.Ş. ("Yeni Doruk") and Zeki Enerji Elektrik Üretim Dağıtım Pazarlama, Sanayi ve Ticaret A.Ş. ("Zeki") are the subsidiaries of Akfen HES II in which it has a 100% voting right directly or through the companies under the same control structure as at 31 December 2011 and 2010.

Laleli Elektrik Enerji Dağıtım Pazarlama A.Ş. ("Laleli"), Değirmenyani Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Değirmenyani") and Akörenbeli Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Akörenbeli") are the subsidiaries of Akfen HES III in which it has a 100% voting right directly or through the companies under the same control structure as at 31 December 2011 and 2010.

TAV Havalimanları Holding A.Ş.

TAV Havalimanları Holding A.Ş. ("TAV Havalimanları") was founded in Turkey in 1997 under the title of Tepe Akfen Yatırım Yapım ve İşletme A.Ş. for the purpose of reconstruction of Istanbul Ataturk Airport (International Terminal). The foundation aim of TAV Havalimanları is to reconstruct the Terminal Building of Istanbul Ataturk International Airport ("AUHT") and to operate it for 66 months. The main work of TAV Havalimanları is the construction of terminal buildings and operation of terminal buildings or airport. TAV Istanbul Terminal İşletmeciliği A.Ş. ("Tav Istanbul") signed a rental contract with the General Directorate of State Airports Operations (DHMI) on 3 June 2005 in order to operate AUHT and Ataturk Airport Domestic Terminal for 15,5 years until 2021. TAV Havalimanları, TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa"), TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. ("TAV Gazipaşa") signed Build – Operate – Transfer Agreements with DHMI; TAV Urban Georgia LLC ("TAV Tbilisi") signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations ("JSC"); TAV Batumi Operations LLC ("TAV Batumi") signed a Build – Operate – Transfer Agreement with Georgia Ministry of Economic Development ("GMED"); TAV Tunisia SA ("TAV Tunisia") signed a Build – Operate – Transfer Agreement with Tunisia State Airports Operations ("OACA"); TAV Macedonia Doel Petrovec ("TAV Macedonia") signed a Build – Operate – Transfer Agreement with Macedonia Ministry of Transportation. In accordance with these agreements TAV Havalimanları shall carry out the construction, reconstruction or management of the airport and shall have the right to operate the airport within the period previously determined. At the end of the contract period, TAV Havalimanları also shall have the right to operate Medina Airport in Saudi Arabia together with Saudi Oger and Al Rajhi Holding. TAV Group shall transfer the property right of the constructed building to the related organization (DHMI, JSC, GMED, OACA and Macedonia Ministry of Transportation). TAV Havalimanları also deals with the other activities of the airport operation such as duty-free, food and beverages, ground services, data processing, security and operation services.

TAV Havalimanları shares have been trading on Istanbul Stock Exchange under the code of 'TAVHL' since 23 February 2007.

TAV Yatırım Holding A.Ş.

TAV Yatırım Holding A.Ş. ("TAV Yatırım") was established on 1 July 2005 in order to make investments in aviation and construction sectors. The main activity fields of the Group are construction, aviation and parking operation. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. ("TAV İnşaat") and TAV Havacılık A.Ş. ("TAV Havacılık") are subsidiaries of TAV Yatırım. TAV İnşaat has branches in Egypt Cairo ("TAV Egypt"), The United Arab Emirates, Dubai ("TAV Gulf"), Qatari Doha ("TAV Doha"), Tunisia ("TAV Tunisia"), Libya ("TAV Libya") and Bahrain ("TAV Bahrain"). TAV İnşaat has also subsidiaries called TAV G Otopark Yatırım Yapım ve İşletme A.Ş. ("TAV G"), TAV İnşaat Muscat LLC ("TAV Muscat") and Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş. ("Riva") with 49,99%, 70% and 99,99 % stakes, respectively.

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Mersin Uluslararası Liman İşletmeciliği A.Ş.

Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP") was founded on 9 May 2007 by Port of Singapore ("PSA") and Akfen Ortak Girişim Grubu who were awarded the transfer of operation right of Mersin Port for 36 years belonging to TCDD upon bidding the highest offer by T.R. Directorate of Privatization Administration ("PA"). MIP took over Mersin Port from TCDD upon a Concession Agreement signed with T.R. Directorate of Privatization Administration and TCDD on 11 May 2007 in order to operate it for 36 years. The concession period for 36 years began on 11 May 2007. Mersin International Port is one of the most important ports of Turkey, Middle East and East Mediterranean with its geographical status, capacity, wide hinterland and advantages with multimode connection characteristics. Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Su") was established on 26 April 2005 in order to establish facilities to supply drinking and utility water from surface and ground water resources, collect domestic and industrial waste water and provide waste water treatment services.

Akfen Holding and TASK Water BV have joint administration rights in Akfen Su with 50% shares. The subsidiaries of Akfen Su provides water and waste water services to Güllük Municipality and waste water treatment services to Dilovası Organized Industrial Zone.

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Su Güllük") has started operating on 24 August 2006. The company, having completed all of its investments, served 5.256 subscribers as at 2011 December.

Akfen Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. ("Akfen Su Arbiogaz Dilovası") was founded on 19 July 2007. It completed its investments on 1 July 2010 and started operating and currently it still serves the Dilovası district with a 40.000 population together with factories and operations in Dilovası Organized Industrial Zone.

Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") was sold to TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ("TASS"), belonging to Tepe İnşaat Sanayi A.Ş., Akfen Holding, Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly Controlled Entity Group by the Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. İDO provides passenger and vehicle transportation service under 'Sea Bus and Fast Ferry Lines' title both in local and the country seaways. İDO serves with 19 lines in Istanbul and out of Istanbul to 32 points with 25 sea buses, 10 fast ferries and 18 vehicle ferries. The sea buses, fast ferries and vehicle ferries have a total of 35.813 passengers and 3.312 vehicle capacity. TASS was transferred to İDO on 26 December 2011 with all of its rights and liabilities according to the merger general rules in accordance with TTK and related regulations and TASS was dissolved without liquidation.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

(a) Statement of compliance

Akfen Group entities operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the accounting principles per Turkish Uniform Chart of Accounts and per Capital Market Board of Turkey applicable to entities operating in other businesses.

Akfen Group's foreign entities maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislation applicable in the countries they operate.

The accompanying consolidated financial statements are prepared in accordance with the Communiqué XI No 29. announcement of the Capital Markets Board ("CMB") dated 9 April 2008 related to Capital Market Communiqué on Principles Regarding Financial Reporting ("Communiqué") which was published in the Official Gazette, no 26842.

The companies apply International Accounting Standard/Financial Reporting Standard ("IAS/IFRS") which is accepted by the European Union depending on 5. communiqué. According to temporary article 2 which is related to the practice of 5. article of the communiqué, when there is a difference between IAS/IFRS adopted by the European Union and IAS/IFRS adopted by the International Accounting Standard Board ("IASB"), IAS/IFRS adopted by IASB is applied until the declaration of Turkish Accounting Standard Board. In this context the company has prepared consolidated financial statements for the period ended 31 December 2011 in accordance with IAS / IFRS adopted by IASB.

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With the governing decree law numbered 660 published in the Official Gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency ("Oversight Agency"). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as at reporting date, the Basis of Presentation has not been changed.

(b) Preparation of financial statement forms

The consolidated financial statements of the Group which are prepared in accordance with IAS and IFRS was approved by the Board of Directors at 07 April 2011. The General Meeting and concerned legal installations have a right to correct financial statements arranged according to legislation.

The consolidated financial statements and notes as at 31 December 2010 are prepared according to the Communiqué XI No 29 of CMB which was announced by the decision numbered 11/467 at 17 April 2008 related to the Principles Regarding Financial Reporting on capital markets.

(c) Correction of financial statements during the hyperinflationary periods

CMB announced that the inflation accounting application was not valid starting from 1 January 2005 for the companies operating in Turkey and drawing up financial tables in compliance with the accounting and reporting principles ('CMB Financial Reporting Standards') adopted by CMB upon a decision taken on 17 March 2005. Thus, the 'Financial Reporting in High Inflation Economies' No 29 published by IASB has not been applied since 1 January 2005.

(d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments and investment properties that are measured at fair value. The methods used to measure the fair values are discussed further in note 38.

(e) Functional and presentation currency

Akfen Holding and its subsidiaries and jointly controlled entities operating in Turkey prepare their accounting records and legal financial statements in accordance with the accounting principles per Turkish Uniform Chart of Accounts and presented these financial statements in TL. Subsidiaries and jointly controlled entities established abroad accounting records are subject to regulations and accounting principles that are applied in the countries in which they operate. The accompanying consolidated financial statements are presented in TL which is the reporting currency and converted from legal basis to IFRS basis by a series of adjustments and reclassifications. The functional currency of the subsidiaries and jointly controlled entities are as follows:

Company	Functional Currency
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Enerji	TL
Akfen HES I	TL
Akfen HES II	TL
Akfen HES III	TL
TAV Havalimanları	Euro
TAV Yatırım	USD
MIP	USD
IDO	TL
PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Liman")	TL
Akfen Su	TL
ATI Services SA ("ATI")	CHF
Hyper Foreign Trade Holland N.V. ("Hyper Foreign")	Euro
Alsım Alarko Akfen Adi Ortaklığı ("Alsım Alarko")	TL
RHI	Euro
RPI	Euro
HDI	Euro

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(f) Basis of Consolidation

The accounting policies applied in preparing the accompanying consolidated financial statements have been set out below.

The accompanying consolidated financial statements include the accounts of the parent company, Akfen Holding, its subsidiaries, jointly controlled entities and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements in the prior periods.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(i) Subsidiaries

When preparing the consolidated financial statements, subsidiaries that the Group has control power on its financial and activity policy are determined below:

The companies have been consolidated, if the Group directly or indirectly owns the shares of the companies providing the Group to have voting right more than 50% in the Company or the Group has power to control the operational and financial policies in line with the interests of the Company even if the Group does not have more than 50% voting right.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

	31 December 2011		31 December 2010		Principal activity
	Ownership (%)	Voting Power	Ownership (%)	Voting Power	
		Held		Held	
Akfen İnşaat	99,85	100,00	99,85	100,00	Construction
Akfen GYO	56,09	74,75	74,84	99,75	Real Estate Investments
Akfen Enerji	69,75	100,00	69,75	100,00	Energy
Akfen HES I	100,00	100,00	100,00	100,00	Hydroelectric electric power generation
Akfen HES II	100,00	100,00	100,00	100,00	Hydroelectric electric power generation
Akfen HES III	100,00	100,00	100,00	100,00	Hydroelectric electric power generation

(ii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has common or joint control, established by contractual agreement requiring unanimous consent for strategic financial and operating decision. The consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of commonly or joint controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Jointly controlled entities are those entities over whose activities the Group has common or joint control, established by contractual agreement requiring unanimous consent for strategic financial and operating decision. The consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of common or jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

	31 December 2011		31 December 2010		Principal activity
	Ownership (%)	Voting Power	Ownership (%)	Voting Power	
		Held		Held	
TAV Havalimanları	26,12	26,12	26,12	26,12	Airport Management
TAV Yatırım	42,50	42,50	42,50	42,50	Construction and Airline
MIP	50,00	50,00	50,00	50,00	Harbour Management
PSA Liman	50,00	50,00	50,00	50,00	Consulting
Akfen Su	50,00	50,00	50,00	50,00	Water Treatment Construction and Management
Hyper Foreign	41,35	41,29	41,35	41,29	Trade
Alsım Alarko	50,00	49,93	50,00	49,93	Construction
IDO	30,00	30,00	--	--	Marine Transportation
ATI	50,00	49,93	50,00	49,93	Construction

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(iii) Aquisition of entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of the entity being under common control is accounted for using book values. The Group has preferred the acquisition of the entity being under common control to be accounted from the acquisition date.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investee.

(v) Business combinations for acquisition from third parties

Acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(vi) Acquisition of noncontrolling interests

In 2011, TAV Holding acquired 16% of TAV Batumi's shares from Akfen İnşaat in return for USD 667.200 (EUR 467.061). As a result, TAV Holding's share in TAV Batumi increased to 76% and TAV Batumi is consolidated with non-controlling interest's ownership reflected as a non-controlling interest. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

In 2011, TAV Holding acquired 33.33% of TAV Güvenlik's shares from Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. in return for TL 6.000 (EUR 2.760.779). As a result, TAV Holding's share in TAV Güvenlik increased to 100% and TAV Güvenlik is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements. In 2011, TAV Holding acquired 10% of TAV Tbilisi's shares from Sera Yapı Endüstrisi ve Tic. A.Ş. ("Sera Yapı") and Akfen İnşaat in return for USD 8.583.000 (EUR 5.954.057). As a result, TAV Holding's share in TAV Tbilisi increased to 76% and TAV Tbilisi is consolidated with non-controlling interest's ownership reflected as a non-controlling interest. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

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On 12 April 2010, 50% of HAVAŞ Europe was acquired by HAVAŞ. HAVAŞ Europe was jointly controlled by HAVAŞ and Baltic Aviation Services and was proportionately consolidated until December 2011 (Note 7). Effect of this transaction is presented as "acquisitions through business combinations" in the consolidated financial statements. On 21 December 2011, an additional 16.67% of HAVAŞ Europe shares was acquired in return for EUR 1.001.418 by HAVAŞ. After this acquisition HAVAŞ obtained the control of HAVAŞ Europe and HAVAŞ Europe is consolidated with the non-controlling interest's ownership reflected as a non-controlling interest as at 31 December 2011. Effect of this change is presented as "effect of change in group structure" in the consolidated financial statements.

(g) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation except cash flow hedging instruments recognized in the consolidated statement of comprehensive income are recognized in profit or loss.

The Group entities use USD, Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21, the effect of changes in foreign exchange rates. The Group uses TL as the reporting currency.

TL / Euro, TL / USD exchange rate as at the end of each year are as follows:

	31 December 2011	31 December 2010
TL / Euro	2,4438	2,0491
TL / USD	1,8889	1,5460

TL / Euro, TL / USD average rate as at the end of each year are as follows:

	2011	2010
TL / Euro	2,3244	1,9886
TL / USD	1,6708	1,4991

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entities that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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(h) Additional paragraph for convenience translation to English

The financial reporting standards described in note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of Akfen Group in accordance with IFRS.

2.2 Summary of significant accounting policies

(a) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group's non-derivative financial assets comprise cash and cash equivalents, financial assets at fair value through profit or loss, loans and receivables and available-for sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash at banks and liquid funds. Bank overdrafts, project, reserve and fund accounts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of cash flows. The use of project, reserve and fund accounts are subjected to the approval of the lender in accordance with the financial contracts.

The securities provided by the Group as the guarantee for bank credits are shown under the restricted credit item in the consolidated balance sheet.

Accounting for finance income or expense is discussed in note 2.2 (p).

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

The loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The loans and receivables are generally comprised of cash and equivalents, trade and other receivables and related parties.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable.

If the group receives payments as financial assets and intangible assets for construction process, each asset is recognised initially at fair value individually.

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Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to fairise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

The ordinary shares are classified as equity.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

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(b) Property, plant and equipment**(i) Recognition and measurement**

The costs of items of property, plant and equipment purchased till 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Accordingly, property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Property, plant and equipment purchased after 1 January 2005 are recorded at their historical costs less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within operating income or other expense in the consolidated statement of comprehensive income.

(ii) Property, plant and equipment recognized in business combinations

The vessels acquired through IDO acquisition on 16 June 2011 were recognized according to their fair values.

(iii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in consolidated statement of comprehensive income.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in the equity. Any loss is recognised immediately in profit or loss until the amount in equity is zero.

(iv) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in consolidated statement of comprehensive income as incurred.

(v) Depreciation

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Description	Years
Buildings	2-50
Furniture and fixtures	2-15
Machines and equipments	3-40
Vehicles	5-25
Vessels	5-30
Leasehold improvements	1-15

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.

Depreciation methods, useful lives and residual values are reassessed at the end of each year end.

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(c) Intangible fixed assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and jointly controlled entities incorporated into intangible assets. Please refer to note 2.1.f.(v) for initial recognition of goodwill.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Development costs

Development activities involve a plan or design for the production of new or substantively improved products and process. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the costs incurred to obtain the hydroelectric energy production license for the hydroelectric projects in the pipeline of Akfen. Development costs will be transferred to licenses when the projects are completed.

(iii) Intangible fixed assets recognized in a business combination

Customer relationships and DHMİ license are the intangible assets recognised during the purchase of HAVAŞ shares in the years 2006 and 2007 and purchase of TGS Yer Hizmetleri A.Ş. ("TGS") shares in 2009. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in IAS 38 Intangible Assets and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship are determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion is recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangibles assets those were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

50% share purchase of TGS is accounted by adopting IFRS 3 in 2009. DHMİ license and customer relations arising from the share purchase are revalued with their fair values which are determined by the independent valuation experts.

The intangible fixed assets acquired upon IDO acquisition on 16 June 2011 are the rights usufruct of terminals, usufruct right of Ambarlı Port, rental agreement for vessels, software and licences are recorded with their fair values according to IFRS 3.

(iv) Other intangible fixed assets

The other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditures

The subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure of internally generated goodwill and brands, is recognised in profit or loss as incurred.

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(vi) Amortisation

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

	Year
Licences and development cost	3-49
Sub-operation right	19-20
Other intangibles	3-5
Customer relations	10
Water service operation right	35
Port operation right	36
Usufruct right of Ambarlı Port	30
Usufruct right of Terminals	30
Vessels and rental agreement	30

DHMI licence has indefinite useful life and is tested for impairment annually.

(d) Service concession agreements

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMI. According to the BOT agreements, TAV Esenboğa and TAV İzmir have guaranteed passenger fee to be received from DHMI. The agreements cover a period up to January 2015 for TAV İzmir and May 2023 for TAV Esenboğa.

A rental agreement was signed between TAV Ege Terminal Investment Construction and Operation Co. ('TAV Ege') and DHMI on 16 December 2011 for the operation of İzmir Adnan Menderes International Airport Domestic Flights Terminal until 31 December 2032 and the operation of International Terminal from January 2015 to 31 December 2032. TAV Ege shall construct the additional building of Domestic Flights Terminal according to this agreement.

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to August 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A BOT agreement was executed between TAV Gazipaşa and DHMI on 4 January 2008 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to July 2034.

TAV Macedonia is bound by the terms of the BOT Agreements made with and Ministry of Transport and Communication of Macedonia on 24 September 2008 for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport. This agreement covers a period up to March 2030.

Mersin International Port is bound by the terms of the BOT Agreements made with TCDD and OIB. According to the BOT agreements, The Company has received a right to charge users of Mersin International Port. The agreement covers a period of 36 years till May 2043. The Company recognised an intangible asset amounting to USD 755 million (Group's share: USD 377.5 million) to the extent that it received the right from TCDD to charge users of Mersin International Port. Additionally cost of improvement of existing infrastructure of TCDD beared by the Company is recognized at its fair value as an intangible asset amounting to USD 16.2 million (Group's share: USD 8.1 million).

A BOT agreement was executed between Akfen Su Güllük and Güllük Municipality on 29 August 2006 for the public service about the drinking water procurement-facility and construction-management of cleaning of waste water for the subscribers in Güllük-Bodrum. The agreement covers a period up to August 2041.

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Akfen Su Arbiogaz Dilovası is bound by the terms of the BOT Agreements made with Dilovası Organize Sanayi Bölgesi Müdürlüğü ("OSB"). According to the BOT agreement, Akfen Su Arbiogaz Dilovası has guaranteed minimum waste water for the specified years to be received from OSB. The agreement covers a period up to August 2034. The Company recognises the guaranteed amount due from OSB as financial asset which is determined by the agreements. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

(i) Intangible assets

The Group recognizes an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Tbilisi, TAV Tunisia and TAV Macedonia are 0%, 0%, 0%, 15%, 5% and 0%, respectively.

As at 31 December 2011, total cost of airport operation right is TL 2.217.149 (Group's share: TL 579.101). (For TAV Esenboğa TL 2.217.149, for TAV İzmir TL 196.651, for TAV Tbilisi TL 222.574, for TAV Tunisia TL 1.260.931, for TAV Gazipaşa TL 52.603 and for TAV Skopje TL 211.905) (31 December 2010: total cost of airport operation right is TL 1.713.718 (Group's share: TL 447.609). (For TAV Esenboğa TL 228.475, for TAV İzmir TL 164.890, for TAV Tbilisi TL 171.648 for TAV Tunisia TL 1.048.447 and for TAV Gazipaşa TL 57.628).

The consideration receivable for the construction services delivered includes direct costs of construction and borrowing and other similar costs that are directly related to the construction of the airport and related infrastructure.

The airport operation right is amortised on a straight line basis. Amortisation for the year ended 31 December 2011 amounts to TL 15.609 (Group's share: TL 4.077) for TAV Esenboğa, TL 22.685 (Group's share: TL 5.925) for TAV İzmir, TL 9.295 (Group's share: TL 2.428) for TAV Tbilisi, TL 31.897 for TAV Tunisia (Group share TL 8.331) and for TAV Gazipaşa TL 2.134 (Group's share: TL 557). For TAV Skopje TL 3.754 (Group share: TL 981). The estimated useful life of an intangible asset in a service concession arrangement is the period from when it is available for use to the end of the concession period.

(ii) Financial assets

The Group recognizes the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa and TAV İzmir. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

As at 31 December 2011, the short and long term guaranteed passenger fee receivable from DHMİ equals to TL 278.131 (Group's share: TL 72.646) (31 December 2010: TL 275.517 (Group's share: TL 71.963)). Akfen Su Arbiogaz Dilovası recognize water supply receivable as financial asset (31 December 2010: 30.244 TL (Group share: 15.122).

(iii) Accounting for operation contract (TAV Istanbul)

The costs associated with the operations contract primarily include rental payments and payments made to enhance and improve ADAT. TAV Istanbul prepaid certain rental amounts and the prepayment is deferred as prepaid rent and is recognised over the life of the prepayment period. The expenditures TAV Istanbul incurs to enhance and improve the domestic terminal are recorded as prepaid development expenditures and are being amortised over the life of the associated contract. Any other costs associated with regular maintenance are expensed in the period in which they are incurred.

Under IFRIC 12 "Service Concession Arrangements" an operator recognises an intangible asset or financial asset received as consideration for providing construction or upgrade services or other items. In TAV Istanbul there is neither construction nor significant upgrade service provided and the contract is in operating phase. Therefore, no intangible asset or financial asset is recognised in TAV Istanbul's financial statements and the revenue and costs relating to the operation services are recognised in accordance with IAS 18 as required by IFRIC 12.

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Amortisation of the airport operation right is calculated on a straight line basis over the BOT periods of each project from the date of commencement of physical construction of the terminal.

(e) Investment property**(i) Operating investment properties**

Investment properties are those which are held either to earn income or for capital appreciation or for both. Investment properties are stated at fair value. An external independent valuation company which is authority on the subject and have the necessary professional knowledge and the latest information regarding the location of investment properties, values the portfolio each year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties except for the land in Esenyurt are determined by discounted cash flow projections based on reliable estimates of future cash flows. The fair value of the land in Esenyurt is determined based on equivalent value.

The fair value of investment properties are calculated by considering credit worthiness of lessees or the people who responsible for operating payment, distribution of maintenance and insurance of investment properties between the lessee and lessor and the useful life of investment properties when it is proper.

All necessary information is assumed to be informed timely in lease renewal term,

Any gain or loss arising from a change in fair value is recognised in the consolidated statement of comprehensive income. Rental income from investment property is accounted for as described in accounting policy in Note 2.m.

(ii) Investment property under development

Investment properties under development are those which are held either to earn income or for capital appreciation or for both. Investment properties under development are stated at fair value as operating investment properties. An external, independent valuation company that is given the licence by CMB values the portfolio each year.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

The fair value of the investment properties under development are determined by discounted cash flow projections based on reliable estimates of future cash flows of the investment properties such as IBIS Esenyurt Hotel, IBIS Adana Hotel, Esenboğa Hotel, Novotel Karaköy Hotel, IBIS İzmir Hotel, Russia Hotel and Samara Office projects except the land of Ankara Esenboğa determined by comparative method and the costs spent for Moscow and Cyprus Bafra Hotel projects using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows and also includes the expenditures required to complete the project.

(f) Leased assets**(i) The Group as lessor**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease in the consolidated statement of comprehensive income. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials where applicable, and other related costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost of trading goods and trading properties are determined on "specific identification" basis by the entities operating in construction businesses.

Trading properties comprises land and buildings that are held for trading purposes.

(h) Construction works in progress

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

The loss is recorded as expense directly when the probability which total contract costs is more than total contracts revenue exists. The changes in budgeted income because of the adjustment in work performance, work condition, provision for contract punishment and final contract result in revision of cost and revenue. The effects of revisions are reflected to the consolidated financial statement. The profit incentive is recorded as income when realization of it is guaranteed.

Contract revenue of cost plus contracts is recognized in profit or loss with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in loss.

The asset, "Due from customers for contract work" represents revenues recognised in excess of amounts billed. The liability, "Due to customers for contract work" represents billings in excess of revenues recognised.

(i) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

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(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(j) Assets classified as held for sale

Assets (or disposal groups comprising assets and liabilities) those are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period. The period profit belonged to Akfen Altyapı Danışmanlık, Akinısı, Akfen Turizm, Artı Döviz and IBS sold off in 2010 is shown under the item of 'period profit of discontinued operations after tax'.

(k) Employee benefits**Reserve for employee severance indemnity**

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were (full TL) 2.732 and TL 2.517 as at 31 December 2011 and 2010, respectively.

International Financial Reporting Standards require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2011	2010
Discount rate (%)	4,48	4,66

The above rate for salary/limit increase was determined based on the government's future targets for annual inflation.

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In Dubai, provision for employee's end of service indemnity is made in accordance with the UAE Labor Law and based on current remuneration and cumulative years of service at balance sheet date. For each year of service 21 days worth of salary per each employee is accrued for as end of service indemnity. In Libya, provision for employee's end of service indemnity has been calculated from monthly salary of each employee. In Tunisia, under Tunisia Labor Law the branch is required to pay termination benefits to each employee whose employee agreement has indefinite duration. In Tunisia project, provision for employee's end of service indemnity has not been calculated due to the fact that the employee agreements have definite duration, based on contract period. In Qatar, provision for employee's end of service indemnity has been calculated in accordance with Qatar Labor Laws and based on current remuneration and cumulative years of service as at the balance sheet date. For each year of service one month salary per each employee is accrued as end of service indemnity. In Oman, provision for employee's end of service indemnity has been calculated in accordance with Oman Labor Laws and current remuneration and cumulative years of service as at the balance sheet date. For each year of service 15 days –till three years-, 1 month –after three years- worth of salary per each employee is accrued for as end of service indemnity. There is no pension liability in Egypt and Russia.

(l) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue and expenses are recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Contract revenue of cost plus contracts is recognized in the consolidated statement of comprehensive income with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. In addition, the Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

(iii) Rental income

Rental income from investment property leased out under operating lease is recognised in the consolidated statement of comprehensive income on a straight line basis over the lease periods.

(iv) Sale of properties

Revenue from the sale of properties is recognised in the consolidated statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or recoverable.

(v) Service concession agreements

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(vi) Aviation income

Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

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(Currency: Thousands of TL)

(vii) Sale of duty free goods

Sales of goods are recognised when goods are delivered and title passes.

(viii) Catering services income

Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

(ix) Ground handling income

Ground handling income is recognised when the services are provided.

(x) Port operation income

The income from the services such as port container, shipping, marine and railway transportation service, loading, storage, logistics, etc are immediately recorded.

(xi) Marine transportation income

The income from marine transportation is consisted of vessels, ferries and local ferries. The local and intercity marine transportation services are immediately recorded as the revenue.

(xii) Other business

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Revenue from services rendered is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

(n) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of comprehensive income on a systematic basis over the useful life of the asset.

(o) Lease payments

Payments made under operating leases are recorded in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The conditional lease payments are recognized by changing the minimum lease payments during leasing period.

(p) Finance income and expenses

Finance income comprises interest income, foreign exchange gain, dividend income, unwinding of discount on guaranteed receivables with the effect of UFRYK 12 and gains on hedging instruments that are recognised in the consolidated statement of comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, currency exchange losses, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the consolidated statement of comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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(Currency: Thousands of TL)

(r) Earnings per share

The earnings per share, is calculated by dividing the consolidated statement of comprehensive income on attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

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. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

(s) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are off set if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred taxes related to measurement of fair value of asset available for sale and cash flow hedges are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realised. The amount of tax payable is net off with the amount of prepaid tax and corporate tax due to relation with each other. Deferred tax asset and liability is net off for each company

The 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 the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2011, and have not been applied in preparing these consolidated financial statements. Among those new standards, the following are expected to have effect on the consolidated financial statements of the Group:

- The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments are effective for annual periods beginning on or after 1 July 2012.

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- The amendments to IAS 12 *Deferred Tax: Recovery of Underlying Assets* introduce an exception to the general measurement requirements of IAS 12 Income Taxes in respect of investment properties measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2012.
- IFRS 10 *Consolidated Financial Statements* supersedes IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 *Joint Arrangements* supersedes IAS 31 and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers and becomes effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 19 Employee Benefits includes changes in the accounting of defined benefit plans. The amendments are effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 *Disclosure of Interests in Other Entities* contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 *Fair Value Measurement* replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance and becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 27 *Separate Financial Statements* (2011) supersedes IAS 27 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 28 *Investments in Associates and Jointly Controlled Entities* (2011) supersedes IAS 28 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.

The Group does not plan to adopt these standards early and the extent of the impact has not been determined yet.

(v) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair values of vessels acquired as a result of acquisition carried out on 16 June 2011 were determined by an independent valuation company according to the market approach.

The fair values of other tangible assets are carried at cost and are considered to approximate its respective carrying amount.

(ii) Intangible fixed assets

The fair value of intangible assets recognised as a result of a business combination is based on market values. The market value of intangible assets is the estimated amount for which an intangible could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The intangible fixed assets acquired as a result of IDO acquisition carried out on 16 June 2011 and recognized within the scope of IAS 38;

- The fair value of usufruct right of terminals was calculated by the independent valuation specialists according to the multi-period excess earnings method which is one of the income approach methods,
- The fair value of usufruct right of Ambarlı Port was determined according to the peer comparison and development approaches;
- The fair value of the rental agreement for vessels was determined according to the cost saving method;
- The fair value of software and licences was determined according to the cost approach by the independent valuation experts

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Tbilisi, TAV Tunisia and TAV Macedonia are 0%, 0%, 0%, 15%, 5% and 0%, respectively.

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The fee will be given in Exchange for construction services covered construction and borrowing costs directly related to airport and other similar costs that are directly related to infrastructure.

The fair values of other intangible assets are carried at cost and are considered to approximate its respective carrying amount.

(iii) Investment properties

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion as explained in Note 2.2.e.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(iv) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(v) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress but including service concession receivable, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

(vi) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(vii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other payables is carried out at cost and is considered to approximate its respective carrying amount.

(y) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

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Corporate Risk Management activities are executed within the Group as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or group,
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans,
- Supporting strategic processes with a risk management approach.

Akfen Holding's Corporate Risk Management activities are under the supervision of the Board of Directors.

The Board of Directors ensures the fulfilment of the risk management applications.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in construction, real estate, insurance and tourism businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey.

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are insurance company, tourism agency, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group allocated provision for losses in order to show the estimated income losses related to the receivables portfolio. The Group allocates provision for the receivables which are decided as the insolvency by the court.

The Group, following its trade receivables collectability in periodically, the allowance is provided for receivables that are legally insolvent, potential losses may arise from doubtful receivables based on past years collection rates and specific doubtful receivables. Following the allowance, in the case of whole or a part of the doubtful receivables collection, collected amount will deducted from allowed amount and related with profit or loss.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's jointly controlled entities, TAV Havalimanları and MIP use derivatives, in order to hedge market risks. The Group's subsidiaries Beyobaşı Çamlıca and İdeal also use derivatives. The Group will benefit from the derivative instruments in accordance with loan agreements and make hedging contracts.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Group keeps part of its cash in foreign currencies.

As at 31 December 2011, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily the USD and Euro which are disclosed within the relevant notes to these consolidated financial statements. There are subsidiaries within the Group which manages the currency risk by maintaining USD and TL cash balances and using some financial instruments as stated in the Note 39.

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TAV Istanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its concession instalments that will be paid to DHMI.

The Group uses derivative financial instruments to manage its exposure to currency risk on its bank borrowings. This is achieved by entering into swap contracts.

Interest rate risk

The activities of the Group are exposed to the risk of interest rate fluctuations to the extent that 75% of Akfen Holding and its subsidiaries bank borrowings and 92% of the jointly controlled entities borrowings obtained by floating interest rates.

The Group is also exposed to basis risk for its floating rate borrowings, which is the difference in repricing characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies. The Group also buys certain derivatives in order to manage its exposure to interest rate risk, such as interest rate swap contracts.

MIP hedged its 81 % of the senior debt loan amounting to USD 512 millions (Group share: USD 256 millions) with floating interest rate against the exposure to market fluctuations in interest rate payments by interest rate swap. The Group, will make interest rate hedging contract in accordance with HES loan agreements. Group, also hedged its 73% Hes loan. Tav Havalimanları adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis accordingly. TAV Havalimanları has signed swap agreements in relation to loans with variable interest rates.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate available line of credit.

(v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit and Risk Management. The results of Internal Audit and Risk Management reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

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Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

2.3 Significant accounting assessment, estimates and assumptions

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- Note 2.2.(d)- Cost plus application to contract costs in accordance with IFRIC 12
- Note 21- Goodwill

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The information related to the estimates which have a significant effect on the amounts recorded in the consolidated financial tables are explained in the following footnotes:

- Note 18 - valuation of investment property
- Notes 19 and 20 - economic useful lives of tangible and intangible assets, impairment on tangible assets
- Note 25 - reserve for employee severance indemnity
- Note 23 - provisions and liabilities due to the conditions
- Note 29 - income from construction contracts
- Note 36 - utilisation of financial losses
- Notes 23 and 39 - provision for doubtful receivables, valuation of financial instruments.

3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

Acquisition of 100% shares of Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

Share purchase agreement has been signed on 16 June 2011 with an amount of USD 861 million (group's share: USD 258.3 million) TL equivalent is TL 1.390.773 (Group's share: TL 417.232) between Istanbul Metropolitan Municipality, other shareholders and Tass, which was established by Akfen Holding, Tepe İnşaat Sanayi A.Ş., Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly controlled entities for taking over the shares of İDO İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") with the block sale method in the context of Privatization Law numbered 4046. Akfen Holding holds 30% shares of Tass. The transaction price is fully paid on the agreement date and takeover of the İDO shares was completed.

İDO was merged with TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş., the major shareholder, on 26 December 2011 in accordance with the provisions of articles 37, 38 and 39 of Corporate Tax Code and the article 451 of Turkish Commercial Code provided that all present assets and liabilities should be taken over.

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Results of operations of IDO as at 31 December 2011 are included in the accompanying consolidated financial statements beginning from the acquisition date. If the acquisition had occurred on 1 January 2011, it is estimated that consolidated revenue and income would have been higher by TL 50.873 and TL 3.737, respectively. The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	Preacquisition carrying amounts	Fair value adjustment	Recognized values on acquisition
Property, plant and equipment	19	148.089	12.687	160.776
Intangible fixed assets	20	77	284.938	285.015
Other assets		15.365	762	16.127
Cash and cash equivalents		16.265	-	16.265
Financial liabilities		(37.465)	-	(37.465)
Other liabilities		(14.622)	-	(14.622)
Deferred tax liability		-	(345)	(345)
Identifiable assets and liabilities		127.709	298.042	425.751
Negative goodwill on acquisition				(8.519)
Consideration paid				(417.232)
Cash acquired				16.265
Net cash outflow				(400.967)

The recorded values before the acquisition were calculated according to the International Financial Reporting Standards immediately before the acquisition date.

(*) The negative goodwill on acquisition was recognized as gain bargain purchase under other income.

Acquisition of 45% shares of RHI and RPI belonged to KASA BV

On 29 July 2011, 45% of shares belonging to Kasa BV regarding to Russian Hotel and Russian Property has been purchased by Akfen GYO in exchange for EUR 4.352.000 (TL 10.624). Net book value and fair value of acquired assets and liabilities are shown in TL currency as below:

	Preacquisition carrying amounts	Fair value adjustment	Recognized values on acquisition
Property, plant and equipment	15	-	15
Investment properties (*)	57.373	-	57.373
Other assets	6.573	-	6.573
Cash and equivalents	524	-	524
Financial liabilities	(35.496)	-	(35.496)
Other liabilities	(6.476)	-	(6.476)
Identifiable assets and liabilities	22.513	-	22.513
Gain on bargain purchase(negative goodwill) (**)			(11.889)
Consideration paid			(10.624)
Cash acquired			524
Net cash outflow			(10.100)

(*) The investment properties were recognized according to the fair values.

(**)The negative goodwill because of acquisition was recognized in the other income title that is caused from buying on bargain.

Book value before acquisition is calculated according to International Financial Reporting Standarts just before the date of acquisition.

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Acquisition of 50% shares of Havaş Europe:

Havaş, the subsidiary of Tav Havalimanları, bought 550 shares of Havaş Europe on 12 April 2010 by paying EUR 3.250.000 (Group share: EUR 840.000) from Baltic Aviation. After the transfer of 50% shares of HAVAŞ Europe, that provides ground services in Latvia Riga International Airport and Helsinki International Airport, HAVAŞ Europe was subjected to the proportional consolidation in the financial charts of the Group.

The recorded values before the acquisition were calculated according to the IFRS which were valid immediately before the acquisition date. The fairvalues of the identifiable assets, liabilities and conditional liabilities were recognized according to the estimated fair values determined by the acquisition date.

The fair values of the customer relations acquired were determined according to the additional profit method.

The customer relations in TL 1.224 (Group share: TL 318) in the scope of the purchase accounting were recorded under the intangible fixed assets item in accordance with IFRS 3.

Identifiable assets acquired and liabilities assumed	Recognised values on acquisition
Property and equipment	45
Intangible assets	320
Other investments	-
Other non-current assets	66
Inventories	11
Trade receivables	42
Cash and cash equivalents	4
Other Assets	32
Loans and borrowings	(27)
Trade payables	(71)
Deferred tax liabilities	(48)
Other liabilities and tax payables	(57)
Total identifiable net assets	317
Goodwill	1.401
Foreign currency translation effect	73
Total consideration, satisfied by cash	1.791
Cash consideration paid	1.791
Foreign currency translation effect	(73)
Cash and cash equivalents acquired	(4)
Net cash outflow arising on acquisition	1.714

Acquisition of additional shares**Acquisition of 16.67% shares of Havaş Europe:**

HAVAŞ acquired the additional 16.67% shares of HAVAŞ Europe on 21 December 2011 by paying EUR 1.001.418 (Group share: EUR 261.570) and increased its total share from 50% to 66.67%. After the transfer of 16.67% shares, HAVAŞ Europe is fully consolidated with the non-controlling interests, ownership reflected as non-controlling interest.

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Identifiable assets acquired and liabilities assumed	Recognised values on acquisition
Property and equipment	3.569
Intangible assets	1.560
Other non-current assets	41
Deferred tax assets	31
Inventories	57
Trade receivables	564
Due from related parties	1
Cash and equivalents	43
Other assets	249
Financial liabilities	(2.495)
Trade payables	(926)
Due to the related parties	(22)
Other payables	(1.064)
Provisions	(342)
Deferred tax liability	(210)
Total identifiable net assets	1.056
Cash consideration paid	645
Total identifiable net assets	(1.056)
Fair value of non-controlling interest	352
Fair value of previously held interest	528
Foreign currency translation effect	(6)
Total consideration	463
Cash consideration paid	645
Foreign currency translation effect	6
Cash and equivalents acquired	(22)
Net cash outflow arising on acquisition	629

4 JOINTLY CONTROLLED ENTITIES

The consolidated financial statements, which have been consolidated by using the proportional consolidation method Jointly controlled entities' total current assets, liabilities and net profit of the period are as follows:

Statement of financial position	2011	2010
Current assets	2.953.178	2.236.764
Non-current assets	6.553.926	4.274.539
Current liabilities	(2.164.284)	(1.604.113)
Non-current liabilities	(5.602.006)	(3.513.307)
Net Assets	1.740.814	1.393.883

Statement of comprehensive income	2011	2010
Total revenues and income	4.153.266	3.066.268
Total expenses and costs	(4.144.537)	(2.923.862)
Profit for the period	8.729	142.406

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42,50% (2010: 42,50%) equity shareholding with equal voting power, in Tav Yatırım, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of Tav Yatırım, is as follows:

Statement of financial position	2011	2010
Current assets	900.056	680.424
Non-current assets	332.391	195.174
Current liabilities	(830.680)	(560.944)
Non-current liabilities	(297.550)	(224.256)
Net Assets	104.217	90.398
Statement of comprehensive income	2011	2010
Total revenues and income	1.295.995	1.038.621
Total expenses and costs	(1.295.518)	(1.042.064)
Profit / (loss) for the period	477	(3.443)

26,12% (2010: 26,12%) equity shareholding with equal voting power, in Tav Havalimanları, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of Tav Havalimanları, is as follows:

Statement of financial position	2011	2010
Current assets	1.724.774	1.367.892
Non-current assets	3.361.382	2.811.195
Current liabilities	(1.070.038)	(904.560)
Non-current liabilities	(2.641.667)	(2.167.224)
Net Assets	1.374.451	1.107.303
Statement of comprehensive income	2011	2010
Total revenues and income	2.188.549	1.686.175
Total expenses and costs	(2.068.048)	(1.583.484)
Profit / (loss) for the period	120.501	102.691

50% (2010: 50%) equity shareholding with equal voting power, in MIP, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of MIP, is as follows:

Statement of financial position	2011	2010
Current assets	272.438	171.860
Non-current assets	1.345.843	1.121.329
Current liabilities	(105.299)	(69.514)
Non-current liabilities	(1.298.280)	(1.081.186)
Net Assets	214.702	142.489
Statement of comprehensive income	2011	2010
Total revenues and income	380.086	304.292
Total expenses and costs	(317.360)	(254.685)
Profit for the period	62.726	49.607

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49,98% (2010: 49,98%) equity shareholding with equal voting power, in Akfen Su, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of Akfen Su, is as follows:

Statement of financial position	2011	2010
Current assets	272.438	171.860
Non-current assets	1.345.843	1.121.329
Current liabilities	(105.299)	(69.514)
Non-current liabilities	(1.298.280)	(1.081.186)
Net assets	214.702	142.489

Statement of comprehensive income	2011	2010
Total revenues and income	380.086	304.292
Total expenses and costs	(317.360)	(254.685)
Profit for the period	62.726	49.607

30% (2010: 0%) equity shareholding with equal voting power, in IDO, a jointly controlled entity established in İstanbul. As at 31 December 2011 total assets and liabilities and summary statement of income of IDO, is as follows. (The income table includes the period between 16 June 2011, the purchase date of IDO, and 31 December 2011):

Statement of financial position	2011
Current assets	42.960
Non-current assets	1.465.296
Current liabilities	(137.972)
Non-current liabilities	(1.334.139)
Net Assets	36.145

Statement of comprehensive income	2011
Total revenues and income	277.179
Total expenses and costs	(451.933)
Loss for the period	(174.754)

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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50% equity shareholding as at 31 December 2010 with equal voting power, in RHI and RPI, a jointly controlled entity established in Netherland. Akfen Ticaret taken over 45% shares of Kasa BV which were belonged to RHI and RPI companies on 29 July 2011 and thus Akfen GYO had the control power in RHI and RPI. As at 31 December 2010 total assets and liabilities and summary statement of income of RHI and RPI, as is follows:

Statement of financial position	2010 RHI	2010 RPI
Current assets	1.278	5.686
Non-current assets	80.110	19.152
Current liabilities	(33.628)	(15.985)
Non-current liabilities	(18.420)	(5)
Net assets	29.340	8.848
Statement of comprehensive income	2010 RHI	2010 RPI
Total revenues and income	17.368	1.795
Total expenses and costs	(16.346)	(5.572)
Profit for the period (loss)	1.022	(3.777)

5 SEGMENT REPORTING

For management purposes, the Group is currently organised into eight operating segment of which results and the performance are reviewed regularly by the Group's board of directors. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management.

The information regarding the results of each reportable segment is for Tav Yatırım, Akfen İnşaat, Akfen GYO, HES I-II-III, MIP, Akfen Su and Tav Havalimanları.

Others

Subsidiaries and jointly controlled entities in other operations segment are Akfen Enerji, Simer, PSA Liman, Hyper Foreign, and Alsim Alarko. Akfen Holding is included in the other industrial segment as well.

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

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1 January - 31 December 2011	TAV Yatırım	Akfen İnşaat	Akfen GYO	HES I-II-III	MIP	Akfen Su	TAV Havalimanları	IDO	Other	Inter segments eliminations	Total
External revenues	500.192	-	27.621	29.054	187.040	4.036	532.185	72.937	518	-	1.353.583
Inter segment revenue	48.026	166.717	-	351	145	123	12	15.296	15.296	(230.670)	-
Total sales	548.218	166.717	27.621	29.405	187.185	4.159	532.197	72.937	15.814	(230.670)	1.353.583
Cost of sales	(522.625)	(153.712)	(3.565)	(14.685)	(89.667)	(1.924)	(368.698)	(47.657)	(1.144)	194.951	(1.008.726)
Gross profit / (loss)	25.593	13.005	24.056	14.720	97.518	2.235	163.499	25.280	14.670	(35.719)	344.857
General administrative expenses	(10.087)	(27.615)	(7.174)	(3.797)	(10.990)	(1.529)	(87.301)	(8.399)	(19.333)	18.043	(158.182)
Other operating income	250	7.805	295.422	498	-	58	21.765	8.977	3.862	(3.853)	334.784
Other operating expense	(6.851)	(9.117)	(8.197)	(7.862)	(320)	-	(1.665)	(481)	(5.400)	212	(39.681)
Operating profit / (loss)	8.905	(15.922)	304.107	3.559	86.208	764	96.298	25.377	(6.201)	(21.317)	481.778
Financial profit / loss (net)	(7.001)	(17.390)	(47.177)	(83.804)	(39.612)	(826)	(40.683)	(77.802)	(82.554)	-	(396.849)
Profit of continuing operations before tax / (loss)	1.904	(33.312)	256.930	(80.245)	46.596	(62)	55.615	(52.425)	(88.755)	(21.317)	84.929
Tax income (expense) for the period	(1.704)	(934)	(33.395)	15.540	(15.233)	99	(24.140)	-	14.226	-	(45.541)
Profit of continuing operations after tax / (loss)	200	(34.246)	223.535	(64.705)	31.363	37	31.475	(52.425)	(74.529)	(21.317)	39.388
Profit (loss) for the period attributable to the parent of the Company	2.317	(34.246)	201.104	(65.225)	31.363	(458)	32.321	(52.425)	(74.552)	(104.923)	(64.724)
Depreciation and amortization expenses	5.969	496	68	7.151	20.542	214	39.237	9.134	492	-	83.303
Investments of tangible and intangible assets	6.936	530	64	216.496	14.631	156	65.846	1.425	758	-	306.842
31 December 2011											
Segment assets	523.789	372.855	1.128.520	864.506	809.138	30.033	1.328.461	452.477	1.408.948	(1.479.758)	5.438.969
Segment liabilities	479.496	184.505	342.694	550.968	701.787	17.185	969.468	441.633	736.240	(136.888)	4.287.088

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

	Akfen			TAV			Inter segments			
	TAV Yatırım	İnşaat	Akfen GYO	HES I-II-III	MIP	Akfen Su	Havaimanları	IDO	Other eliminations	Total
1 January - 31 December 2010										
External revenues	407.559	16.418	18.471	1.146	150.131	8.275	392.103	134	-	994.237
Inter segment revenue	27.269	145.809	-	884	-	-	-	16.730	(190.692)	-
Total sales	434.828	162.227	18.471	2.030	150.131	8.275	392.103	16.864	(190.692)	14.292
Cost of sales	(427.317)	(141.214)	(2.090)	(2.735)	(80.244)	(6.888)	(277.177)	-	158.151	(9.387)
Gross profit/ (loss)	7.511	21.013	16.381	(705)	69.887	1.387	114.926	16.864	(32.541)	214.723
General administrative expenses	(10.168)	(25.958)	(4.223)	(4.000)	(8.811)	(1.127)	(72.790)	(26.178)	18.043	(135.212)
Other operating income	1.229	11.181	131.066	8.758	-	25	20.584	14.182	(7.031)	179.994
Other operating expense	(203)	(8.403)	(6.611)	(46)	-	-	-	(952)	2.569	(13.646)
Operating profit / (loss)	(1.631)	(2.167)	136.613	4.007	61.076	285	62.720	3.916	(18.960)	245.859
Financial profit / loss (net)	439	(1.802)	(7.667)	(11.437)	(30.400)	397	(29.753)	(53.431)	-	(133.654)
Profit of continuing operations before tax / (loss)	(1.192)	(3.969)	128.946	(7.430)	30.676	682	32.967	(49.515)	(18.960)	112.205
Tax income (expense) for the period	(268)	215	(8.015)	3.159	(5.872)	(487)	(6.142)	(75)	-	(17.485)
Profit of continuing operations after tax / (loss)	(1.460)	(3.754)	120.931	(4.271)	24.804	195	26.825	(49.590)	(18.960)	94.720
Profit (loss) for the period attributable to the parent of the Company	(451)	(3.754)	120.709	(4.221)	24.803	682	25.857	(48.416)	(43.382)	71.827
Depreciation and amortization expenses	5.950	591	55	2.307	18.787	240	30.928	522	-	59.380
Investments of tangible and intangible assets	7.795	585	17	225.166	11.052	452	64.226	615	-	309.908
31 December 2010										
Segment assets	372.132	342.010	699.005	647.199	646.592	25.777	1.091.544	1.198.614	(1.303.807)	3.719.066
Segment liabilities	333.712	119.414	236.253	380.728	575.349	12.101	802.326	443.865	(139.467)	2.764.281

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

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6 CASH AND CASH EQUIVALENTS

At 31 December, cash and cash equivalents comprised the following:

	2011	2010
Cash	1.411	673
Banks	162.828	151.814
-Demand deposit	83.355	76.654
-Time deposit	79.473	75.160
Project, reserves and fund accounts	300.165	254.479
Other cash and equivalents ⁽¹⁾	54.186	15.603
Cash and equivalents	518.590	422.569
Project, reserves and fund accounts	(300.165)	(254.479)
Bank overdrafts used for cash management purposes	-	(1.741)
Cash and equivalents in the statement of cash flow	218.425	166.349

⁽¹⁾ As at 31 December 2011 TL 53.414 (31 December 2010: TL 11.844) of cash and equivalents is consists of overnight repo, which belongs to Akfen Holding.

As at 31 December the distribution of the cash and cash equivalents of the company is as follows:

	2011	2010
Tav Havalimanları	266.765	215.344
MIP	101.243	56.490
Akfen Holding	61.864	15.552
Tav Yatırım	56.886	54.674
HES I-II-III	14.492	63.979
Akfen GYO	7.792	1.305
Akfen Su	3.484	790
Akfen İnşaat	2.744	14.251
IDO Denizcilik	2.721	-
Other	599	184
Total	518.590	422.569

As at 31 December 2011 and 31 December 2010 the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

Currency	2011	2010
Qatari Riyal	29.480	6.499
TL	22.411	29.943
USD	14.125	7.371
Euro	2.928	28.009
Other	14.411	4.832
	83.355	76.654

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

The details of the time deposits, due dates and interest rates of the Group as at 31 December are as follows:

Currency	Due date	Interest rate %	2011
TL	January 2012	5,75 - 12,05	30.194
USD	January 2012	0,50 - 5,74	25.916
Euro	January 2012	1,00 - 5,67	23.363
			79.473

Currency	Due date	Interest rate %	2011
TL	January 2011	0,15-9,00	32.991
USD	January 2011	0,50-4,75	3.050
Euro	January 2011-February 2011	1,25-4,50	13.812
Qatari Riyal	January 2011	3,00	25.307
			75.160

Project Reserve Accounts

TAV Havalimanları and MIP, has Project and Reserve accounts, regarding the agreements made with banks, in order to fund their projects. These accounts can only be used for the purposes which are mentioned in terms and conditions of the agreements. Project and reserve amounts in cash and cash equivalents are amounting to TL 218.032 (2010: TL 197.988), TL 77.705 (2010: TL 56.491), TL 467 and TL 3.961 belongs to TAV Havalimanları, MIP, Akfen Su and HES companies, respectively.

The details of the project reserve accounts and interest rates of the Group as at 31 December 2011 and 31 December 2010 are as follows:

Currency	Interest rate %	2011
TL	3,50-9,70	59.359
USD	0,10-9,00	80.924
Euro	0,08-4,50	158.294
Other		1.588
		300.165

Currency	Interest rate %	2011
TL	1,50-9,00	52.497
USD	0,24-3,00	62.434
Euro	0,10-2,75	138.391
Other		1.157
		254.479

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 39.

As at 31 December 2011 and 2010, there is no pledge on bank accounts except as disclosed.

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

7 FINANCIAL INVESTMENTS

Short-term financial investments

As at 31 December the short-term financial investments are as follows:

	2011	2010
Government bonds available for sale	-	5.671
	-	5.671

As at 31 December 2010 the maturity and interest rate of government bonds are 2020 and 5,25% with coupon payments every six months.

Long-term financial investments

At 31 December, the Group holds equity investments in the following companies:

	Ownership (%)	2011	Ownership (%)	2010
Batı Karadeniz Elekt. Dağıtım ve Sis. AŞ	12,5	1.493	12,5	1.493
TAV Urban Georgia LLC	-	-	4,5	2.368
Other		151		152
Sub total		1.644		4.013
Less: Impairment of investment		(1.493)		(1.493)
Total financial assets		151		2.520

Since the effect of the investments or the ownership rates of the Group on these investments were low, they have been stated at cost in the accompanying consolidated financial statements as at 31 December 2011 and 2010.

Akfen İnşaat decided to sell all shares corresponding to 4,5% of the company capital in TAV Urban Georgia LLC to TAV Havalimanları A.Ş. in equivalent Turkish Liras for USD 3.862.000 on 25 March 2011. The partnership of Akfen İnşaat in TAV Urban Georgia LLC was terminated with the share sale.

The provision for losses was booked as at 31 December 2011 and 31 December 2010 since any profit was not expected in the future from the investments of the Group in Batı Karadeniz Elektrik Dağıtım ve Sistemleri A.Ş.

8 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 39.

The Group's financial liabilities as at 31 December are as follows:

	2011	2010
Current liabilities		
Secured bank loans	86.527	65.975
Unsecured bank loans	26.919	25.683
Current portions of non-current secured bank loans	511.296	273.459
Current portions of non-current unsecured bank loans	10.768	336
Current portions of long-term issued bonds	103.512	1.722
Interest free spot loans	-	1.741
Short term finance lease obligations	4.400	1.770
	743.422	370.686
Non-current liabilities		
Non-current secured bank loans	2.603.444	1.764.370
Non-current unsecured bank loans	35.683	317
Non-current issued bonds	80.000	100.000
Long term finance lease obligations	11.597	11.346
	2.730.724	1.876.033

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

The Group's bank loans, bonds and lease borrowings as at 31 December are as follows:

	2011	2010
Bank loans	3.274.637	2.131.881
Bonds	183.512	101.722
Finance lease obligations	15.997	13.116
	3.474.146	2.246.719

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2011 are as follows:

	Current liabilities	Non-current liabilities	Total
Akfen Holding	261.878	454.364	716.242
Akfen İnşaat	20.080	51.506	71.586
Akfen GYO	118.982	166.756	285.738
Akfen HES I-II-III	83.796	372.967	456.763
Akfen Su	1.524	14.117	15.641
MIP	23.791	568.800	592.591
TAV Yatırım	68.966	46.062	115.028
TAV Havalimanları	126.995	651.327	778.322
IDO	33.010	393.228	426.238
	739.022	2.719.127	3.458.149

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2010 are as follows:

	Current liabilities	Non-current liabilities	Total
Akfen Holding	76.329	356.163	432.492
Akfen İnşaat	398	575	973
Akfen GYO	47.629	164.563	212.192
Akfen HES I-II-III	62.406	272.711	335.117
Akfen Su	487	10.030	10.517
MIP	16.561	489.988	506.549
TAV Yatırım	43.342	31.950	75.292
TAV Havalimanları	121.764	538.707	660.471
	368.916	1.864.687	2.233.603

Conditions and repayment schedules

The repayment schedules of the bank loans and issued bonds of the Group as at 31 December according to the original maturities are as follows:

	2011	2010
Within 1 year	739.022	368.916
1 – 2 years	726.265	417.780
2 – 3 years	358.878	361.060
3 – 4 years	364.007	134.319
5 years and more	1.269.977	951.528
	3.458.149	2.233.603

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

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Since most of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk. The interest rates of the floating interest rate loans in Euro, USD and TL currencies as at 31 December 2011 change between 1,54% – 7,50%, 0,13% – 8,00% and 3,51% – 5,13% (31 December 2010: 1,50% – 7,50% , 1% – 4,50%), respectively.

The interest rates of the fixed rate loans in Euro, USD and TL currencies as at 31 December 2011 are 3,75%- 6,95% , 3,50% - 9,95% and 10 %- 16,88% (31 December 2010: 3,75%- 8% , 3,50%- 9,95% and 6,95%- 10,00%), respectively. As stated in the Note 9, 80,67% of the floating interest rate loan of MIP and 72,92% floating interest rate loan of HES I group companies were fixed with interest rate swap. 100%, 49%, 100%, 50%, 85% and 100% floating interest rate loans of TAV İstanbul, TAV İzmir, TAV Esenboğa, HAVAŞ, TAV Tunisia and TAV Macedonia, respectively, were fixed with interest rate swap.

The project loans were borrowed in order to finance the construction of the Build – Operate – Transfer projects of the Group, TAV Esenboğa, TAV İzmir, TAV Georgia, TAV Macedonia and TAV Tunisia companies and to finance prepaid expense of TAV İstanbul to DHMI; financing for the privatization cost of Turkish State Railways Mersin Port; the investment in hydroelectric power plants included in HES I and HES II companies; to finance of the hotel projects to be constructed in the scope of the framework contracts signed with Accor SA; financing of Akfen Su Arbiogaz Dilovası and Akfen Su Güllük investments and to finance the privatization of 100 % shares of İDO.

The total bank project loans is TL 2.454.373 as at 31 December 2011 and its share in total loans is 70,97%. The details of the loans and borrowings for each subsidiaries and partnerships controlled jointly are given below.

Akfen Holding:

The breakdown of bank loans as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	ABD Doları	Libor+3,5	2014	41.976	42.229
Secured bank loans ⁽¹⁾	ABD Doları	7,8	2013	5.667	5.832
Secured bank loans ⁽²⁾	ABD Doları	9,95	2015	141.668	144.287
Bond ⁽³⁾	TL	5,13 ⁽⁴⁾	2012	100.000	103.382
Secured bank loans ⁽⁴⁾	Avro	Euribor+4,2	2014	192.352	196.278
Secured bank loans ⁽⁵⁾	ABD Doları	7,4	2014	18.889	18.957
Secured bank loans ⁽⁵⁾	ABD Doları	6,9	2014	34.000	35.284
Secured bank loans ⁽⁵⁾	ABD Doları	6,85	2012	14.167	14.563
Secured bank loans ⁽⁶⁾	ABD Doları	6,75	2013	18.889	19.295
Secured bank loans ⁽⁶⁾	ABD Doları	6,25	2013	20.778	21.127
Secured bank loans ⁽¹⁾	ABD Doları	7,88	2013	9.445	9.550
Secured bank loans ⁽¹⁾	ABD Doları	8,10	2013	24.556	25.026
Secured bank loans ⁽⁷⁾	TL	16,88 ^(*)	2013	301	302
Bond ⁽⁸⁾	TL	3,51 ^(***)	2013	80.000	80.130
				702.688	716.242

⁽¹⁾ Sureties given by Hamdi Akin and Akfen İnşaat

⁽²⁾ 1/1 cash collateral. Annual 9,20% gross interest rate and USD as the credit security are held as the deposit.

⁽³⁾ As at 5 March 2010 bonds are showing the, payables arising from the bonds which have maturity of two years and coupon payment of 182 days, with a floating interest rate amounting to TL 100.000. the 4th term coupon payment date is 2 March 2012.

⁽⁴⁾ 86,988,875 shares pledged on Akfen GYO.

⁽⁵⁾ The sureties are given by Akfen İnşaat.

⁽⁶⁾ The sureties are given by Akfen İnşaat, Akfen Turizm, Akinisi and Hamdi Akin.

⁽⁷⁾ It is İş Yatırım share buying loan; 42.000 Holding shares are in the safe custody account of İş Yatırım in the frame of Share Buyback Programme.

⁽⁸⁾ The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 1st period coupon payment date is 27 March 2012.

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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^(*)The interest of 4th period coupon payment according to the net additional income rate (2 March 2012). The coupon payments shall be made in every 182 days.

^(**)The overnight interest rate charged to share purchasing loans.

^(***)The interest of 1st period coupon payment according to the net additional income rate (27 March 2012). The coupon payments shall be made in every 91 days.

The breakdown of bank loans as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	ABD Doları	Libor+3,5	2014	48.098	48.963
Secured bank loans ⁽²⁾	ABD Doları	9,95	2015	115.950	118.072
Bond ⁽³⁾	TL	5,21*	2012	100.000	101.722
Secured bank loans ⁽⁴⁾	Avro	Euribor+3,0	2012	161.285	163.679
Interest free spot loan	TL	-	2011	56	56
				425.389	432.492

⁽¹⁾ The sureties are given by Hamdi Akin and Akfen İnşaat

⁽²⁾ Loan with 1/1 cash provision. USD is held as the deposit with annual 9,20% gross interest in the same amount with the loan as the credit surety.

⁽³⁾ The liability which has maturity of 2 years and coupon payment of 182 days with a floating interest rate amounting to TL 100.000 as at 5 March 2010. The 2nd period coupon payment date is 4 March 2011.

⁽⁴⁾ The surety is 103,224,000 pledge of shares of Akfen GYO.

^(*)The interest of 2nd period coupon payment according to the net additional income rate (4 March 2012). The coupon payments shall be made in every 182 days.

The repayment schedules of the bank loans are as follows:

	31 December 2011	31 December 2010
Within 1 year	261.878	76.329
1 – 2 years	247.154	240.816
2 – 3 years	100.551	22.167
3 – 4 years	106.659	14.257
5 years and more	-	78.923
	716.242	432.492

Akfen İnşaat:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	7,20	2014	434	447
Secured bank loans ⁽²⁾	USD	6,90	2014	22.667	23.522
Secured bank loans ⁽²⁾	TL	1,15*	2013	3.191	3.324
Secured bank loans ⁽²⁾	TL	1,18*	2013	3.689	3.783
Secured bank loans ⁽²⁾	TL	1,20*	2012	1.140	1.206
Secured bank loans ⁽²⁾	TL	1,15*	2013	1.026	1.099
Secured bank loans ⁽²⁾	TL	1,18*	2013	932	954
Secured bank loans ⁽³⁾	USD	7,80	2013	9.445	9.720
Secured bank loans ⁽³⁾	USD	8,10	2013	18.889	19.251
Secured bank loans ⁽²⁾	USD	7,98	2013	7.556	7.619
Secured bank loans ⁽²⁾	TL	1,27*	2014	656	661
				69.625	71.586

⁽¹⁾ The sureties are given by Hamdi Akin

⁽²⁾ The sureties are given by Akfen Holding.

⁽³⁾ The loan, of which, sureties are given by Akfen Holding and Hamdi Akin.

^(*) Monthly interest rates.

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	7,2	2014	522	850
Interest free spot loan	TL	-	2011	123	123
				645	973

⁽¹⁾ The sureties are given by Hamdi Akin.

Redemption schedules of bank loans of according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	20.080	398
1 – 2 years	44.572	252
2 – 3 years	6.934	231
3 – 4 years	-	92
5 years and more	-	-
	71.586	973

Akfen GYO:

The breakdown of bank loans as at 31 December 2011 and 31 December 2010 are given below:

	2011	2010
Akfen GYO	202.465	185.162
RHI	65.932	20.033
RPI	17.341	6.997
	285.738	212.192

Akfen GYO:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loans ⁽¹⁾	Euro	Euribor +3.75	2020	158.349	160.092
Unsecured bank loans ⁽²⁾	Euro	Euribor +3.70	2015	29.326	29.835
Secured bank loans ⁽³⁾	TL	10	2016	12.241	12.538
				199.916	202.465

The breakdown of bank loans as at 31 December 2010 is given below:

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	Euro	Euribor + 4.75	2019	138.377	138.377
Secured bank loans ⁽²⁾	Euro	Euribor + 3.70	2015	31.222	31.222
Secured bank loans ⁽³⁾	TL	10.00	2016	15.563	15.563
				185.162	185.162

⁽¹⁾ The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ ("İş Bankası") and Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") to finance the ongoing hotel projects based on the Framework Agreement signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. Based on the loan agreement, the Company pays commitment commission which is calculated as an annual rate of 1.25% on the unused portion of the loan at each quarter from the agreement date till the maturity date. The Company also pays 0.50% of the amount used in the portion as arrangement commission at each disbursement from TSKB and 1.00% of the related amount as commission. As at 31 December 2011, Akfen GYO used the portion of the loan amounting to EUR 74,10 millions. The Company recognises loan commission accrual amounting to TL 168 for the unused portion of EUR 25,90 millions. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and the land on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors,
- Rental revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favour of the creditors,
- Sureties of Akfen Holding and Akfen İnşaat are given for the completion guarantee of the related projects,
- 1st, 2nd and 3rd independent divisions recognised in the inventories and 50% owned by the Akfen Ticaret AŞ are pledged on behalf of Akfen GYO in favour of banks.

⁽²⁾ The loan was borrowed against the letter of guarantee provided from ING European Financial Services Plc and ING Bank A.Ş. for refinancing of the bank borrowings obtained from various banks for financing the construction of Mercure Hotel in Northern Cyprus. The letter of guarantee provided from ING Bank A.Ş. is secured by the followings.

- According to the pledge of shares contract signed between Akfen GYO and ING bank A.Ş. on 8 September 2008, 279,996 shares of Akfen GYO in Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. amounting TL 7.000 were pledged to ING Bank A.Ş.
- Rental revenue of the casino in Mercure Hotel in Northern Cyprus is transferred to the creditors,
- Rental revenue of Mercure Hotel in Northern Cyprus is transferred to the creditors,
- Sureties of Akfen GYO is given for the total outstanding loan amount,
- The right of tenancy of TRNC Mercure Hotel is pledged in favor of ING Bank A.Ş.

⁽³⁾ Bank borrowings obtained from Türkiye Kalkınma Bankası AŞ for financing construction of Mercure Hotel in Northern Cyprus is secured by the followings:

- Letter of guarantees from various banks are obtained for 105% loan amount,
- The surety is given by Akfen İnşaat, the shareholders' of Akfen GYO, for the total outstanding loan amount.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	35.709	28.582
1 – 2 years	30.389	27.899
2 – 3 years	29.386	24.802
3 – 4 years	29.257	23.717
5 years and more	77.724	80.162
	202.465	185.162

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

RHI:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2012	63.010	65.932
				63.010	65.932

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2012	20.033	20.033
				20.033	20.033

It is the loan of RHI borrowed from Credit Europe Bank. RHI presented the land in Samara city where it shall make construction and 100% shares of YaroslavlOtelInvest and SamstroyKom as the security. Akfen GYO and Akfen Ticaret severally presented surety in the amount of bank loan.

RPI:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2012	17.107	17.341
				17.107	17.341

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2010	6.997	6.997
				6.997	6.997

It is the loan of RPI borrowed from Credit Europe Bank. RPI presented the land in Samara city where it shall make construction and 100% shares of Volgostroykom as the security. Akfen GYO and Akfen Ticaret have joint and several surety in the amount of bank loan.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	83.273	19.047
1 – 2 years	-	7.983
2 – 3 years	-	-
3 – 4 years	-	-
5 years and more	-	-
	83.273	27.030

Akfen HES:

The breakdown of bank loans as at 31 December 2011 and 31 December 2010 are given below:

	2011	2010
Akfen HES I	310.341	300.597
Akfen HES II	146.422	34.520
	456.763	335.117

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

Akfen HES I:

The breakdown of bank loans as at 31 December 2011 is given below

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+6,5	2013-2020	314.903	310.341
				314.903	310.341

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+6,5	2013-2020	306.819	300.579
Interest free spot loan	TL	--	2011	18	18
				306.837	300.597

The loans of HES I companies are secured up to 72,92 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Group in HES I and HES I subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES I as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract,
- Assignment of Go-risk receivables
- Assignment of Project incomes,
- Commercial enterprise pledge.

The capital commitment undertake/guarantee is granted by HES I, Akfen Holding and the companies in HES I group (İdeal, Çamlıca ve Beyobası) during the project period.

The loan consists of two separate parts as the Main Loan and VAT Loan. The maturity of the Main Loan is 2013.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	69.413	60.021
1 – 2 years	42.352	39.799
2 – 3 years	34.199	35.917
3 – 4 years	34.199	28.720
5 years and more	130.178	136.140
	310.341	300.597

Akfen HES II:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+5,5	2021	145.543	146.422
				145.543	146.422

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

The breakdown of bank loans as at 31 December 2010 are given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+5,5	2021	34.322	34.520
				34.322	34.520

All shares owned by Akfen Group in HES II and HES II subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank consortium reward credit of companies in group HES II as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract,
- Assignment of Go-risk receivables
- Assignment of Project incomes
- The capital commitment undertake/guarantee is granted by Akfen Holding, HES II and HES II companies (BT Bordo, Elen, Pak, Rize, Yenidoruk, Zeki) during the project period.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 of Akfen HES II are as follows:

	31 December 2011	31 December 2010
Within 1 year	14.383	2.385
1 – 2 years	16.172	1.025
2 – 3 years	16.172	3.814
3 – 4 years	16.172	3.814
5 years and more	83.523	23.482
	146.422	34.520

Akfen Su:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+4	2020	15.878	15.629
Secured bank loans	TL	10,68-11,68	2013	12	12
				15.890	15.641

Finansal borçların 31 Aralık 2010 tarihi itibarıyla detayı aşağıda verilmiştir:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+4	2020	10.508	10.508
Interest free spot loan	TL	--	-	9	9
				10.517	10.517

⁽⁴⁾ Akfen Su Arbiogaz Dilovası and Akfen Su Güllük signed a loan agreement with Avrupa İmar ve Kalkınma Bankası ("EBRD") in 2010 October in the amount of EUR 13.500.000 and EUR 2.500.000, respectively. Akfen Su Arbiogaz Dilovası used EUR 10.500.000 (Group share: EUR 5.250.000), of this loan in 2010 December and Akfen Su Güllük used EUR 2.500.000 (Group share: EUR 1.250.000) of this loan in April 2011.

The following guarantees were presented in the use of this loan:

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

- Pledge of shares of Akfen Su Arbiogaz Dilovası and Akfen Su Güllük
- Deposit pledge on accounts of the project
- Assignment of receivables from common loans
- Assignment of insurance receivables
- Assignment of Build – Operate – Transfer Agreement signed with Dilovası Directorate of Organizaed Industrial Zone.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	1.524	487
1 – 2 years	2.168	984
2 – 3 years	2.074	1.372
3 – 4 years	1.970	1.321
5 years and more	7.905	6.353
	15.641	10.517

MIP:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	Libor+2,5	2019	493.181	483.628
Secured bank loans ⁽¹⁾	USD	Libor+1	2013	108.729	108.963
				601.910	592.591

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	Libor+2,5	2020	418.845	418.845
Secured bank loans ⁽¹⁾	USD	Libor+1	2013	87.704	87.704
				506.549	506.549

⁽¹⁾ MIP has obtained two bank borrowings namely Senior Debt Loan and Mezzanine Loan amounting to USD 600.000.000 (Group share: USD 300.000.000) and USD 100.000.000, respectively (Group share: USD 50.000.000).

⁽²⁾The Main Loan is the Project Financing loan and the pledge of MIP shares, accounting pledge, project income and assignment of receivables, insurance receivables form the security. 80,67% of the loan is hedged with interest rate swap against interest rate risk until the maturity of the loan.

⁽²⁾ The main loan is re-imburement in the sub loan due date and the interests accrued until that time may be added to the loan amount. Akfen Holding presented letter of guarantee in the amount of 50% of the loan.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	23.791	16.561
1 – 2 years	140.056	-
2 – 3 years	41.844	203.535
3 – 4 years	46.355	-
5 years and more	340.545	286.453
	592.591	506.549

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

TAV Yatırım:

The breakdown of bank loans as at 31 December 2011 and 31 December 2010 are given below:

	2011	2010
TAV Yatırım	-	3.875
TAV İnşaat	115.028	71.417
	115.028	75.292

TAV Yatırım

There is no bank loan as at 31 December 2011.

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	Avro	7,50	2011	3.875	3.875
				3.875	3.875

⁽¹⁾ The surities of Akfen İnşaat and Tepe İnşaat.

TAV İnşaat

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	3,50-3,75	2012	8.028	7.987
Secured bank loans ⁽¹⁾	USD	4,25	2012	8.028	8.064
Secured bank loans ⁽¹⁾	USD	4,65	2013	4.014	4.192
Secured bank loans ⁽¹⁾	USD	5,90	2012	4.014	4.053
Secured bank loans ⁽¹⁾	USD	Libor +3,90	2013	8.028	8.108
Secured bank loans ⁽¹⁾	USD	3,60	2012	12.042	12.638
Secured bank loans ⁽¹⁾	USD	Libor+4,07	2012	4.014	4.044
Secured bank loans ⁽¹⁾	USD	5,45	2013	4.014	4.105
Secured bank loans ⁽¹⁾	USD	5,63	2013	4.014	4.103
Secured bank loans ⁽¹⁾	USD	5,62	2013	6.021	6.142
Secured bank loans ⁽¹⁾	USD	3,75	2012	4.014	4.088
Secured bank loans ⁽¹⁾	USD	Libor+3,65	2013	8.028	8.083
Secured bank loans ⁽¹⁾	USD	5,00	2012	4.014	4.069
Secured bank loans ⁽¹⁾	USD	4,95	2012	9.633	9.741
Secured bank loans ⁽¹⁾	Euro	Euribor+3,25	2013	6.751	6.826
Secured bank loans ⁽¹⁾	Euro	3,75	2013	5.193	5.213
Secured bank loans ⁽¹⁾	Euro	6,05	2013	5.193	5.286
Unsecured bank loans ⁽¹⁾	USD	3,75	2012	8.028	8.286
				113.071	115.028

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	7,50	2011	7.429	7.429
Secured bank loans ⁽¹⁾	USD	3,75	2012	3.332	3.332
Secured bank loans ⁽¹⁾	USD	3,60	2012	9.983	9.983
Secured bank loans ⁽¹⁾	USD	3,50	2012	3.290	3.290
Secured bank loans ⁽²⁾	USD	4,95	2012	7.936	7.936
Secured bank loans ⁽²⁾	USD	5,00	2012	3.319	3.319
Secured bank loans ⁽²⁾	USD	6,00	2011	6.536	6.536
Secured bank loans ⁽¹⁾	Euro	7,50	2011	10.666	10.666
Secured bank loans ⁽¹⁾	Euro	3,75	2012	4.370	4.370
Secured bank loans ⁽²⁾	Euro	6,50	2011	5.974	5.974
Secured bank loans ⁽³⁾	Omman Riyal	4,75	2011	8.582	8.582
				71.417	71.417

⁽¹⁾ The surity of TAV Yatırım Holding.⁽²⁾ The surities of Akfen İnşaat TAV Yatırım Holding and Tepe İnşaat.⁽³⁾ The surities of TAV Tepe Akfen Yatırım İnşaat and İşl .A.Ş.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	68.966	39.467
1 – 2 years	46.062	31.950
2 – 3 years	-	-
3 – 4 years	-	-
5 years and more	-	-
	115.028	71.417

TAV Havalimanları:

The bank loans of TAV Havalimanları as at 31 December 2011 are as follows:

	2011	2010
TAV İstanbul	240.630	230.676
TAV Tunisia	234.842	199.208
TAV Esenboğa	78.678	75.335
TAV Holding	63.821	22.645
HAVAŞ	49.466	43.599
TAV Macedonia	42.485	10.616
TAV İzmir	26.665	31.939
ATÜ	15.412	15.129
TAV Tbilisi	14.146	15.053
TAV Gazipaşa	10.850	9.076
TGS	-	6.306
Other	1.327	889
	778.322	660.471

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

TAV İstanbul

The breakdown of bank loan of TAV İstanbul as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ^(*)	Euro	Euribor + 2,50	2018	241.329	240.630
				241.329	240.630

^(*) The interest rate is Euribor + 2,50% until 4 January 2013 and Euribor + 2,65% between 4 January 2013 and 4 January 2016 and Euribor + 2,75% between 4 January 2016 and 4 July 2018.

The breakdown of bank loan of TAV İstanbul as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ^(*)	Euro	Euribor + 2,50	2018	230.792	230.286
Interest free spot loan	TL	--	-	390	390
				231.182	230.676

^(*) The interest rate is Euribor + 2,50% until 4 January 2013 and Euribor + 2,65% between 4 January 2013 and 4 January 2016 and Euribor + 2,75% between 4 January 2016 and 4 July 2018.

TAV Tunisia

The breakdown of bank loan of TAV Tunisia as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,28	2028	105.833	104.600
Secured bank loans	Euro	Euribor + 1,90	2022	68.604	67.849
Secured bank loans	Euro	Euribor + 1,54	2028	44.011	43.498
Secured bank loans	Euro	Euribor + 4,75	2028	19.117	18.895
				237.565	234.842

The breakdown of bank loan of TAV Tunisia as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,00	2028	89.641	88.547
Secured bank loans	Euro	Euribor + 1,54	2022	58.704	58.005
Secured bank loans	Euro	Euribor + 2,28	2028	37.276	36.822
Secured bank loans	Euro	Euribor + 4,75	2028	16.030	15.834
				201.651	199.208

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

TAV Holding

The breakdown of bank loan of TAV Holding as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loans	Euro	4,25 - 6,95	2012-2014	54.256	54.766
Unsecured bank loans	USD	3,75 - 4,25	2012	8.881	9.055
				63.137	63.821

The breakdown of bank loan of TAV Holding as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loans	USD	5,50	2011	10.095	10.271
Unsecured bank loans	Euro	4,10-8,00	2011	9.099	9.106
Secured bank loans	Euro	6,00	2011	3.211	3.221
Interest free spot loan	TL	-	-	47	47
				22.452	22.645

TAV Esenboğa

The breakdown of bank loan of TAV Esenboğa as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,35	2021	80.234	78.678
				80.234	78.678

The breakdown of bank loan of TAV Tunisia as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,35	2021	76.669	75.226
Interest free spot loan	TL	-	-	109	109
				76.778	75.335

TAV İzmir

The breakdown of bank loan of TAV İzmir as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 3,00	2013	26.394	26.665
				26.394	26.665

The breakdown of bank loan of TAV İzmir as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 3,00	2013	31.322	31.939
				31.322	31.939

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

Pledges regarding the project bank loans of TAV İstanbul, TAV İzmir and TAV Esenboğa:

a) Share pledge: TAV İstanbul, TAV İzmir and TAV Esenboğa have pledges over shares amounting to TL 180.000, TL 150.000, and TL 241.650, respectively. In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

Pledges amounting to TL 65.006 (Group share: TL 16.980), TL 2.750 (Group share: TL 718) and TL 7.840 (Group share: TL 2.047) are imposed on the receivables of TAV İstanbul, TAV İzmir and TAV Esenboğa, respectively (31 December, 2010: TL 40.047 (Group share: TL 10.460), TL 2.820 (Group share: TL 737) and TL 6.305 (Group share: TL 1.647)).

b) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

Pledges amounting to TL 641.516 (Group share: TL 167.564), TL 94.202 (Group share: TL 24.606) and TL 48.279 (Group share: TL 12.610) are imposed on the bank accounts of TAV İstanbul, TAV İzmir and TAV Esenboğa, respectively (31 December, 2010: TL 555.750 (Group share: TL 145.162), TL 68.494 (Group share: TL 17.891) and TL 63.029 (Group share: TL 16.463)).

With the consent of the facility agent, TAV İstanbul, TAV İzmir and TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent
- indebtedness up to USD 0.5 million for the acquisition cost of any assets or leases of assets
- indebtedness up to USD 3 million for the payment of tax and social security liabilities.

Distribution lock-up tests for TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Tunisia, TAV Tbilisi and TAV Macedonia must satisfy following conditions before making any distribution :

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded,
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than 1.30 for TAV İstanbul, 1.25 for TAV Esenboğa, 1.30 for TAV İzmir, 1.20 for TAV Tunisia, 1.30 for TAV Tbilisi and 1.20 for TAV Macedonia,
- the first repayment has been made,
- all financing costs have been paid in full, and
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245.000.000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness:

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3.000.000 (up to 1 January 2020) and not exceeding EUR 5.000.000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5.000.000;
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement, and
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

TAV Tbilisi

The breakdown of bank loan of TAV Tbilisi as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	USD	Libor + 4,50	2015	13.992	14.146
				13.992	14.146

The breakdown of bank loan of TAV Tbilisi as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	USD	Libor + 4,50	2015	14.886	15.053
				14.886	15.053

Pledges regarding the project loans of TAV Tbilisi:

- Share pledge: to take control of 75 percent plus one share of the charter capital of TAV Tbilisi,
- Revenue pledge: to take control of the revenues derived from Tbilisi International Airport operations as stipulated in the BOT Agreement,
- Pledge over bank accounts: to take control of TAV Tbilisi's bank accounts in JSC Bank of Georgia, JSC Bank Republic and JSC TBC Bank and be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts,
- Pledge over insurance proceeds: to receive all insurance compensation and any other amounts payable under the insurance policies of TAV Tbilisi,
- Pledge over BOT rights to control all interests and benefits of TAV Tbilisi pursuant to the BOT Agreement,
- Pledge over rights under the construction guarantees: to control all right, title and interest under each construction guarantee
- Pledge over project reserve account: to control the project reserve account
The shareholders of TAV Tbilisi, TAV Holding, Urban İnşaat Sanayi ve Ticaret A.Ş., and Aeroser International Holding (UK) Limited concluded Guarantee, Share Retention, Support and Subordination Deed with EBRD and IFC in respect of the loans extended to TAV Tbilisi. Accordingly, all shareholders irrevocably and unconditionally guarantee, on joint and several basis:
 - to pay to EBRD and IFC on demand, and in the currency in which the same falls due for payment by TAV Tbilisi, all monies and liabilities which shall have been advanced to, become due, owing or incurred by TAV Tbilisi to or in favour of EBRD and IFC,
 - to indemnify EBRD and IFC in full on demand against all losses, costs and expenses suffered or incurred by EBRD and IFC arising from or in connection with any one or more of the purported liabilities or obligations of TAV Tbilisi to EBRD and IFC under the loan and related agreements.

ATU

The breakdown of bank loans of TAV ATU as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	4,80-6,00	2012-2018	9.703	9.867
Secured bank loan	Euro	Euribor + 2,70	2015	5.373	5.354
Secured bank loan	Tunisian Dinar	5,93	2013	190	191
				15.266	15.412

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The breakdown of bank loans of TAV ATU as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 2,70	2015	5.632	5.607
Secured bank loan	Euro	6,00	2018	5.350	5.481
Secured bank loan	Euro	5,00	2015	2.675	2.679
Secured bank loan	Euro	5,20	2012	574	598
Secured bank loan	Euro	5,00	2012	439	440
Secured bank loan	Tunisian Dinar	5,93	2013	338	324
				15.008	15.129

HAVAŞ

The breakdown of bank loans of HAVAŞ as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 4,75	2018	38.298	38.498
Secured bank loan	Euro	Euribor + 5,75	2017	11.068	10.968
				49.366	49.466

The breakdown of bank loans of HAVAŞ as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 4,75	2018	32.112	32.221
Secured bank loan	Euro	Euribor + 5,75	2017	10.704	10.607
Unsecured bank loan	Euro	Euribor + 3,50	2015	18	18
Interest-free spot loan	TL	-	-	753	753
				43.587	43.599

On 24 March 2010, HAVAŞ utilized a bank loan amounting to EUR 60.000.000 (Group share: EUR 15.672.000) with an interest rate of Euribor + 4.75% and a maturity of March 2018 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- TAV Holding has provided surety of EUR 10.000.000 (Group share: EUR 2.612.000) ,
- Second ranking pledge was established on 50% of the shares in TGS,
- Dividend receivables arising from subsidiaries and jointly controlled entities of HAVAŞ are assigned to repayment of the outstanding loan
- Second ranking pledge was established on the shares of HAVAŞ.

In accordance with the loan agreement, HAVAŞ will have the right for the distribution of dividends only if there is a net cash balance in the related bank's accounts at least EUR 5 million, the first three repayment instalments have been fully paid, all other payments related to financial liabilities are made till the maturity date and no event of default has occurred.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

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On 9 December 2009, HAVAŞ utilized a bank loan amounting to EUR 20.000.000 (Group share: EUR 5.224.000) with an interest rate of Euribor + 5.75% and maturity of December 2017 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- First degree and first ranking pledge was established on 50% of the shares in TGS,
- Time and demand deposit amounting to TL 34.611 (Group share: TL 9.040) is blocked as a guarantee,
- TAV Holding was provided surety for the total outstanding loan amount.
- Dividend receivables arising from subsidiaries and jointly controlled entities are assigned to repayment of the outstanding loan,
- Pledge has been registered with first priority against but not limited to business entity and entity name registered in trade register, machinery and equipment, furnitures and fixtures and vehicles of HAVAŞ
- First ranking pledge was established on the shares of HAVAŞ.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

Related with the bank loans amounting to EUR 60.000.000 (Group share: EUR 15.672.000), with an interest rate of Euribor + 4.75% and a maturity of March 2018 and the bank loan amounting to EUR 20.000.000 (Group share: EUR 5.224.000 with an interest rate of Euribor + 5.75% and a maturity of December 2017 from Türkiye İş Bankası A.Ş., 65% shares of HAVAŞ with a nominal amount of TL 118.711 have been pledged in favour of Türkiye İş Bankası A.Ş. by TAV Holding. However, the voting right for these shares remains at TAV Holding.

TAV Macedonia

The breakdown of bank loans as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 5,50	2020	44.681	42.485
				44.681	42.485

The breakdown of bank loans as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 1,50	2011	10.704	10.616
				10.704	10.616

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to TL 3.632 (Group share: TL 949) (31 December 2010: TL 3.872 (Group share: TL 1.011)) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders

TAV Gazipaşa

The breakdown of bank loans TAV Gazipaşa as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	5,40-6,75	2012	6.670	6.861
Secured bank loan	TL	11,00	2012	3.918	3.989
				10.588	10.850

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The breakdown of bank loans TAV Gazipaşa as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	4,00-7,00	2011	5.593	5.756
Secured bank loan	TL	8,50	2011	3.265	3.320
				8.858	9.076

TGS

As at 31 December 2011, there is no bank loans of TGS.

The breakdown of bank loans of TGS as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loan	TL	6,95-7,95	2011	6.269	6.306
				6.269	6.306

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 of Tav Havalimanları are as follows:

	31 December 2011	31 December 2010
Within 1 year	126.995	121.764
1 – 2 years	115.791	67.073
2 – 3 years	80.686	69.220
3 – 4 years	80.987	62.399
5 years and more	373.863	340.015
	778.322	660.471

İDO:

The breakdown of bank loans of İDO as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans ⁽¹⁾	USD	Libor+4,9	2023	368.336	360.808
Secured bank loans ⁽¹⁾	USD	Libor+8	2018	28.334	28.341
Secured bank loans ⁽²⁾	USD	Libor+0,13	2017	22.335	22.384
Secured bank loans ⁽²⁾	USD	Libor+0,85	2012	1.085	1.094
Secured bank loans ⁽²⁾	USD	Libor+0,22	2014	12.255	12.282
Secured bank loans ⁽³⁾	USD	Libor+1,65	2012	1.319	1.329
				433.664	426.238

Within the scope İDO's 100% privatization, the loans obtained from the banks Garanti, Vakıfbank, İş Bankası, TSKB and Denizbank. The relevant loan consists of two parts as USD 700.000.000 (Group share: USD 210.000.000) and USD 50.000.000 (Group share: USD 15.000.000). The loan is revised on 22nd September, 2011, and the banks, which allow the principal loan to be used on 15th June, 2011, assigned the part amounting to USD 100.000.000 of the loan to EBRD.

⁽¹⁾ The guarantee provided by Akfen for the loan is as follows: the shares held by Akfen Holding in İDO are given to the lenders. Furthermore, Akfen Holding has a completion guarantee up to 70% of USD 25.000.000 (USD 17.500.000) completely with and severally from Tema and Sera, among other shareholders, for purpose of providing a debt service coverage ratio from the beginning of the fiscal year 2012 until completely reimbursement of the loan, provided that it is returned and renewed yearly. The remaining 30% (USD 7.300.000) of the guarantee is of Souter. Souter's liability limit is USD 30.000.000 totally, and if Souter's liability limit is exceeded and the debt service coverage ratio should be completed, Akfen Holding commits a completion guarantee completely with and severally from Tepe, Akfen and Sera, provided that it never exceeds USD 25.000.000 annually.

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The completion guarantee shall be provided by (i) making a capital investment in IDO; (ii) borrowing IDO; or (iii) submitting the lenders a bank guarantee letter, provided that its selection is subject to the provisions under the guarantee agreement. The completion guarantee is committed completely with and severally from Tema and Sera, among other shareholders.

⁽¹⁾ Total amount of pledges guaranteed to the banks and relevant suppliers over property, plant and equipment is USD 1.125.000.000 as at 31 December 2011 (Group share: USD 337.500.000).

⁽²⁾ It is a Successive Loan, repayments and guarantees of which succeed the Principal Loan, in order to ensure reimbursement of a loan of USD 50.000.000 used by IDO on 15th June, 2011 and reimbursed completely and closed on 30th September, 2011 at said date.

The guarantees of the Principal Loan and Successive Loan include share liens, pledges of commercial enterprise, maritime mortgage, insurance receivable, receivable and income assignments of IDO.

⁽²⁾ It is bought against the guarantee of the Istanbul Metropolitan Municipality. In consideration of such guarantee, a guarantee letter of USD 108.000.000 is submitted by TASS to the Istanbul Metropolitan Municipality.

⁽³⁾ Total amount of the liens delivered to the banks and relevant suppliers over tangible property, plant and equipment is USD 114.480.618 as at 31 December 2011 (Group share: USD 34.344.185).

Redemption schedules of bank loans of according to the original maturities as at 31 December 2011 is as follows:

	31 December 2011
Within 1 year	33.010
1-2 years	41.549
2 -3 years	47.032
3-4 years	48.408
5 years and more	256.239
	426.238

Finance lease liabilities

Terms and structures of the leasing payables as at 31 December are as follows:

	2011		2010			
	Future minimum lease payment	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
1 year	5.126	719	4.407	2.383	613	1.770
1-5 year	9.531	1.833	7.698	8.978	1.808	7.170
5 years and more	4.272	380	3.892	4.731	555	4.176
	18.929	2.932	15.997	16.092	2.976	13.116

As at 31 December, the finance lease liabilities consist lease of fixtures and equipment by the TAV Havalimanları and Akfen Su as well as lease of two aircrafts by TAV Yatırım.

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Notes to the Consolidated Financial Statements as at 31 December 2011

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9 DERIVATIVE FINANCIAL INSTRUMENTS

Other Current financial liabilities

As at 31 December 2011 and 2010 current financial liabilities comprised of TAV Havalimanları derivative instruments.

	2011		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(80.896)	(80.896)
Cross currency swap	2.685	-	2.685
	2.685	(80.896)	(78.211)

	2010		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(53.246)	(53.246)
Cross currency swap	-	(2.934)	(2.934)
	-	(56.180)	(56.180)

Interest rate swap

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 100% of project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2010: 100%).

TAV Tunisia uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 85% of floating senior bank loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2010: 85%).

TAV Istanbul uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2010: 100%).

TAV İzmir uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 49% of total project finance loan is hedged through IRS contract (31 December 2010: 65%).

HAVAŞ uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 50% of total loan is hedged through IRS contract (31 December 2010: 50%).

TAV Macedonia uses interest derivative instruments in order to secure the interest liabilities caused from bank loans against floating interest rate risk. As at 31 December 2011, 100% of the project financing loan was secured against interest rate risk with interest rate swap (31 December 2010: None).

Cross currency swap:

TAV Istanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its rent instalments that will be paid to DHMI.

TAV Istanbul had signed a derivative contract with Dexia Credit Local ("DCL") on 12 March 2008 to manage and fix its exposure to foreign currency exchange rates between USD and EUR on the rent instalments that will be paid to DHMI until 2018. TAV Istanbul has terminated the hedge relationship in 2010 and new two cross currency swap contracts have been signed by and between TAV Istanbul, DCL, and ING Bank N.V. on 16 December 2010. The total notional amount of the contract is USD 94.775.452 (in exchange of Euro 71.908.537) as at 31 December 2011 (31 December 2010: USD 108.784.676 (in exchange of Euro 82.537.690)).

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The fair value of derivatives at 31 December 2011 is estimated at TL 78.211 (31 December 2010: TL 56.179). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2011 changes in the fair value of these interest rate derivatives and cross currency swaps were reflected to other comprehensive income amounting to TL 6.281 (31 December 2010: TL 4.670) net of tax.

Long-term derivative financial instruments

As at 31 December, other long-term derivative financial instruments comprised the following:

	2011		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(86.649)	(86.649)
	-	(86.649)	(86.649)
	2010		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(50.354)	(50.354)
	-	(50.354)	(50.354)

As at 31 December 2011 and 2010 the long-term financial liabilities comprised of MIP and HES derivative instruments.

Interest rate swap

MIP uses interest derivative instruments in order to protect the interest liabilities against the floating interest rate risk caused from debt loan from Bayerische Hypo-und Vereinsbank AG and ABN Amro Bank. 81% of the mentioned loans is under protection against interest rate risk with interest rate swap during its use life (31 December 2010: 79%).

HES I group companies use interest rate swap to manage its exposure to Euribor interest rate movements of its bank debts. 73% of the mentioned loans is under protection against interest rate risk with interest rate swap during its use life (31 December 2010: 72%).

10 TRADE RECEIVABLES AND PAYABLES**Short term trade receivables**

As at 31 December, short term trade receivables of the Group comprised the following:

	2011	2010
Due from related parties - trade (Note 38)	6.000	12.039
Other trade receivables	300.603	220.572
	306.603	232.611

As at 31 December, other trade receivables comprised the following:

	2011	2010
Due from customers for contract work (Note 16)	117.695	82.912
Contract receivables	98.866	71.912
Trade receivables	69.127	47.467
Retention receivable (Note 16)	14.798	11.811
Guaranteed passenger fee receivable from DHMI	12.454	11.050
Notes receivables	937	1.221
Allowance for doubtful receivables (-)	(13.274)	(5.801)
	300.603	220.572

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The distribution of the trade receivables according to the companies as at 31 December 2011 and 31 December 2010 is as follows:

	2011	2010
TAV Havalimanları	40.278	31.001
Akfen İnşaat	7.724	6.096
MIP	7.663	3.966
Akfen GYO	4.572	4.912
HES I	3.164	-
Other	5.726	1.492
	69.127	47.467

As at 31 December 2011, contract receivable is mainly comprised of receivable from Doha International Airport, Muscat-Umman Airport, Abu Dhabi Terminal Building and Dubai Tower Construction.

The guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMI according to the agreements made for the operations of Ankara Esenboğa Airport and Izmir Adnan Menderes Airport as a result of IFRIC 12 application. As at 31 December 2011, the receivable amount from Ankara Esenboğa Airport is TL 6.001 (31 December 2010: TL 5.272) and the receivable amount from Izmir Adnan Menderes Airport is TL 6.453 (31 December 2010: TL 5.779).

The collaterals held by the employer as guarantee are retentions held from progress payments to specified contractual rates. Such guarantees are collected following the completion of the project. The related retentions consisted of the receivables of TAV İnşaat as at 31 December 2011 and 31 December 2010.

As at 31 December 2011 TL 37.074 (31 December 2010: TL 30.719), represents overdue amount of trade receivables in which any allowance has not been booked. The aging of accounts receivables is as follows:

	31 December 2011	31 December 2010
1-30 days overdue	3.610	2.756
1-3 months overdue	4.463	2.948
3-12 months overdue	28.485	19.763
1-5 years overdue	12.842	10.487
Overdue more than 5 years	948	566
	50.348	36.520
Impairment	(13.274)	(5.801)
Loan risk	37.074	30.719

The movement of allowance for doubtful trade receivables as at 31 December 2011 and 31 December 2010 are as follows:

	2011	2010
1 January 2011	(5.801)	(2.066)
Business combinations effects	(32)	-
Collections	3.666	308
Allowance during the year	(10.272)	(4.010)
Translation effect	(835)	(33)
31 December 2011	(13.274)	(5.801)

As at 31 December 2011 and 31 December 2010 TL 5.281 and TL 11.087 of receivables which are not subjected to the impairment are related to the projects of TAV Yatırım in Dubai and Libya, respectively as at 31 December 2011 (31 December 2010: TL 15.080 and TL 0).

Marina 101 project has suspended by the branch of TAV Yatırım ("TAV Gulf") as at 6 November 2010 due to non-payment certificates, which were certified by the consultant for the construction work performed until the end of September 2010.

Regarding this project, AED 43.7 million (TL 22.6 million (Group's share: TL 9.6 million)) unapproved progress receivables, AED 9.7 million (TL 5 million (Group's share: TL 2.1 million)) unapproved progress receivables and AED 19 million (TL 9.8 million (Group's share: TL 4.2 million)) unused advances outstanding as at 31 December 2011.

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As at 21 March 2011 an addendum has been signed by TAV Gulf and the project employer on the settlement of on the financial aspects of the project as well as payment terms for recommencement of the project As per this addendum the below aspects were agreed:

a) The project employer undertakes to ensure that TAV Gulf project employer and nominated subcontractors enter into Tripartite agreements which the project employer shall assume all responsibility for payment AED 44 million (TL 19 million (Group's share TL 8 million)) due as at 31 December 2010 or which may become due to the nominated subcontractors.

b) The project employer agreed to transfer the title deeds of some of the residential units as a security for AED 45 million (TL 19 million (Group's share: TL 8 million)), which has already been paid to the creditors by TAV Gulf as at 31 December 2010.

c) The project employer shall obtain letters of undertaking for each subcontractor and supplier advising that AED 21 million (TL 9 million (Group's share: TL 4 million)) receivable from TAV Gulf as at 31 December 2010 has been discharged.

d) The project employer agreed to return the advance payment guarantee which expires on March 21, 2011 and the unutilized advance payment of AED 14 million (TL 6 million (Group's share: TL 3 million)) will be considered as a payment made to TAV Gulf.

The political instability in Tunisia started with Jasmine Revolution has spreaded to Libya since 23 February 2011. The chaos started as the social movement was transformed into a domestic war by the time and the military intervention period began in 19 March 2011. Because of these force majeure, TAV Tepe Akfen Yatırım, Yapım ve İşletme A.Ş. – Libya Branch ("TAV Libya") of TAV İnşaat – had to suspend the activities of Trabus International Airport Terminal and Sebha International Airport for an indefinite period. By the end of February 2011, all employees in Libya were discharged. TAV İnşaat administration foresees to begin the activities when the suitable conditions occur.

TAV Libya has not made any collection yet related to the receivables from construction contracts in the amount of TL 48.216 (Group share: TL 20.492) after the reporting period. TL 27.728 of this amount (Group share: TL 11.783) has not been invoiced yet.

The net asset related to the activities of TAV Libya included in the consolidate financial statements of the Group as at 31 December 2011 is TL 13.456.

	2011	Grup Payı
Cash and cash equivalents	4.542	1.931
Receivables from construction contracts	26.088	11.087
Unbilled contract revenue	27.728	11.783
Other receivables and assets	11.564	4.915
Total assets	69.922	29.716
Trade payables	(2.559)	(1.087)
Advances received	(35.704)	(15.174)
Total equity	(31.659)	(13.456)
Total revenues	(69.922)	(29.717)
	2011	Grup Payı
Cost of sales	(3.527)	(1.499)
Loss for the period	(3.527)	(1.499)

Long term trade receivables

As at 31 December, long term trade receivables comprised the following:

	2011	2010
Due from related parties-trade (Note 38)	5.510	2.007
Other trade receivables	159.598	109.351
Total	165.108	111.358

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As at 31 December, other trade receivables comprised the following:

	2011	2010
Retentions held by the Employer (Note 16)	60.778	33.316
Guaranteed passenger fee receivable from DHMI	60.191	60.913
Receivables from OSB	16.804	15.122
Due from customers for contract work (Note 16)	13.116	-
Other trade receivables	8.709	-
	159.598	109.351

The collateral held by the employer as the security is the amount deducted from the progress payment in the proportion determined in the scope of the contract. The mentioned securities shall be collected following the completion of the Project. The related remainings as at 31 December 2011 and 31 December 2010 are consisted of the receivables of TAV İnşaat.

The passenger receivables from DHMI are related to IFRIC 12 application due to the contracts signed between DHMI and TAV Havalimanları for the operation of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport.

The receivable from OSB is related to IFRIC 12 application due to the minimum waste water flow and waste water treatment price guarantee in Euro currency guaranteed by the Administration by years in the scope of Akfen Su Arbiogaz Dilovası Build – Operate – Transfer Contract.

Short term trade payables

As at 31 December, short term trade payables of the Group comprised the following:

	2011	2010
Due to related parties- trade (Note 38)	25.125	16.043
Other trade payables	184.822	106.802
	209.947	122.845

As at 31 December, other short term trade payables comprised the following:

	2011	2010
Trade payables	173.226	95.238
Retentions held by the Group	8.538	6.122
Due to customers for contract work (Note 16)	3.058	5.442
	184.822	106.802

TL 95.177 of trade payables consist of payables to subcontractors of TAV İnşaat (31 December 2010: TL 56.429). The currency and liquidity risk of the Group related with trade payables is explained in Note 39.

The aging of the trade payables of the Group as at 31 December is as follows:

	2011	2010
0 - 3 months overdue	161.901	82.561
3 months - 1 year overdue	22.921	24.241
1 - 5 years overdue	36.780	21.329
	221.602	128.131

Long term trade receivables

As at 31 December, long term trade payables comprised the following:

	2011	2010
Due to related parties-trade (Note 38)	1.083	-
Other trade payables	36.780	21.329
	37.863	21.329

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

As at 31 December, other long term trade payables comprised the following:

	2011	2010
Retentions held by the Group	36.706	21.073
Other trade payables	74	256
	36.780	21.329

TAV Yatırım holds retention in a certain amount as the surety in the payments made for the Project. These retentions shall be paid after the completion of the Projects.

11 OTHER RECEIVABLES AND PAYABLES**Other short term receivables**

As at 31 December, other short term non trade receivables comprised the following:

	2011	2010
Due from related parties-non trade (Note 38)	11.666	10.514
Provision for due from related parties-non trade (Note 38)	(6.598)	-
Other non-trade receivables	11.460	4.498
	16.528	15.012

As at 31 December 2011, TL 5.851 of short term non-trade receivables is consisted of capital receivables of Akfen GYO (31 December 2010: None) and TL 2.808 of short term non-trade receivables is consisted of various receivables of Akfen İnşaat from tax offices (31 December 2010: TL 2.833).

As at 31 December, other long term non trade receivables of the Group comprised the following:

	2011	2010
Due from related parties-non trade (Note 38)	39.225	24.465
Other long term non-trade receivables	1.556	1.934
	40.781	26.399

The long term part of the other long term receivables as at 31 December includes deposit and securities in the amount of TL 1.556 (31 December 2010: TL 1.934).

Other short term payables

As at 31 December, the other short term payables of the Group are as follows:

	2011	2010
Non-trade liabilities to the related parties (Note 38)	15.564	14.323
Other non-trade liabilities	150.466	108.975
	166.030	123.298

As at 31 December, other non-trade payables comprised the followings:

	2011	2010
Advances received	94.637	66.507
Taxes and duties payable	21.595	3.681
Corporate tax payable	12.441	9.516
Deposits and guarantees received	10.832	10.532
Payable to personel	8.208	6.972
Concession payable of TAV Tunisia	1.271	10.012
Other payables	1.482	1.755
	150.466	108.975

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TL 1.460 of the corporate tax payable as at 31 December 2011 is consisted of the obligation of the corporate tax as a result of getting benefit from Law No 6.111 (Note 36).

As at 31 December 2011, the deposits and guarantees received consist of the deposits and guarantees received of the energy projects and hotel projects in the amounts of TL 9.946 and TL 669, respectively.

TL 85.918 of the advances received are the advances amounts received from the employers pursuant to the contracts related to the construction projects of TAV Yatırım as at 31 December 2011. (31 December 2010: TL 64.556).

TAV Tunisia, Monastır Airpot and Enfidha Airport have a concession period of 40 years with a concession rent fee that will increase in a linear rate between 11% and 26% of the annual revenues to be paid. As a result of the negotiation made with OACA, the concession rental amount of 2011 was decreased as TL 11,4 million and the concession rental amount of 2011, 2012 and 2013 was suspended for 3 years as 2014, 2015 and 2016.

The concession rental amount of TAV Macedonia is 15% of annual gross endorsement until the number of the passengers reaches up to 1 million and when the number of the passengers exceeds 1 million, this amount shall change between 4% and 2% due to the number of the passengers.

Long term other payables

At 31 December, other long term payables of the Group are as follows:

	2011	2010
Due to related parties- non trade (Note 38)	9.002	14.607
Other non- trade liabilities	43.832	26.141
	52.834	40.748

As at 31 December 2011, TL 24.395 of the other non trade payables are mainly consisted of advances received from employers for construction projects (31 December 2010: TL 23.219).

12 RESTRICTED CASH

As at 31 December 2011 short term restricted cash is comprised of the time deposits of Akfen Holding and HAVAŞ amounting to TL 141.668 (USD 75 million) (31 December 2010: TL 115.950) and TL 9.040 (31 December 2010: TL 6.706) which is pledged for bank loans.

	2011	2010
Akfen Holding	141.668	115.950
Havaş	9.040	6.706
TAV Yatırım	-	724
	150.708	123.380

13 RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES

The Group does not have any receivables and payable from financial activities as at 31 December 2011 and 2010.

14 INVENTORIES

As at 31 December, inventories comprised the following:

	2011	2010
Spare parts	8.946	3.106
Tax-free shop inventory	6.906	3.635
Raw material and supplies	6.864	-
Other inventories	3.449	1.464
	26.165	8.205

As at 31 December 2011, TL 3.951 of the spare parts is the inventory of TAV Havalimanları (31 December 2010: TL 3.106) and TL 4.995 of the spare parts is the inventory of IDO and the tax-free shop inventory is the inventory of TAV Havalimanları and the raw material and supplies are the inventories of TAV Yatırım.

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**
(Currency: Thousands of TL)**15 BIOLOGICAL ASSETS**

The Group does not have any biological assets as at 31 December 2011 and 2010.

16 DUE FROM/DUE TO CUSTOMERS FOR CONTRACT WORK

As at 31 December the details of uncompleted contracts were as follows:

	2011	2010
Total costs incurred on uncompleted contracts	1.732.736	1.044.752
Estimated earnings/(costs)	91.291	58.900
Total estimated revenue on uncompleted contracts	1.824.027	1.103.652
Less: Billings to date	(1.696.274)	(1.026.182)
Net amounts due from customers for contract work	127.753	77.470

Due from customers for contract work and due to customers for contract work were included in the accompanying consolidated balance sheets under the following captions:

	2011	2010
Due from customers for contract work (Note 10)	130.811	82.912
Due to customers for contract work (Note 10)	(3.058)	(5.442)
	127.753	77.470

The amount of the sureties held by the employers is TL 75.576 as at 31 December 2011 (31 December 2010: TL 45.127) (Note 10).

The distribution of the receivables and payables of the Group as at 31 December 2011 and 31 December 2010 is as follows:

	2011	2010
<i>Receivables from ongoing construction contracts</i>		
Construction projects abroad	129.478	81.283
Local construction projects	1.333	1.629
	130.811	82.912
<i>Liabilities of ongoing construction contracts</i>		
Construction projects abroad	2.134	5.166
Local construction projects	924	276
	3.058	5.442

The distribution of the receivables related to the construction contracts based on projects as at 31 December is as follows:

	2011	2010
Muscat	57.929	43.585
DOHA	57.632	22.388
Libya	11.783	9.644
Turkey	1.333	1.333
Other	2.134	5.962
	130.811	82.912

As at 31 December 2011, the liabilities related to the ongoing construction contracts are the liabilities to Turkey Central projects and the projects in Dubai and they are TL 924 and TL 2.134, respectively (31 December 2010: TL 276 and TL 5.166).

As at 31 December 2011 the amount of the advance received by the Group for the construction projects is TL 110.313 and shown in the short and long term other non-trade liabilities items (31 December 2010: TL 64.976).

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

The investments of the Group which is accounted with equity method consists of Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. ("Zeyport") in which IDO has 20% share as at 31 December 2011.

Zeyport was established in 1998 in Istanbul and provides warp and accomodation services for the ships included in the suitcase trading, internal coasters and agency boats and it also deals with the warehouse operation. As at 31 December 2011, the investment of the Group in Zeyport was recognized according to the equity method and reflected in the consolidated financial statements.

The summary financial information related to the investment of the Group is given below:

	2011
Total assets	7.941
Valuation surplus of business combination	3.810
Total liabilities	(4.569)
Net assets	7.182
Group's share in net assets of the investment	1.436

	7 June- 31 December 2011
Revenue	1.243
Profit for the period	2
Group's share in the period profit of the investment	-

18 INVESTMENT PROPERTY

As at 31 December, investment property comprised the following:

	2011	2010
Operating investment properties	763.678	556.022
Investment property under development	316.414	102.736
	1.080.092	658.758

Operating investment properties

	2011	2010
Balance at 1 January	556.022	496.248
Transfer from investment property under development	51.276	44.358
Additions	83	946
Change in fair value (Note 32)	156.297	56.574
Change in group structure ^(*)	-	(13.600)
Disposals	-	(28.504)
Balance at the period end	763.678	556.022

As at 31 December 2011, the transfer from development projects is composed of the balance of Yaroslavl IBIS Hotel in 2011 and the transfer from development projects is composed of the balance of Bursa Ibis Hotel in 2010.

As at 31 December 2011, the increase in the fair value of the investment properties is TL 5.399 resulted from valuation of NOVOTEL/IBIS Kayseri Hotel, TL 41.337 caused by the valuation of Mercure Hotel, TL 24.078 resulting from valuation of NOVOTEL Trabzon Hotel, TL 1.417 caused by the valuation of NOVOTEL/IBIS Gaziantep Hotel, TL 50.580 resulting from valuation of NOVOTEL/IBIS Zeytinburnu Hotel, TL 3.414 caused by the valuation of IBIS Bursa Hotel and TL 2.805 resulting from valuation of IBIS Eskişehir Hotel of Akfen GYO and TL 27.267 from the valuations of hotels and offices in Russia and shown in the other operation income item in the consolidated statement of comprehensive income as at 31 December 2011.

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

As at 31 December 2010, the fair value adjustment on investment property was recognised based on the fair values of the investment property. The fair values of the investment properties in Turkey and Northern Cyprus are calculated on the basis of a valuation carried out by a certified company that included in the approved list of CMB for "Property Appraisal Companies". These property appraisal companies determined the fair value of the investment properties as the present value of aggregate of the estimated cash flows expected to be received from renting out the property. In the valuation process, a projection period which covers the lease term for right of tenancy of each hotel is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

⁽¹⁾Change in group structure comprised of Akfen GYT, Akfen Turizm and TAR sales.

As at 31 December 2011 and 2010 the fair value comparison of operating investment properties is as follows:

	2011		2010	
	Date of expertise report	Fair value	Date of expertise report	Fair value
Zeytinburnu Novotel and Ibis Otel	30 September 2011	207.640	31 December 2010	157.045
Mercure Otel – Girne	30 September 2011	204.810	31 December 2010	163.473
Trabzon Novotel	30 September 2011	77.180	31 December 2010	53.102
Kayseri Novotel and Ibis Otel	30 September 2011	59.843	31 December 2010	54.445
Gaziantep Novotel and Ibis Otel	30 September 2011	52.800	31 December 2010	51.383
Bursa Ibis Otel	30 September 2011	47.840	31 December 2010	44.358
Eskişehir Ibis Otel and Fitness Center	30 September 2011	20.326	31 December 2010	17.521
Total		670.439		541.327

The investment properties under development of RHI and RPI of which Akfen GYO has 95% of shares are accounted with their fair values. As at 31 December 2011 the group portion of fair value Yaroslavl Hotel project of RHI in Russia is TL 78.544 (31 December 2010: TL 15.947).

As at 31 December 2011, the minimum insurance amount on investment property under developments is amounting to TL 612.757 (31 December 2010: TL 320.685).

Investment properties under development

	2011	2010
Balance at 1 January	102.736	35.399
Additions	75.364	39.643
Transfer to investment properties in operation	(51.276)	(44.358)
Business combinations under joint control	63.748	-
Fair value increase on investment property under development (Note 32)	125.842	73.397
Projects cancelled ⁽¹⁾	-	(1.345)
Balance at 31 December	316.414	102.736

⁽¹⁾ As a result of cancel of Krasnoyarsk project as at 31 December 2010.

The additions 31 December 2011 and 2010 are made for the projects under development in the related years.

As at 31 December 2011, the business combinations under joint control are resulted from purchase of 45% shares of RHI and RPI by Kasa BV in 29 July 2011.

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Notes to the Consolidated Financial Statements as at 31 December 2011

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As at 31 December 2011, the increase in the fair value of the investment properties is 88.291 TL resulting from valuation of Karaköy Hotel Project, 3.153 TL caused by the valuation of IBIS İzmir Hotel, TL 10.883 resulting from valuation of IBIS Esenyurt Hotel, TL 6.368 resulting from valuation of IBIS Adana Hotel, TL 550 resulting from valuation of Esenboğa Hotel of Akfen GYO. In addition to these, there are also TL 16.597 of value increase from ongoing projects of RHI and RPI in Russia.

As at 31 December 2011, and 2010 the fair value comparison of investment property of Akfen GYO under development is as follows:

Name of the investment property	Date of expertise report Ekspertiz	2011		2010	
		Expertise Report value	Fair value	Date of expertise report	Fair value
Karaköy Otel Project	30 September 2011	89.640	89.754	-	-
İzmir Ibis Otel Project	30 September 2011	27.450	27.878	31 December 2010	22.292
Esenyurt Ibis Otel Project	30 September 2011	34.460	35.908	31 December 2010	20.297
Adana Ibis Otel Project	30 September 2011	27.080	32.677	31 December 2010	14.308
Ankara Ibis Otel Project	30 September 2011	5.200	5.200	-	-
Bafra Otel Project	--	-	945	-	-
Total		183.830	192.362		56.897

As at 31 December 2011, the fair value of the investment properties in Turkey includes the expertise report values dated 30 September 2011 and TL 8.533 of expenses made for the investment properties from that date until 31 December 2011.

The investment properties under development of RHI and RPI of Akfen GYO in Russia are accounted with their fair values. As at 31 December 2011, the fair value of Samara Hotel project is TL 65.796 (31 December 2010: TL 19.037), the fair value of Kaliningrad Hotel project is TL 26.183 (31 December 2010: TL 2.611) of RHI and the fair value of Samara Office project of RPI is TL 19.393 (31 December 2010: TL 8.245) in Russia. As at 31 December 2011, the fair value of the hotel project in Moscow, belonged to HDI firm established in Holland in 2011 in order to develop hotel projects and of which 100% shares belong to Akfen GYO, consists of the expenses made for the project and it is total TL 2.783 (31 December 2010: None).

As at 31 December 2011, the total insurance amount on investment property under development is amounting to TL 51.913 (31 December 2010: TL 66.759).

As at 31 December 2011, the total pledge amount on investment property under development is amounting to TL 541.913 (31 December 2010: TL 454.388).

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19 PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment and related accumulated depreciation during the year ended 31 December 2011 was as follows:

	Land and buildings	Machinery, facility and equipment	Vessels	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements ^(****)	Total
Cost									
Balance at 1 January 2011	16.453	89.340	-	36.103	28.309	62	407.223	50.460	627.950
Effect of business combination ^(*)	143	1.414	154.686	437	1.047	-	-	3.049	160.776
Additions ^(**)	-	7.836	294	3.791	4.823	-	239.042	41.30	259.916
Transfers ^(***)	46.850	367.014	-	(34)	25	-	(441.761)	27.645	(261)
Translation difference	1.019	15.395	-	7.554	2.434	-	4.980	8.502	39.884
Total changes in structure of entities under common control	-	1.917	-	86	93	-	-	66	2.162
Disposal	(5.013)	(5.782)	-	(1.154)	(718)	-	(5.226)	(784)	(18.677)
Balance at 31 December 2011	59.452	477.134	154.980	46.783	36.013	62	204.258	93.068	1.071.750
Less: Accumulated depreciation									
Balance at 1 January 2011	(403)	(42.193)	-	(15.643)	(19.784)	(55)	-	(11.419)	(89.497)
Provision for impairment of tangible fixed assets	-	-	-	425	-	-	-	-	425
Depreciation charge for the period	(661)	(13.434)	(3.247)	(3.749)	(3.738)	^(#)	-	(7.808)	(32.641)
Translation difference	92	(7.583)	-	(3.498)	(2.161)	^(#)	-	(2.213)	(15.366)
Total changes in structure of entities under common control	-	(271)	-	(21)	(42)	-	-	(13)	(347)
Disposals	50	2.182	-	616	464	-	-	395	3.707
Balance at 31 December 2011	(922)	(61.299)	(3.247)	(21.870)	(25.261)	(62)	-	(21.058)	(133.719)
Net book value									
Net book value as at 31 December 2010	16.050	47.147	-	20.460	8.525	7	407.223	39.041	538.453
Net book value as at 31 December 2011	58.550	415.835	151.733	24.913	10.752	-	204.258	72.010	938.031

^(*)The tangible fixed assets acquired as a result of acquisition of IDO.

^(**) TL 213.813 corresponds to 82.26% of the additional is made for the investments made in the scope of HES projects as at 31 December 2011.

^(***) TL 413.831 corresponds to 96.38% of the transfers is the capitalization of the investments made in the scope of HES I projects as at 31 December 2011.

^(****) TL 87.264 of the leasehold improvements is the balance of TAV Havalimanları as at 31 December 2011.

The total pledge amount on the tangible fixed assets of IDO given to banks and related suppliers is USD 1.410.326.618 as at 31 December 2011 (Group share: USD 423.097.985).

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The movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2010 was as follows:

Cost	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction	Leasehold improvements ^(**)	Total
Balance at 1 January 2010	23.123	69.650	35.244	25.761	549	209.118	20.643	384.088
Effect of business combination	-	47	-	-	-	-	1	48
Additions ^(*)	752	20.606	2.503	4.350	-	242.144	160	270.515
Provision for impairment of tangible fixed assets ^(**)	-	-	-	-	-	(3.448)	-	(3.448)
Transfers	-	5.751	13	3	-	(38.391)	32.406	(218)
Translation difference	(205)	(1.211)	96	(249)	(20)	(1.480)	(765)	(3.834)
Total changes in structure of entities under common control	(3.686)	(2.071)	(17)	(709)	17	(720)	(599)	(7.785)
Disposal	(3.531)	(3.432)	(1.736)	(847)	(484)	-	(1.386)	(11.416)
Balance at 31 December 2010	16.453	89.340	36.103	28.309	62	407.223	50.460	627.950
Less: Accumulated depreciation								
Balance at 1 January 2010	(1.635)	(38.239)	(12.889)	(17.367)	(230)	-	(7.562)	(77.922)
Provision for impairment of tangible fixed assets	-	-	(737)	-	-	-	-	(737)
Depreciation charge for the period	(304)	(7.709)	(3.583)	(3.649)	(102)	-	(5.205)	(20.552)
Translation difference	2	1.021	81	126	6	-	154	1.390
Total changes in structure of entities under common control	1.266	868	(10)	570	(56)	-	240	2.878
Disposals	268	1.866	1.495	536	327	-	954	5.446
Balance at 31 December 2010	(403)	(42.193)	(15.643)	(19.784)	(55)	-	(11.419)	(89.497)
Net book value								
Net book value as at 31 December 2009	21.488	31.411	22.355	8.394	319	209.118	13.081	306.166
Net book value as at 31 December 2010	16.050	47.147	20.460	8.525	7	407.223	39.041	538.453

^(*) TL 213.659 of the addition is made in the scope of HES projects as at 31 December 2010.

^(**) There has been a fire in the Trigeration Project of TAV Istanbul in March 2010 which was covered by an insurance policy. Impairment loss amounting to TL 13.202 (Group's share: TL 3,448) is recognised in the consolidated financial statements for the damage occurred on the generators. Additionally, an income accrual was booked for the amount that will be compensated by the insurance company for the damage and loss of operations.

^(***) CIP are mainly comprised of HES project amounting to TL 382.512 (94%)

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20 INTANGIBLE FIXED ASSETS

The movement of cost of intangible fixed assets as at 31 December 2011 and 31 December 2010 are given in the following table:

Cost	Development Costs	Licences	Amortisation of Ambarlı Port ⁽¹⁾	Amortisation of Terminals ⁽²⁾	Rental agreement for vessels	Other intangible fixed assets	Customer relations	Water service operation right	Port operation right	Airport operation right	Total
Balance at 1 January 2010	15.058	66.954	-	-	-	2.856	18.456	5.638	581.588	446.803	1.137.353
Effect of business combination ⁽³⁾	-	-	-	-	-	-	341	-	-	-	341
Additions	-	11.641	-	-	-	91	-	467	4.677	22.517	39.393
Transfers from tangible fixed assets	-	218	-	-	-	-	-	-	-	-	218
Translation difference	-	(629)	-	-	-	-	(950)	-	15.566	(21.711)	(7.724)
Total changes in structure of entities under common control	-	-	-	-	-	(1.209)	-	-	-	-	(1.209)
Disposal	(12.026)	(44)	-	-	-	-	-	-	(307)	-	(12.377)
Balance at 31 December 2010	3.032	78.140	-	-	-	1.738	17.847	6.105	601.524	447.609	1.155.995
Balance at 1 January 2011	3.032	78.140	-	-	-	1.738	17.847	6.105	601.524	447.609	1.155.995
Effect of change in group structure	-	1.243	-	-	-	-	-	(17)	-	-	1.226
Additions	-	1.623	-	-	-	86	-	154	4.456	40.607	46.926
Transfers	(2.873)	2.873	-	-	-	-	-	-	-	-	-
Transfer from tangible fixed assets	-	261	-	-	-	-	-	-	-	-	261
Translation difference ⁽⁴⁾	-	2.399	-	-	-	397	3.438	-	133.418	90.885	230.537
Effect of business combination ⁽⁵⁾	-	1.038	20.990	223.433	39.554	-	-	-	-	-	285.015
Disposal	-	(2.112)	-	-	-	-	-	-	-	-	(2.112)
Balance at 31 December 2011	159	85.465	20.990	223.433	39.554	2.221	21.285	6.242	739.398	579.101	1.717.848

⁽¹⁾ The amortisation of Ambarlı Port and terminals, lines and vessels of IBB.

⁽²⁾ TL 230.216 of translation difference is the translation difference of TAV Havalimanları and MIP.

⁽³⁾ The effect of intangible fixed assets acquired as a result of IDO acquisition.

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Amortisation	Development Costs	Licences	Amortisation of Ambarlı Port ^(*)	Amortisation of Terminals ^(*)	Rental agreement for vessels	Other intangible fixed assets	Customer relations	Water service operation right	Port operation right	Airport operation right	Total
Balance at 1 January 2010	-	(7.028)	-	-	-	(1.993)	(4.281)	(232)	(42.375)	(38.825)	(94.734)
Effect of change in group structure	-	-	-	-	-	-	-	-	-	-	-
Amortisation for the period	-	(3.016)	-	-	-	(171)	(1.590)	(185)	(16.847)	(17.019)	(38.828)
Translation differences	-	140	-	-	-	-	171	-	(1.134)	1.223	400
Total changes in structure of entities under common control	-	-	-	-	-	881	-	-	-	-	881
Disposals	-	40	-	-	-	-	-	-	-	-	40
Balance at 31 December 2010	-	(9.864)	-	-	-	(1.283)	(5.700)	(417)	(60.356)	(54.621)	(132.241)
Balance at 1 January 2011	-	(9.864)	-	-	-	(1.283)	(5.700)	(417)	(60.356)	(54.621)	(132.241)
Effect of change in group structure	-	(21)	-	-	-	-	-	3	-	-	(18)
Amortisation for the period	-	(3.093)	(350)	(3.724)	(659)	(177)	(1.878)	(195)	(18.287)	(22.299)	(50.662)
Translation differences	-	(1.309)	-	-	-	(131)	(1.202)	-	(15.665)	(12.993)	(31.300)
Disposals	-	238	-	-	-	-	-	-	-	-	238
Balance at 31 December 2011	-	(14.049)	(350)	(3.724)	(659)	(1.591)	(8.780)	(609)	(94.308)	(89.913)	(215.983)
Net book value											
Net book value as at 31 December 2010	3.032	68.276	-	-	-	455	12.147	5.688	541.168	392.988	1.023.754
Net book value as at 31 December 2011	159	71.416	20.640	219.709	38.895	630	12.505	5.633	645.090	489.188	1.503.865

^(*)As at 31 December 2011, the operation right of Airports is the operation right of the airports of TAV Havalimanları. The group shares related to the airport operation rights is Ankara Esenboğa Airport TL 48.454, İzmir Adnan Menderes Airport TL 18.568, Tbilisi International Airport TL 41.576, Enfidha International Airport TL 312.954, Gazipaşa Airport TL 12.919 and Skopje International Airport TL 54.317, respectively.

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(Currency: Thousands of TL)

21 GOODWILL

Cost	
01 January 2010	116.777
Translation effect	(4.397)
Current year additions (*)	1.401
Net book value as at 31 December 2010	113.781
Net book values as at 1 January 2011	113.781
Translation effect	15.879
Current year profit (*)	-
Effect of change in group structure	(1.208)
31 December 2011	128.452

(*)The addition of 2010 is the goodwill from 50% purchase of NHS.

As at 31 December 2011 TL 97.104 of the goodwill (31 December 2010: TL 82.433) is resulted from TAV Havalimanları and TL 31.348 of the goodwill (31 December 2010: TL 31.348) is resulted from the goodwill which is generated by the purchase of additional shares of TAV Havalimanları by Akfen Holding.

The income and market approaches were used in the determination of the fair value of the equities of the companies of which goodwill is calculated. The analysis is mostly done by using income approach (reduced cash flow method). As a result of impairment test carried out according to the items producing cash, the impairment loss was not recorded as at 31 December 2011.

Evaluation of goodwill of Akfen Holding for further purchase of shares of the TAV Havalimanları is carried out by using a market value method.

Assessment of actual values of equities of HAVAŞ, TGS and TAV Tbilisi, as three different NYBs, is carried out by an independent assessment company. Income and market approaches are used for purposes of determining actual values of equities of HAVAŞ and TAV Tbilisi. While this analysis is conducted mainly by using the income approach (discounted cash flow method), lower weight applies to value of HAVAŞ and TAV Tbilisi arisen from Similar Procedures and In-house methods. Since TGS is active fully only in 2010, the income approach method is used only in assessment of TGS.

In assessment of the companies, 5-years and 10-years business schedules prepared by the Administration for HAVAŞ, and for TGS and TAV Tbilisi respectively are used. Growth in business schedules of HAVAŞ and TGS is resulted from business opportunities in sectors, where the companies act, and new customer acquisitions. Furthermore, since TAV Tbilisi has a limited lifespan, any estimations in relation to TAV Tbilisi are extended until the end of YID period, using a lower growth ratio and keeping margins estimated by the Administration

22 GOVERNMENT GRANTS

According to the Investment Incentive Code No.47/2000 Akfen GYO, among the affiliated partners of the Group, has a 100% investment incentive on any investments made by Akfen GYO until 31st December, 2008 in the Turkish Republic of Northern Cyprus.

Based on the decree dated 01.07.2003 and numbered 2003/5868 of the Cabinet, it is resolved that ratio of the private consumption tax of the fuel oil supplied to any vessels, commercial yachts, service and fishing vessels, which are registered in the Turkish International Ship Registry and National Ship Registry and carry cargo and passengers exclusively in coastal routes, to be reduced to zero as of the beginning of the year 2004, provided that quantity of the fuel oil is determined with regards to technical specifications of and registered in journal of the vessel to consume such fuel oil. The Group utilizes discount in the private consumption tax to this extent since 2004.

According to the decree dated 02.12.2004 and numbered 2004/5266 of the Cabinet, any revenues obtained from operation and transfer of any vessels and yachts registered in the Turkish International Ship Registry are exempted from income and corporate taxes and funds. Purchase and sales, mortgage, registration, loan and freight agreements for any vessels and yachts registered in the Turkish International Ship Registry are not subject to stamp tax, duties, taxes and funds of bank and insurance procedures. The Group makes use of discounts of corporate tax and income tax in this scope.

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Since TAV Insaat company completed the Macedonia project within two years, the company is exempted from corporate tax under the Macedonian codes. Additionally, any construction works in airports constructed by TAV Insaat are exempted from VAT.

23 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term debt provisions

As at 31 December, the short term debt provisions are as follows:

	2011	2010
Provision for litigations	3.429	2.381
Unused vacation accrual	8.627	6.053
Others	615	231
	12.671	8.665

The movement of the provisions as at 31 December is as follows:

2011	Litigation	Vacation	Other	Total
Balance at the beginning of the period	2.381	6.053	231	8.665
Provisions provided during the period	1.393	1.230	406	3.029
Foreign currency differences	-	751	-	751
Effect of business combination	-	698	-	698
Effect of change in group structure	-	66	-	66
Provisions released during the period	(345)	(171)	(22)	(538)
Balance at the end of the period	3.429	8.627	615	12.671

2010	Litigation	Vacation	Other	Total
Balance at the beginning of the period	984	3.964	436	5.384
Provisions provided during the period	1.681	3.156	-	4.837
Foreign currency differences	-	(27)	-	(27)
Provisions released during the period	(284)	(1.040)	(205)	(1.529)
Balance at the end of the period	2.381	6.053	231	8.665

Litigation

As at 31 December 2011, provision for litigations is mainly related to the ongoing legal cases of employees and customers.

Vacation pay liability

For the periods ended 31 December 2011 and 31 December 2010, the Group has provided vacation pay liability accrual amounting to TL 8.627 and TL 6.053, respectively. Provision is calculated by the remaining vacation days multiplied by one days' pay. Provisions provided during the year have been reflected under cost of sales and administrative expenses in the accompanying consolidated financial statements.

Provision for long term liabilities

As at 31 December 2011, the long term provisions of the Group consisted of provision of litigation of İDO, the subsidiary of the Group. İDO allocated TL 2.263 (Group share: TL 681) provision for the lawsuits brought by the contractors and lessors by taking into account the sample cases and the professional advices.

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24 COMMITMENT AND CONTINGENCIES**a) Commitments, Pledges and Mortgages**

As at 31 December 2010, the group's position related to letter of guarantees given, Pledges and Mortgages were as follows:

Commitments, Pledges, Mortgages ("CPM") are given by the Group	2011	2010
A. Total amount of CPM is given on behalf of own legal personality	1.697.397	962.280
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated		
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	1.326.177	1.276.063
D. Total Amount of other CPM		
i. Total amount of CPM is given in favor of parent company	--	--
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	46.445	218.921
iii. The amount of CPM is given in favor of third party which C doesn't include	--	135.096
ii. The amount not included in B and C articles		
Total amount of CPM given in favor of other Group companies	46.445	83.825
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	3.070.019	2.457.264

(As at 31 December 2011, total amount of other CPM given by the group is 4% (2010:23%) of the Group's equity. As at 31 December of 2011, balances of commitments, pledges and mortgages given by Group on behalf of its own legal personality are EUR 262.441.516 and 488.286.334 (31 December of 2010: EUR 276.501.360 and USD 186.618.418). As at 31 December of 2011, balances of commitments, pledges and mortgages given by Group to its subsidiaries included in the consolidation are EUR 313.564.312, USD 84.511.950 and 347.119.651 other currency* (31 December of 2010: USD 289.768.149, USD 50.997.250 and 293.208.954 other currency). As at 31 December 2011, balances of commitments, pledges and mortgages given by Group in favour of main shareholder are USD 23.950.220 (31 December of 2010: EUR 26.000 and USD 106.202.379).

^(*)Other is presented as TL equivalent.

(b) Letter of Guarantees Received

Akfen Holding and its subsidiaries has also received letters of guarantee, cheques and securities amounting to TL 167.168 in total as at 31 December 2011 (31 December 2010: TL 144.828) from subcontractors. Letters of guarantees comprise of securities given to hydroelectric production companies amounting to TL 15.960 (2010: TL 15.990), securities taken from construction companies amounting to TL 33.319 (2010: TL 29.219) as at 31 December 2011. As at 31 December 2011, the jointly control entities has received the letters of guarantee, cheques and sureties amounting to TL 99.827 (Group's share: TL 37.296) (31 December 2010: TL 18.526 (Group's share: TL 9.263)).

(c) Contractual obligations**TAV Istanbul**

TAV Istanbul is bound by the terms of the Concession Agreement made with DHMİ. If TAV Istanbul does not follow the rules and regulations set forth in the Rent Agreement, this might lead to the forced cessation of TAV Istanbul's operation.

At the end of the contract period, TAV Istanbul will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made, and the cost will be charged to TAV Istanbul.

Pursuant to the provisions of this agreement, the contractual obligations of TAV Istanbul include the rental of the above mentioned facilities for a period of fifteen and a half years beginning on 3 July 2005; the operation of the facilities in compliance with international norms and standards within the rental (operation) period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ upon the expiry of the rental period.

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In the case where TAV İstanbul as the lessee performs a delayed and/or incomplete rent payment to DHMİ, TAV İstanbul is charged a penalty of 10% of the rent amount to be paid. TAV İstanbul is then obliged to perform the payment latest within five days. Otherwise, DHMİ shall be entitled to terminate the rent agreement. TAV İstanbul is not entitled to claim the rent payments performed to DHMİ prior to the termination of the contract.

TAV Esenboğa ve TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements.

According to the BOT agreements:

The share capital of the TAV Esenboğa and TAV İzmir cannot be less than 20% of fixed investment amount.

The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ. DHMİ has requested an extension of EUR 13,900,000 (Group's share: TL 3,630,680) (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for this extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ at 21 March 2008.

Final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV İzmir and TAV Esenboğa.

All equipment used by TAV Esenboğa and TAV İzmir must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are not delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa and TAV İzmir have the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ and TGS

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ, HAVAŞ and TGS undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this context, HAVAŞ and TGS had these losses insured with the insurance policy in the amount of USD 50,000. They also take the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ and TGS are required to provide DHMİ with letters of guarantee each amounting to USD 1,000,000 (Group's share: USD 261,200). Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ and TGS. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ and TGS are obliged to complete the collateral at its original amount which is USD 1,000,000 (Group's share: USD 261,200) within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the Atatürk, Esenboğa, Adnan Menderes, Dalaman, Adana, Trabzon, Milas, Nevşehir, Antalya, Gaziantep, Kayseri, Urfa, Batman, Adıyaman, Elazığ, Muş, Sivas, and Konya airports; when the rent period ends, DHMİ will have the right to retain the immovables in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;

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- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transport Association, International Civil Aviation Organization or European Civil Aviation Conference or the project;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was completed in May 2011.

Tax laws and risks

Georgian commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result TAV Tbilisi may be assessed additional taxes, penalties and interest. Tax periods remain open to review by the tax authorities for six years. Management believe that their interpretation of the relevant legislation is appropriate and TAV Tbilisi's profit, currency and customs positions will be sustained.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport LLC" (the "Agreement") together with its Schedules annexed to the Agreement.

In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to:

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which is then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;

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- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

The Conceding Authority and TAV Tunisie shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisie annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Antalya Gazipaşa Airport. If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount. Facility usage amount represents the USD 50.000 (Group's share: USD 13.060) fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication ("MOTC").

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

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All equipment used by TAV Macedonia must need to meet the Concession Agreement's standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

Management believes that as at 31 December 2011, the Group has complied with the terms of the Concession Agreement mentioned above.

MIP

MIP is subject to any terms and conditions of the Concession Agreement and its appendices entered into by MIP, OIB and TCDD on 11 May 2007 for transfer of operating rights of the TCDD Mersin Port for 36 years. Under the Concession Agreement, MIP is obliged to fulfill the following obligations:

- to operate the port in accordance with the effective codes, legislation, regulations and any international agreements, guidelines and bilateral agreements recognized by Turkey, and to continue its activities in accordance with the instructions of the Maritime Undersecretariat and Mersin Port Directorate and resolution of other public bodies and authorities on port services;
- to supply and maintain any necessary bank guarantees in consideration any liabilities hereunder;
- to observe any reporting obligations;
- to ensure that any agreements signed in time of TCDD remain effective until their expiry date, provided that it is free to renew these agreements;
- to maintain any spaces allocated to public authorities in the body of the port exactly in current conditions, and if such spaces hinder any port activities as a result of investments, to move these spaces to any other place at the Operator's cost upon mutual consent of the parties and by notifying TCDD of this;
- to cover all necessary investments for purposes of keeping the port administration in said standards and to fulfill its obligations toward increase of capacity of the Port within 5 years following the signing date;
- to fulfill any obligations on obtaining any necessary licenses, permissions, etc. to perform any port services and activities;
- to determine any fee tariffs of the port services in a competitive understanding and under the current legislation and to avoid of any excessive pricing;
- to fulfill any obligations timely and completely on all taxes and duties of the Port, SSI Premiums of employees, Incomes, etc.;
- to allow any public inspection under the provisions of the Agreement;
- to observe any restriction on use of the plants;
- to fulfill any insurance obligations;
- to keep and report any accounting accounts and records to TCDD based on the cost separation principle;
- to maintain sustainability of public services and service standards;
- to implement maintenance and repairs of the plants;
- to accept responsibility for any damages, costs and losses incurred by third parties or caused by third parties again the Port; and
- to have any resolution on legal structure of the Company to be approved by TCDD.

MIP fulfills its obligation on increase in capacity of the above-mentioned port in 2011, and completes any official notification application for approval by the Administration.

Akfen HES I, Akfen HES II, Akfen HES III

Obligations subject to license

Pursuant to the Electricity Market License Regulation, plant completion periods are allowed by the Authority for production license as 16 months for pre-construction preparation phase and 24-46 months for construction phase as determined according to the project (this period is 54 months for the Laleli Dam and HES project). Any plant completion dates and periods found fit are added licenses. The plant consideration period considered in determining a plant completion date consists of total of periods of permissions needed to be obtained under other legislation, pre-construction period including periods for provision of settlements including expropriation, establishment of easement or lease procedures and construction period determined according to nature of the production plant under the license. If any time extension requirements arise for cogent reasons such as non-performance of administrative procedures in time such as approval, permission, etc. and non-completion of expropriation, establishment of easement or lease procedures, a time extension may be required, provided that they are not caused by force majeure events or licensee judicial entity. Moreover, if any time extension is required by the licensee due to any events that affect and may affect investment process of the project such geological and/or technical problems and/or regional features and any national or international adverse financial developments in relation to the project, and such alleged reasons are seen fit by the Authority and it is determined investment of the production plant reaches an irrevocable point, a time extension is allowed by the Authority and added to the license.

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Pursuant to the 'Reporting' section of the same Regulation, the licensee judicial entities are obliged to prepare and submit an annual activity report for previous year to the Authority until the end of April of each year in accordance with the provisions of the relevant legislation. In this report, the licensee gives any information about applications and their results of any permission, approval, license and other administrative procedures conducted by the legal entities before the related bodies, authorities and/or institutions to perform its business activities under the license in the previous year. The judicial entities, who obtain a license to perform any production activities, are obliged to submit any information about any activities implemented until completion date of the plant in first and second semi-years to the Authority in its progress report in an appropriate form determined by the Authority within July and January months of each year respectively. Such obligation commences within the current period if there is a period more than 90 days between the license date and period of first progress report following that period, or within subsequent period.

Obligations subject to Water Use Right Agreement

Pursuant to the Water Use Right Agreements entered into with the State Hydraulic Works ("DSI"), a Hydraulic Source Allowance is paid for the following stations. The allowance is found by multiplying the amount per electrical kilowatt-hour committed to be paid to DSI by annual power consumption of the station. Annual power generation of the station is informed to the company "Türkiye Elektrik İletişim A.Ş. ("TEİAŞ") or relevant distribution company until 15th January of subsequent year. The determined amount of the Hydroelectric Source Allowance needs to be updated at rate of the increase in Turkish Average Electricity Wholesale Price determined by EPDK from the tender year until the generation year based on payment and paid by the company to DSI until the end of subsequent January during the period of the license given by EPDK to record as revenue.

Hydroelectric Source Allowance determined under the Water Use Right Agreement is 0.02 kurus/kWh, 0.05 kurus/kWh, 0.02 kurus/kWh and 0.07 kurus/kWh for Gelinkaya HES, Kavakçalı HES, Dogancay HES, and Laleli Dam and HES, respectively.

Obligations subject to Share Transfer Agreement

In the Beyobası and Ideal projects located under Akfen HES I and in the Pak and Elen projects located under Akfen HES II, pursuant to the Article "Variable Share Value" of the share transfer agreements, USD 0.5 per kWh should be paid to the Bağcı Group based on annual power generation in January yearly including the period between 1st January and 31st December and following this period since the date, when above-mentioned four companies and twelve stations under these companies located in the HES project.

Akfen Su Gulluk

Akfen Su Gulluk is subject to the terms and provisions of the Drinking and Potable Water Supply Plant and Waste Water Treatment Plant Construction and Operation License Agreement and its appendices entered into with the Gulluk Municipality on 29 August 2006. Term of the license agreement is 35 years as total of investment and operating terms. As a licensee, Akfen Su Gulluk completed the final acceptance process for construction works under the agreement on 13 January, 2011.

Akfen Su Arbiogaz Dilovasi

Akfen Su Arbiogaz Dilovasi is subject to the terms and provisions of the Dilovasi Organized Industrial Zone Waste Water Treatment Plant Construction and Main Collector Line Construction and Operation Project agreement and its appendices entered into with the Dilovasi Organized Industrial Zone Directorate on 3 August 2007. Term of the agreement is 29 years totally including construction period and operation period of the plants. Under the agreement, the Administration has a price guarantee in Euro for minimum waste water flow rate by years waste water treatment during operating period of the plant. In consideration of this guarantee, the Administration gives Akfen Su Arbiogaz Dilovasi a guarantee letter per operational year.

Group as a Lessee

Operating Lease Agreements

Akfen GYO

As at 31 December 2011, Akfen GYO (Real Estate Investment Trust) concluded 12 Operating Lease agreements in capacity of the Lessee

- On 15 July 2003, Akfen GYO concluded land lease agreement for 49 years with Ministry of Finance of Turkish Republic of Northern Cyprus to establish construction rights and construct a hotel on the same land located in Girne. Payment of lease fee started in 2003. Lease fee for year 2011 was USD 53.609 and it increases by 3 % on annual basis. The payments are done on annual basis.

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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- On 4 December 2003, Akfen GYO concluded a land lease agreement for 49 years with Ministry of Finance of Republic of Turkey to establish construction rights and construct a hotel on the same land located in Zeytinburnu sub-province of Istanbul. The lease fee comprises fixed lease fee determined by the Ministry of Finance and plus 1 % of annual total revenue of the facility to be constructed on the land.
- On 8 August 2005, Akfen GYO concluded an operating lease agreement with Eskisehir Grand Municipality for leasing site of an uncompleted hotel construction for 22 years. Respective lease agreement was annotated in Title Deed Registration Office. Hotel construction was completed and commissioned into service in 2007. The lease fee is composed of the fixed annual lease amount determined and plus more than 5 % of annual revenue of the facility constructed on the land rented.
- On 30 October 2006, Akfen GYO concluded a land lease agreement for 49 years with Trabzon Dünya Ticaret Merkezi A.Ş to establish construction rights and construct a hotel on the same land located in Trabzon province. Lease fee for the first five years was paid in cash in advance upon getting the permit for the construction. Akfen GYO has the pre-emptive right among other firms proposing equivalent proposals for extending the term of the lease.
- On 4 October 2006, Akfen GYO concluded a land lease agreement for 49 years with Kayseri Chamber of Industry to establish construction rights and construct a hotel on the same land located in Kayseri province. Lease fee for the first five years was paid in cash in advance upon getting the permit for the construction. Akfen GYO has the pre-emptive right among other firms proposing equivalent proposals for extending the term of the lease.
- On 31 May 2007, Akfen GYO concluded land lease agreement for 30 years with Gaziantep Grand Municipality to establish construction rights and construct a hotel on the same land located in Gaziantep province. Lease fee for the first five years was paid in cash in advance upon getting the permit for the construction.
- On 9 May 2008, Akfen GYO concluded land lease agreement for 30 years with Bursa International Trade Centre Operating Cooperation (locally known as "BUTTİM") to establish construction rights and construct a hotel on the same land located in Bursa province. The payments of the lease fee will start after grace period of 5 years.
- On 16 September 2010, Akfen GYO concluded land lease agreement for 49 years with Prime Ministry, General Directorate of Foundations to establish construction rights and construct a hotel on the same land located in İzmir province. Respective lease contract was annotated in Title Deed Registration Office. The lease fee payments started on the contracting that and the monthly lease fee is TL 2 for first three years and it will be TL 25 in fourth year. As of the end of fourth year, the lease fee will be determined through increasing the lease amount of previous year proportional to Producer's Price Index (change rate according to average of twelve months period). Akfen GYO concluded land lease contracts for the lands of Yaroslavl and Kaliningrad projects against annual fees of TL 12 and TL 28, respectively.

Akfen GYO took over 167.830 m2 land of Ministry of Agriculture and Natural Resources zoned for tourism in Bafra province of TRNC under Decree of Counsel of Ministers of TRNC dated 23 February 2011 as rented to Akfen Insaat for 49 years period. Annual lease fee is USD 53.609 and it increases by 3 % on annual basis.

On 22 June 2011, Akfen GYO took over the lease agreement concluded between Directorate of Foundations for First Region and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret Anonim Şirketi for 49 years for the land located in Beyoglu sub-province in Istanbul. Monthly lease fee is TL 115 and it will be reorganized in proportion to the increase in Producer's Price Index starting from the 3rd year of takeover till the end of 49th year.

Most of the contracts include provisions for analysing the market conditions when Akfen GYO demands for extending the term of the contract. The contracts for the lands of Yaroslavl and Kaliningrad projects include provisions for purchasing the title of the lands at the end of the investment. In other contracts, Akfen GYO does not have the right to purchase the estate rented at the end of the lease period.

Noncancelable operation leasing liabilities

	31 December 2011	31 December 2010
Within 1 year	714	832
Between 1 -5 years	8.038	4.055
5 years and more	129.502	70.352
	138.254	75.239

IDO

IDO concluded operating lease agreements with Istanbul Metropolitan Municipality ("İBB") for operating the terminals, lines and sea vessels belonging to İBB. Lease fees introducing the definition of conditional lease are calculated over the sales revenues of the Group. Thus, the lease agreement does not include payment of any minimum amount of lease in following periods.

AKFEN HOLDİNG ANONİM ŞİRKETİ

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As at 31 December 2011, IDO has to pay conditional lease fees for operating the terminals, lines and sea vessels. According to the conditions of the lease agreement, IDO has taken over rights of use of these lines together with the terminals and sea vessels and pays a particular rate of the gross revenue collected from these lines to IBB as conditional lease fee. Receiver party of the payment and the rate of lease costs in the gross revenue was determined in a protocol concluded between IBB and the Group. IDO and IBB concluded a lease protocol on 1 August 2010 and the rate applicable is 5,1% over the vessel revenues.

On May 2006, IDO purchased ten sea busses rented from IBB and the conditions of the lease agreement concluded between the parties terminated. IDO and IBB concluded a new agreement for Sea Bus and Fast Ferry Lines.

Lease agreement concluded between IDO and IBB for operating two fast ferries and five sea buses for 10 years against monthly lease fee TL 2.178 (Group's share is TL 653) (including 18% VAT) was terminated as at 1 August 2010 which was expiry date for the lease protocol for operating terminals, lines and sea vessels of IBB. Pursuant to the agreement concluded between IDO and IBB on 30 July 2010, IDO has been authorized to operate 28 passenger ferries (liner), 13 ferryboats, 5 sea buses, 2 fast ferries and 1 tugboat belonging to IBB for 30 years against usufruct price. Monthly usufruct price that IDO is liable to pay to IBB is determined as 5,1% of the gross revenue. Upon establishment of Istanbul Şehirhatları Turizm San Tic A.Ş, operation of city ferry lines passed to Istanbul Şehirhatları Turizm San Tic A.Ş as at 30 September 2010 and lease fee would be paid by calculating as 5,1 % over the ships operated by the Operator (IDO). At the end of barter transaction concluded on 1 March 2011, 13 ferryboats were purchased by IDO and the lease burden was eliminated for respective ships.

Usufruct right of 27 docks and terminal areas remaining under the authorization of IBB were taken through tendering for 30 years period against TL 590 (Group's share is TL 177) starting from 1 November 2010.

With an agreement concluded on 8 December 2010, IDO obtained public transport licence for 6 sea bus lines and 1 ferryboat line. According to the agreement, IDO is liable to pay 1% of the annual gross revenue provided that it is not less than TL 201 (Group's share is TL 60).

With the agreement concluded on 23 February 2011, IDO took usufruct right of miscellaneous docks, terminals, maintenance yards and premises in Istanbul, Balıkesir, Bursa and Yalova provinces for 10- 30 years period against annual TL 2.500 (Group's share is TL 750) + VAT lease fee.

Usufruct right of sea surface under the possession of Istanbul Internal Revenues Office was taken through tendering for 30 years period against TL 2.665 (Group's share is TL 800) starting from 1 April 2011. Usufruct right taken with this tender covers sea part of 2nd plot of Ambarlı land. Pursuant to the conditions of the agreement, 20 % of the lease fee will be paid until starting the operations and complete annual lease fee will be paid after start of the operations. Contract price will be subject to increase in proportion to Producer's Prices Index.

Usufruct right of 14 docks remaining under the possession of Istanbul Internal Revenue Office was taken through tendering for 30 years period against TL 463 (Group's share is TL 139) starting from 5 July 2011.

Akfen GYO

- As at 31 December 2011, in capacity of Lessor, Akfen GYO concluded 16 operating lease agreements comprising 9 for the hotels in Turkey, 4 for the hotels in abroad, 1 for leasing casino, 1 for leasing fitness centre and 1 for leasing bar/ café. Akfen GYO concluded an operating lease agreement with ACCOR S.A on 18 November 2005 for the hotel completed and started to servicing in Eskisehir in 2007.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 12 December 2005 for two hotels completed and started servicing in Istanbul in 2007.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 27 July 2006 for the hotel completed and started servicing in Trabzon in 2008.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 24 March 2008 for the hotel completed and started servicing in Kayseri in 2010.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 24 March 2008 for the hotel completed and started servicing in Gaziantep in 2010.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 31 July 2008 for the hotel completed and started servicing in Bursa in 2010.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 16 August 2010 for the hotel planned to complete and start servicing in Esenyurt in 2012.

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 7 September 2010 for the hotel planned to complete and start servicing in Adana in 2012.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 2 February 2011 for the hotel planned to complete and start servicing in İzmir in 2013.
- Abovementioned nine agreements include following similar conditions;

The agreements were concluded with Tamaris Turizm that is a 100% affiliate of ACCOR S.A operating in Turkey and Accor S.A has a 100 % guarantee in respective agreements.

Lease term is calculated by adding twenty five (25) calendar years with ten (10) years extension option starting the beginning of new year after the time between its opening time till the end of respective same calendar year. The parties agreed to entitle ACCOR S.A to terminate the agreement at the end of fifteenth fiscal year upon mutual agreement of the agreement. In the event that the company fails to complete the construction in specified period (including six months additional period starting from designated expiry date, ACCOR S.A will be entitled to terminate the agreement. In such a case, the parties will mutually be waived from their liabilities and Akfen GYO shall redress the damages and liabilities of ACCOR S.A up to EUR 750.000 covering the liable damages and liabilities that may accrue till termination of the agreement.

With the changes in Framework Agreement concluded on 12 April 2010, annual lease fee amounts to be paid by the lessee to the lessor will be:

Starting to be valid from 1 January 2010.

- Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 25% of the turnover of Kayseri Ibis, Gaziantep Ibis, Bursa Ibis hotels and all Ibis hotels to be opened after 1 January 2010 or 70% of the Adjusted Gross Operating Profit of the same hotels whichever is higher.
- Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 22% of the turnover of Kayseri Novotel, Gaziantep Novotel and all Novotels to be opened after 1 January 2010 or 70% of the Adjusted Gross Operating Profit of the same hotels whichever is higher.
- Starting from 1 January 2011;
- Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 25% of the turnover of Zeytinburnu Ibis and Eskisehir Ibis or 65% of the Adjusted Gross Operating Profit of the same hotels whichever is higher.
- Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 22% of the turnover of Zeytinburnu Novotel and Trabzon Novotel or 65 % of the Adjusted Gross Operating Profit of the same hotels whichever is higher.

Adjusted Gross Operating Profit will be calculated as follows:

AGOP= GOP (Gross Operating Profit –) – 4% of the turnover as Accor's price - 4% of the turnover as FF&E Reserve.

If Akfen GYO fails to complete four hotels including one in Istanbul as at 31 December 2013 at latest, the annual lease fees will be reduced to 65% of AGOP (Adjusted Gross Operating Profit) for Novotel/Ibis Gaziantep, Novotel/Ibis Kayseri ve Ibis Bursa hotels starting from 1 January 2014 and annual lease fees will be reduced to 60% of AGOP for Novotel/Ibis Istanbul, Ibis Eskişehir ve Novotel Trabzon hotels starting from 1 January 2013 in the event that it fails to start construction of an Ibis hotel Project in Moscow and conclude a hotel lease agreement with ACCOR S.A as at 31 December 2012. Completion of hotel project means obtaining occupancy permit certificate and business and operating license from the competent authorities. Annual lease fee shall be paid on quarterly basis (January, April, July and October) for each hotel over the AGOP realized in respective quarter.

In addition to operating lease agreements concluded with ACCOR S.A for the hotels located in Turkey as mentioned above, Akfen GYO concluded seven operating lease agreements as detailed below.

- Akfen GYO concluded a casino operating lease agreement with Voyager Kıbrıs Limited ("Voyager") on 15 March 2007. Lease payments started from 1 July 2007 when the casino started operating. The term of agreement is for 5 years. Pursuant to supplementary leasing agreement concluded on 1 May 2010, the annual lease amount is EUR 3.059.840 from 1 July 2009 to 30 January 2010 and paid in quarterly basis in advance (March, June, September and December). With the supplementary leasing agreement concluded on 1 July 2010, the discount right of EUR 150.000 will be lifted and annual lease amount will be EUR 3.209.840. The Parties agreed not to increase the annual leasing amount and eliminate the provisions for increasing the leasing fee in proportion to Euribor realized at the beginning of the lease period as long as the primary lease agreement remain valid between the parties.

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- Akfen GYO leased Mercure Hotel to Serenas Turizm Kongre ve Organizasyon Hizmetleri Limited Şirketi ("Serenas Turizm") for 5 years period as at 1 January 2008 with 5 years option for extending the lease period. The leasing fee is EUR 1.500.000 for the year 2011 and EUR 2.000.000 for the year 2012. Serenas Turizm obtained letters of credit amounting EUR 3.000.000 for Akfen GYO from various banks. Annual leasing fee is paid in advance on quarterly basis (February, May, August, September).
- Akfen GYO concluded a leasing agreement with Sportif Makine A.S on 1 September 2006 for Eskisehir Ibis Otel Fitness Center. Payments of leasing fee started two months after 1 January 2007 when the fitness centre is delivered. Monthly leasing fee is EUR 6.500 excluding VAT and the leasing term is for 7 years. Annual leasing fee is subjected to increase at the beginning of each leasing term in proportion to annual Euribor rate. Pursuant to supplementary agreement concluded on December 2011, a modification was made in regard to lease fee payments for 2012 and monthly leasing fees were reduced to EUR 5.000 without VAT for June, July and August and to EUR 6.000 for other months.
- Akfen GYO concluded an operating lease agreement with Seven Turizm İnşaat ve Reklam Sanayi Ticaret Limited Şirketi on 11 May 2007 for the bar/ cafe areas inside Eskisehir Ibis Hotel. Leasing fee payments will start two months after the delivery date of the café/ bar. Monthly leasing fee is TL 3 and the leasing term is for 10 years. Annual leasing amount is subject to increase in proportion to average rate of annual Producer's Price Index and Consumer's Price Index at the beginning of each leasing period.
- Russian Hotel, represented by its affiliate LLC Samstroykom, concluded a lease agreement with Russian Hotel Management Company, the affiliate of ACCOR S.A in Russia, for Ibis Hotel building located in Samara. The agreement was concluded in Moscow on 11 July 2008. The leasing term shall be 25 years and ACCOR S.A will have the option to extend for 10 years. Annual lease amount is determined as 70 % of the Adjusted Gross Operating Profit (AGOP). The Parties agreed Annual Minimum Leasing Guarantee to be EUR 5.000 per room for first full operating year, EUR 6.000 per room for second full operating year and EUR 7.000 per room beginning from the 3rd year until the end of 15th year of operation. The parties agreed ceiling price for minimum lease guarantee to be EUR 14.000 per room. ACCOR S.A will be entitled to terminate the contract at the end of 15th year of operation.
- Russian Hotel, represented by its affiliate LLC Samstroykom, concluded a lease agreement with Russian Hotel Management Company, the affiliate of ACCOR S.A in Russia, for Ibis Hotel building located in Yaroslavl. The agreement was concluded in Moscow in 15 October 2009. The building was delivered to ACCOR S.A in 3rd quarter of year 2011. Appended to the primary agreement concluded in regard to Yaroslavl Hotel, the Group concluded long term lease agreement with ACCOR S.A on 1 July 2011. The leasing term shall be 25 years and ACCOR S.A will have the option to extend for 10 years. Annual lease amount is determined as 75 % of the Adjusted Gross Operating Profit (AGOP). The Parties agreed Annual Minimum Leasing Guarantee to be EUR 2.500 per room for first full operating year, EUR 5.000 per room for second full operating year, EUR 6.000 per room for third full operating year and EUR 7.000 per room beginning from the 4th year until the end of 15th year of operation. The parties agreed ceiling price for minimum lease guarantee to be EUR 14.000 per room. ACCOR S.A will be entitled to terminate the contract at the end of 15th year of operation.
- Russian Hotel, represented by its affiliate LLC Samstroykom, concluded a lease agreement with Russian Hotel Management Company, the affiliate of ACCOR S.A in Russia, for Ibis Hotel building located in Kaliningrad. The agreement was concluded in Moscow on 8 September 2010. The building will be delivered to ACCOR S.A in 1st quarter of year 2013. Primary operating lease agreement will be concluded in the 1st quarter of 2013 and registered. The leasing term shall be 25 years and ACCOR S.A will have the option to extend for 10 years. Annual lease amount is determined as 70 % of the Adjusted Gross Operating Profit (AGOP). The Parties agreed Annual Minimum Leasing Guarantee to be EUR 4.000 per room for first full operating year, EUR 5.000 per room for second full operating year and EUR 6.000 per room beginning from the 3rd year until the end of 15th year of operation. The parties agreed ceiling price for minimum lease guarantee to be EUR 12.000 per room. ACCOR S.A will be entitled to terminate the contract at the end of 15th year of operation.

Non-cancelable operation leasing provisions

	31 December 2011	31 December 2010
Less than 1 year	13.265	11.382
More than 1 year and less than 5 years	32.321	20.276
More than 5 years	87.362	43.229
	132.948	74.887

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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Framework Agreement concluded between Akfen Holding and ACCOR S.A

Akfen Holding concluded a Framework Agreement with Tamaris Turizm, 100 % affiliate of ACCOR S.A operating in Turkey, for being exclusive operator of Novotel and Ibis hotel brands in Turkey. With this Framework Agreement, the Parties combined their powers through finding a partnerships to develop hotel projects in Turkey. The Company will construct numerous hotels and lease it for operation. According to the Investment Program appended in the amendment to the Framework Agreement concluded on 12 April 2010, the Company will complete and lease to ACCOR S.A at least hotel projects starting from 1 January 2011 till the end of 31 December 2015. Two of these hotels will be constructed in Istanbul and remaining hotels will be constructed in Esenyurt, Ankara, İzmir, Adana and two other cities to be mutually determined by the Parties. If mutually agreed parties, the number of hotels may be reduced to 6 in first year of the five years' Investment Program. If the parties cannot agree on next 5 years Investment Program as at 30 June 2015, either party may terminate the agreement or exclusivity in regard to Novotel and Ibis Hotels included in framework agreement or the provisions concerning the pre-emptive rejection right in other ACCOR branded hotels. However, hotel leasing agreements effective as of date of the termination will remain their validity.

All operating lease agreements where the Company is the lessor are based on the Framework Agreement. Pursuant to the Framework Agreement;

- In the event that Akfen Hold sells controlling shares of the Company to the third parties other than the shareholders or companies of the Group, ACCOR S.A shall be entitled to object against the proposals containing the same terms and conditions made by the third parties except that the Company becomes a publicly held company.
- To guarantee the future investments, Akfen Holding and ACCOR S.A agree that Company's capital can be increased with involvement of other organizations provided that the partnership between Akfen Holding and ACCOR S.A is maintained; the control power of the Company remains directly or indirectly with the Akfen Holding and that the new investor accepted for the capital increase is not a local or international hotel operator.
- ACCOR S.A may terminate the agreement in the event that ACCOR S.A does not use its right to raise objection or in case of absence of such right or becomes reluctant to continue with the shareholder under the same terms and conditions. In the event that the agreement is terminated by ACCOR S.A, the leasing agreements effective at the time of termination will remain valid till their relevant expiry date.
- If the investment program mentioned above cannot be realized as at 31 December 2015 or the next investment program cannot be put into force by no later than 30 June 2015, any of the parties shall be free to terminate the partnership.

25 EMPLOYEE BENEFITS

For the years ended 31 December, the movements in the reserve for severance payments were as follows:

	2011	2010
Balance at the beginning of the period	9.672	6.449
Interest cost	1.423	366
Service cost	3.710	1.403
Paid during the year, reversal	(3.365)	(1.847)
Effects of change in foreign exchange rate	761	112
Effect of business combination ⁽¹⁾	4.498	-
Actuarial difference	1.174	3.189
Balance at the end of the period	17.873	9.672

⁽¹⁾ Resulting from IDO acquisition carried out on 16 June 2011.

Such payments are calculated on the basis of 30 days' pay maximum (full TL) TL 2.732 as at 31 December 2011 (31 December 2010: TL 2.517) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

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The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and jointly controlled entities registered in Turkey arising from the retirement of employees. International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at 31 December 2011 have been computed by 4,48% discount rate assuming an annual inflation rate of 5,00% and interest rate of 9,7% (31 December 2010: annual inflation rate of 5,10%, a interest rate of 10% and 4,66% discount rate). It is planned for some of the jointly controlled entities that rights related to employee benefits to be paid at the end of the concession agreement. Accordingly, the net present value of the total retirement pay obligation is calculated with considering the duration of concession agreements.

26 RETIREMENT PLANS

The Group does not have any retirement plans as at 31 December 2011 and 31 December 2010.

27 OTHER ASSETS AND LIABILITIES

Other Current Assets

As at 31 December, other current assets comprised the following:

	2011	2010
Prepaid concession expenses	78.798	65.612
VAT carried forward	53.268	32.486
Order advances given	42.487	12.342
Advances given to sub-contractors	40.360	46.082
Accrued income	16.358	8.436
Prepaid expenses	12.126	8.915
Prepaid taxes and funds	8.028	5.172
Job advances	3.734	1.427
Taxes and funds to be refunded	-	1.663
Other	9.588	8.390
	264.747	190.525

TAV Istanbul paid 23% of the total amount in advance in accordance with the rental agreement. After the first year, 5,5% of the total rent amount shall be paid within the first 5 days of each year. As at 31 December 2011, the short term proportion of prepaid rent is TL78.798 (31 December 2010: TL65.612).

As at 31 December 2011, VAT receivable of MIP for storage and terminal services amounted to TL 24.234 since MIP cannot offset its VAT payable resulted from given services with its VAT receivable resulted from received services (31 December 2010: TL 20.263). VAT receivables amounting to TL 5.248 is resulted from VAT related with TAV Tbilisi and TAV Tunisia due to local laws (31 December 2010: TL 3.225).

As at 31 December 2011, advances given to subcontractors are comprised of TL 16.829 of advances given by TAV İnşaat related to the projects in Doha, Muscat and Central (Turkey) and TL 10.757 of advances given represents the energy projects of HES I and HES II companies and TL 4.093 of advances given represents the hotel projects of Akfen GYO. As at 31 December 2010, advances given to subcontractors are comprised of TL 27.793 advances for the construction projects in Turkey, Libya, Tunisia, Macedonia, Doha, Dubai and Omman and TL 13.672 advances for the energy projects of HES I and HES II companies and TL 4.617 advances for the hotel projects of Akfen GYO.

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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Other non-current assets

As at 31 December, other non-current assets comprised the following:

	2011	2010
VAT carried forward	96.482	84.924
Prepaid rent expenses	41.791	44.039
Accrued income	14.627	17.685
Prepaid expenses	12.706	1.451
Taxes and funds to be refunded	9.825	9.567
Advances paid	9.342	12.697
Advances paid to sub-contractors	-	8.699
Other	571	238
Other non-current assets	185.344	179.300

As at 31 December 2011, prepaid rent expense amounting to TL 41.791 is related with Tav Havalimanları (31 December 2010: TL 44.039).

As at 31 December 2011, VAT carried forward is mainly related to the VAT incurred from capital expenditures amounted to TL 65.273 (31 December 2010: TL 52.868) especially made for the hydroelectric plant projects. Since these plants are in construction progress for hydroelectric plant projects, the Group does not have adequate VAT payable in order to net-off these VAT receivables. VAT carried forward belongs to Akfen GYO is TL 27.798 (31 December 2010: TL 27.152). According to the new Corporate Tax Law, Revenues of real estate investment companies exempt from corporate tax. However, these companies are subjected to 18% VAT for construction contracts

As at 31 December 2011 income accruals belongs to Aliağa project is TL 14.627 (2010: TL 17.685).

Advances given amounting to TL 9.247 of TL 9.341 is related with fixed asset advance of Akfen Hes.

Other Current liabilities

As at 31 December, other short term liabilities are as follows:

	2011	2010
Expense accruals	54.165	33.800
Deferred income	7.093	3.874
Nondeductable VAT	4.786	3.256
Damage and discount provisions	2.436	943
Other	5.731	8.699
	74.211	50.572

As at 31 December 2011, other current liabilities mainly include expense accruals and TL 45.416 expense accruals related to Doha, Muscat, Dubai, Abu Dhabi and Central (Turkey) projects of Tav Yatırım and TL 1.737 expense accruals of TAV Havalimanları and TL 3.832 expense accruals for HES projects of Akfen İnşaat.

Other long term liabilities

As at 31 December, the other long term liabilities are as follows

	2011	2010
Deferred income	12.719	11.608
Advertisement income for future years	1.161	-
Other	591	1.052
	14.471	12.660

As at 31 December 2011, TL 12.719 (2010: TL 11.608) of the other long term liabilities is the rental income paid in cash by ATÜ to TAV Havalimanları and TL 1.161 is the advertisement income of IDO for future years.

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28 EQUITY

As at 31 December 2011, Akfen Holding had 145.500.000 shares, each has TL 1of nominal value. As at 31 December 2011, the whole of TL 145.500capital was paid.

	31 December 2011	31 December 2010
Registered equity ceiling	1.000.000	1.000.000
Paid capital	145.500	145.500

28.729.368 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 116.770.632 B Group shares are wholly bearer shares.

	2011		2010	
	Share Amount	% of ownership	Share Amount	% of ownership
Hamdi Akın	99.209	68,18	99.209	68,18
Akfen İnşaat	3.995	2,75	3.995	2,75
Other non-publicly traded shares	1.180	0,81	1.180	0,81
Publicly traded shares	41.116	28,26	41.116	28,26
Paid in capital (nominal)	145.500	100	145.500	100

As at 31 December 2011 and 2010 there is no pledge on Akfen Holding's share.

The concessions of the Company related to 99.209.000 (A) group shares are as follows:

There are three voting rights for each share in Group A in the General Assembly and these have also voting concession.

One of the auditors to who would be assigned within the company shall be elected among the candidates proposed by the majority of the A Group shareholders and the other auditor shall be elected among the candidates proposed by the majority of the B Group shareholders in the General Assembly.

In the frame of the Repurchase Programme approved in the General Assembly of the company on 12 September 2011, 42.000 Akfen Holding A.Ş. shares were purchased for TL 301amount as at 31 December 2011.

Translation reserve

As at 31 December 2011 the translation reserve amounting TL 101.443 (31 December 2010: TL 17.914) comprise of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RHI, RPI, Hyper Foreign and TAV Havalimanları from their functional currency of USD and Euro to the presentation currency TL which is recognized in other comprehensive income under equity

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 31 December 2011 the hedging reserve amounting to, TL 104.992 is recognized in equity which is related to the interest rate swap contracts made in 2011 by HES Group MIP and TAV Havalimanları (31 December 2010: TL 71.363) MIP and TAV Havalimanları "swap"agreements.

Revaluation surplus

The customer relationship and DHMİ licence were remeasured to their fair values by TAV Havalimanları in 2007. The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Havalimanları. The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 31 December 2011 and 2010.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net off any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and resulting surplus or deficit on the transaction is transferred to/from retained earnings.

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Business combination of entities under common control

Business combinations of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognized directly in equity.

Restricted Reserves

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

The legal reserve 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 5% per annum, until the total reserve reaches 20% of the Company'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. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Other reserves

Other reserve comprises all gain or loss realized on sale and purchase of non-controlling interest in a subsidiary. Akfen GYO increased its capital as TL 46.000 upon the decision of the Board of Directors dated 24 January 2011. 46,000,000 shares corresponding to this increase and total 54.117.500 Akfen GYO shares with TL 54.118 nominal value and 8.117.500 shares of Akfen GYO held by Akfen Holding corresponding to TL 8.118 were offered to public on 11 May 2011. In the following days, Akfen Holding repurchased total 8.040.787 shares in order to provide price stability of Akfen GYO shares. These transaction, of which ownership was changed without losing control, were recognized under the other reserves item after the transaction costs were finalized.

Share premium

During the public offerings carried out on 14 May 2010 and 24 November 2010, because of sale of company shares in a higher price than the nominal value, TL 90.505 and TL 364.277 differences were recognized as the share premium respectively. These premiums are presented in the equity and cannot be distributed, however, these may be used in the capital increase in the future.

Non-controlling interests

The shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' item in the consolidated financial statement.

As at 31 December 2011 and 31 December 2010, the amounts classified under the 'non-controlling interest' item in the statement of financial position are TL 392.965 and TL 160.605, respectively. Again, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the year ended 31 December 2011 and 2010 are TL 104.112 and TL 40.119, respectively.

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29 REVENUE AND COST OF SALES

29.1 Sales

For the years ended 31 December, revenue comprised the following:

	2011	2010
Contract revenue	486.573	415.476
Revenue from ship side operations	183.099	145.893
Revenue from aviation services	107.770	88.139
Revenue from sales of tax free goods	123.044	86.136
Ground handling income	116.486	78.973
Marine transportation income	71.461	-
Commission from sales of duty free goods	52.951	40.423
Construction revenues arising from IFRIC 12	43.480	32.096
Revenue from catering services	32.642	24.881
Electric power sale income	29.571	-
Rent income from investment property	27.621	18.471
Field allocation income	16.066	11.068
Parking income	14.362	13.000
Bus services income	12.343	11.101
Salon services income	10.084	11.245
Other	26.030	17.335
	1.353.583	994.237

29.2 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	2011	2010
Contract cost	474.808	402.999
Personnel expense	131.760	95.426
Cost of ship side operations	85.582	76.007
Rent expense	83.405	68.769
Depreciation and amortisation	54.263	31.407
Cost of trading goods sold	46.949	33.705
Construction costs arising from IFRIC 12	43.456	31.417
Cost of services sold	36.249	21.865
Fuel oil cost of vessels	19.918	-
Cost of catering services	11.185	8.553
Outsourced expenses	4.355	463
Cost of raw materials	2.725	-
Other	14.071	8.903
	1.008.726	779.514

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30 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES**30.1 General Administrative Expenses**

For the years ended 31 December, general administrative expenses comprised the following:

	2011	2010
Personnel expenses	53.388	45.725
General Office expenses	21.952	18.222
Consultancy expenses	9.382	13.945
Insurance expenses	8.079	7.556
Nondeductable VAT	7.488	6.414
Rent expenses	7.146	5.307
Bad debt expenses	6.260	694
Taxes and duties	5.245	6.855
Depreciation and redemption costs	4.836	4.649
Travel expenses	4.245	4.175
Office equipment expenses	2.593	2.557
Representation expenses	1.923	1.246
Grant and charities	1.335	16
Advertisement expenses	1.282	1.900
Litigation expenses	1.262	1.454
Outsourced expenses	1.260	165
Other expenses	20.506	14.332
	158.182	135.212

31 EXPENSES BY NATURE

As at 31 December 2011 and 2010, The Group's expenses are presented on functional basis (see notes 30 and 32).

32 OTHER INCOME/EXPENSE

For the years ended 31 December, other income comprised the following:

	2011	2010
Change in fair value of investment property (Note 18)	282.139	129.971
Gain on bargain purchase ^(*)	20.409	-
Advertising income	8.300	6.776
Rental income	7.180	5.231
Gain on sale of subsidiary ^(**)	4.714	19.646
Gain on sale of tangible assets	1.128	1.348
Insurance income	-	5.024
Gain on sale of trading properties	-	2.691
Gain on sale of marketable securities	-	1.058
Others	10.914	8.249
	334.784	179.994

^(*) As at 31 December 2011, gain on sale of investments comprised of purchase of %45 shares of RHI and RPI in an amount less than the fair value and the purchase of IDO in an amount less than the fair value by Akfen GYO in the scope of privatization.

^(**) As at 31 December 2011, gain on sale of subsidiary is obtained from the sale of shares of TAV Urban Georgia and TAV Batumi Operations belonged to Akfen İnşaat. In the year ended as at 31 December 2010, gain on sale of subsidiary is obtained from the sale of all shares of Akfen Gayrimenkul Yatırımları, Enbatı Elektrik Üretim Sanayi ve Ticaret A.Ş. ('Enbatı') belonged to Akfen HES II and TBK Enerji Elektrik Üretim dağ. Paz. San. Ve Tic. A.Ş. ('TBK') belonged to Akfen HES III.

Akfen HES II, subsidiary of Akfen Holding, and Kardemir A.Ş. signed "stock purchase and sale agreement" of 100% shares by paying EUR 10.000 of Enbatı Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi which is build and operate the plant with a capacity of 22.5 MW in Pirinçlik. Transfer of shares was completed on 27 December 2010 with obtaining permits.

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For the years ended 31 December, other expenses comprised the following:

	2011	2010
Tax amnesty expenses ^(*)	12.089	-
Provision expenses ^(****)	13.412	-
Cost of project cancelled ^(**)	7.316	1.345
Nondeductable VAT ^(***)	4.770	3.209
Public offering cost	1.995	-
Loss on sale of investment properties	-	7.040
Other	99	2.052
	39.681	13.646

^(*) As at 31 December 2011, Akfen Holding and subsidiaries took advantages of tax base increase no 6111 (Note 36) and TL 12.089 of tax amnesty expense related to the VAT and stamp duty was recognized under the other operation expenses item.

^(**) The costs of the projects cancelled occurred as a result of cancellation of Yuvarlakçay and tepe HES projects depending on the decision that the various expenses could not be able to capitalized within the body of Akfen Enerji Yatırımları Holding as at 31 December 2011 and as a result of cancellation of Krasnoyarsk project in Russia as at 31 December 2010.

^(***) As at 31 December 2011 and 31 December 2010, the nondeductable VAT consisted of the provisions caused from the projects of Akfen GYO in Russia and allocated for VAT receivable which it does not expected to net off from future VAT liabilities.

^(****) As at 31 December 2011, TL 6.814 of provision expenses represents the amount allocated for all receivables in TAV Körfez Sulafa Tower project of TAV Yatırım. There is also an ongoing lawsuit process between the employer and TAV Körfez. TL 6.598 of the provision expenses is the provision allocated for receivable of Akfen Holding from TASK Water B.V. .

33 FINANCIAL INCOME

For the years ended 31 December, financial income comprised the following:

	2011	2010
Foreign exchange gain	79.926	160.050
Interest income	34.378	27.398
Discount income related to IFRIC 12 ^(*)	8.826	5.331
Unearned interest income, net	211	1.492
Others	32	549
	123.373	194.820

^(*)Discount income includes unwinding of discount on guaranteed passenger fee receivables from DHMI (concession receivables).

For the years ended 31 December, financial income / (expenses) accounted in other comprehensive income as a result of hedging agreements signed by the Group and its subsidiaries and the functional reporting currency differences are as follows:

	2011	2010
Foreign currency translation differences	91.478	(8.238)
Hedging reserve	(36.000)	(14.194)
	55.478	(22.432)

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As at 31 December 2011, the hedging reserve amounting TL 36.000 (31 December 2010: TL 14.194) is recognized in equity which is related to the interest rate swap contracts made by HES I, MIP and TAV Havalimanları.

The translation reserve amounting TL 91.478 comprises of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RPI, RHI and TAV Havalimanları, from their functional currency of USD and Euro to the presentation currency TL which is recognized in equity for the year ended 31 December 2011 (31 December 2010: TL 8.238 from TAV Yatırım, RPI, RHI and TAV Havalimanları).

34 FINANCIAL EXPENSES

For the years ended 31 December, financial expense comprised the following:

	2011	2010
Interest expenses	313.892	164.457
Foreign exchange loss	199.712	158.262
Others	6.618	5.755
	520.222	328.474

35 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group, has sold its 99,87% shares to Akfen Danışmanlık A.Ş. ('Akfen Altyapı Danışmanlık') to Hamdi Akın, Selim Akın and Pelin Akın; on March 10th , 100% shares of Akfen Turizm Yatırımları ve İşletme A.Ş. ('Akfen Turizm') and Akınısı Makine Sanayi ve Ticaret A.Ş. ('Akınısı') on 18 March 2010, 42.50% shares of Artı Döviz A.Ş. ('Artı Döviz') on 5 April 2010 and 37% shares of IBS Sigorta Brokerlik Hizmetleri A.Ş. ('IBS') shares to Akfen Altyapı Danışmanlık.on April 6.

For the period ended 31 December 2010 profit for the period of Akfen Altyapı Danışmanlık, Akınısı, Akfen Turizm, Artı Döviz IBS is classified as "profit from discontinued operations, net of tax" for the consolidated financial statements.

Profit from discontinued operations, net of tax

	2011	2010
Revenue	-	14.292
Cost of sales	-	(9.387)
Other income	-	83
Other expenses	-	(23)
General administrative expenses	-	(2.481)
Sales and marketing expenses	-	-
Finance income	-	828
Finance expense	-	(651)
Tax income/expense	-	(491)
Profit for the year	-	2.170
Gain of sale of investments	-	15.056
	-	17.226

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36 TAXATION

Corporate tax:

In Turkey, corporate income tax is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes.

As at 31 December 2011, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

Country	Tax Rate
Tunisia	30%
Georgia	15%
Egypt	20%
Macedonia	10%
Latvia	15%
Libya ^(*)	15-40%
Qatari	10%
Oman	12%
Cyprus	24%
Russia	20%

The corporate tax is not applied in Dubai and Abu Dhabi.

^(*) The corporate tax is changed gradually according to the net profit for the period in Libya.

In Northern Cyprus, corporate income tax is levied at the rate of 23.5%, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. Thus, the operations of the branch of Akfen Ticaret and Akfen İnşaat are subject to this tax rate.

As at 1 January 2008 corporate income tax is decreased from 20% to 15% according to Georgia laws. Deferred tax is calculated for relevant assets and liabilities with 15% rate as at 31 December 2009.

Tunisian corporate income tax is levied at a rate of 30% on income less deductible expenses.

According to concession agreement, TAV Tunisia is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communique on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

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In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

According to Article 5/1(d) ⁽⁴⁾ of the New Corporate Tax Law 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. However, the Tax Inspectors' Board challenges this exemption for the Real Estate Investment Trusts ("REIT") which are not publicly traded and imposes tax penalties to these REITs. On the other hand, the Capital Markets Board is of the opinion that REIT status is obtained by companies instantaneously founded or transformed to the REIT after the Board's approval of the amendments in the Articles of Association in case of transformation, and approval of establishment in case of immediate establishment. Therefore, the management and the legal advisors of the Group do not expect to be exposed to any tax exposure related with this penalty and expects the Tax Authorities to settle the tax assessments in due course.

Benefits From Tax Law 6111:

Law on Social Securities and General Health Insurance on restructuring of Some Receivables and Law on Amendment on Other Laws and Decree Law No 6111 (Law No 6111) entered into force after being published on the Official Gazette on 25 February 2011. In accordance with this Law, any tax revision and an additional assessment related to the corporate tax and value added tax of the mentioned years (2006 – 2009) of the tax holders who increased the tax base of the corporate tax and value added tax shall not be made.

In accordance with this Law, Akfen Holding and some subsidiaries benefit from tax base increase related to the corporate tax, value added tax and stamp duty for 2006 – 2009 period and because of this reason there was total TL 6.158 of additional corporate tax expense, TL 12.089 of additional VAT and stamp duty to be paid. The mentioned corporate tax expense was reflected in the attached consolidated financial statements as the current period corporate tax expense. TL12.089 of VAT and stamp duty expenses were recognized under the other operation costs item (Note 32).

As at 31 December 2011, there is tax liability of the Group as TL 6.186 in short term other nontrade liabilities and as TL 4.560 in long term other non-trade liabilities in this regard.

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as at 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as at 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as at 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as at 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

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According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

36.1 Taxation income/(expense)

The taxation charge for the years ended 31 December comprised the following items:

:

	2011	2010
Corporation tax expense	(31.871)	(23.737)
Deferred tax benefits / loss	(13.670)	6.252
Tax expense recognized in profit / loss	(45.541)	(17.485)
Deferred tax income recognized in comprehensive income	11.241	4.910
Total	(34.300)	(12.575)

	2011	2010
Income tax expense from continued operations	(45.541)	(17.485)
Income tax expense from discontinued operations- (Note 35)	-	(491)
Total	(45.541)	(17.976)

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The movement of deferred tax income/(expense) by years is as follows:

	1 January 2010	Effect of foreign currency translation	Deferred tax income of current period	Amount recognized in statement of comprehensive income	Effect of business combination	31 December 2010
Trade and other receivables	1.073	(23)	(634)	-	-	416
Depreciation, redemption and activation differences of tangible and intangible fixed assets and airport operation right	(21.781)	403	6.825	-	(51)	(14.604)
Effect of IAS 11	9.322	-	(1.840)	-	-	7.482
Effect of IFRIC 12	(452)	-	(221)	-	-	(673)
Derivative financial instruments	14.521	(244)	1.454	4.910	-	20.641
Rent expenses paid in cash	(4.384)	279	1.759	-	-	(2.346)
Investment promotion	29.117	(764)	(3.540)	-	-	24.813
Investment properties	(12.630)	-	(5.447)	-	-	(18.077)
Tax losses transferred	21.318	(637)	7.478	-	-	28.159
Financial liabilities	1.617	(49)	(3.667)	-	-	(2.099)
Other temporary differences	(1.779)	(487)	4.085	-	-	1.819
	35.942	(1.522)	6.252	4.910	(51)	45.531

	1 January 2010	Effect of foreign currency translation	Deferred tax income of current period	Amount recognized in statement of comprehensive income	Effect of business combination	31 December 2010
Trade and other receivables	416	(115)	1.396	-	-	1.697
Depreciation, redemption and activation differences of tangible and intangible fixed assets and airport operation right	(14.604)	(264)	335	-	(155)	(14.688)
Effect of IAS 11	7.482	-	(1.756)	-	-	5.726
Effect of IFRIC 12	(673)	-	(168)	-	-	(841)
Derivative financial instruments	20.641	2.492	(248)	11.241	-	34.126
Rent expenses paid in cash	(2.346)	(441)	215	-	-	(2.572)
Investment promotion	24.813	2.112	8.102	-	-	35.027
Investment properties	(18.077)	-	(39.655)	-	-	(57.732)
Tax losses transferred	28.159	3.436	14.156	-	-	45.751
Financial liabilities	(2.099)	263	361	-	-	(1.475)
Other temporary differences	1.819	437	3.592	-	-	5.848
	45.531	7.920	(13.670)	11.241	(155)	50.867

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Reconciliation of effective tax rate

The reported taxation charge for the years ended 31 December 2011 and 2010 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

Reconciliation of tax provision	2011		2010	
	Amount	%	Amount	%
Profit for the period	39.388		111.946	
Total tax expense	(45.541)		(17.976)	
Profit before tax	84.929		129.922	
Income tax using the Company's domestic tax rate	(16.986)	(20,0)	(25.984)	(20,0)
Effect of tax rates in foreign jurisdictions	1.245	1,5	118	0,1
Disallowable expenses	(7.798)	(9,2)	(4.709)	(3,6)
Tax exempt income	5.481	6,5	21.337	16,4
Tax penalty	-	-	(659)	(0,5)
Translation differences of non-monetary equity items	(8.032)	(9,5)	(4.068)	(3,1)
Unused year losses which no deferred tax asset was recognized	(1.437)	(1,7)	(7.103)	(5,4)
Recognition of previously recognized tax losses	(10.361)	(12,2)	-	-
Translation effect on tax losses	(1.334)	(1,6)	580	0,4
Investment incentive	8.102	9,5	(3.315)	(2,6)
Previous period adjustments	(5.981)	(7,0)	-	-
Shareholders' equity under the tax effect recognized the sales			-	-
Subsidiary shares	-	-	2.294	1,8
Recognition of previously unrecognised temporary differences	(222)	(0,3)	1.302	1
Current year tax losses which no deferred tax asset was	-	-	5.109	3,9
Other adjustments effect	(8.218)	(9,7)	(2.878)	(2,1)
Taxation charge	(45.541)	(53,7)	(17.976)	(13,7)

36.2 Deferred tax assets and liabilities

Deferred tax is provided, using the balance sheet method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 31 December were attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
Trade and other receivables	1.979	1.201	(282)	(785)	1.697	416
Depreciation, redemption and activation differences of tangible and intangible fixed assets and airport operation right	20.338	10.543	(35.026)	(25.147)	(14.688)	(14.604)
Effect of IAS 11	10.910	9.959	(5.184)	(2.477)	5.726	7.482
Effect of IFRIC 12	-	-	(841)	(673)	(841)	(673)
Derivative financial instruments	34.126	20.641	-	-	34.126	20.641
Rent expenses paid in cash	-	-	(2.572)	(2.346)	(2.572)	(2.346)
Investment promotion	35.027	24.813	-	-	35.027	24.813
Investment properties	2.926	5.845	(60.658)	(23.922)	(57.732)	(18.077)
Tax losses transferred	45.751	28.159	-	-	45.751	28.159
Financial liabilities	2.470	1.905	(3.945)	(4.004)	(1.475)	(2.099)
Other temporary differences	7.981	5.493	(2.133)	(3.674)	5.848	1.819
Subtotal	161.508	108.559	(110.641)	(63.028)	50.867	45.531
Net-off tax	(51.825)	(41.789)	51.825	41.789	-	-
Total deferred tax assets/(liabilities)	109.683	66.770	(58.816)	(21.239)	50.867	45.531

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. Consequently, 2017 is the latest year for recovering the deferred tax assets arising from carried forward tax losses. The Group management forecasted to generate taxable income during 2011 and the years thereafter and based on this forecast, it has been assessed as probable that the deferred tax assets resulting from carried forward tax losses in the amount of TL 45.751 (31 December 2010: TL 28.159) will be realisable; hence, such realisable deferred tax assets are recognised in the consolidated financial statements.

Unrecognized deferred tax assets and liabilities

At the balance sheet date, the Group has statutory tax losses of TL 141.562 (2010: TL 107.427) available for offset against future profits that is unused. TL 28.312 deferred tax active (31 December 2010: TL 21.485) was not recorded since the profit for the future cannot be estimated. The due date of previous years losses not recorded in the determination of deferred tax active shall expire as follows:

	2011	2010
Expire in 2011	283	1.513
Expire in 2012	5.601	2.611
Expire in 2013	43.489	37.463
Expire in 2014	8.182	3.915
Expire in 2015	1.952	61.925
Expire in 2016	82.055	-
	141.562	107.427

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

37 EARNINGS PER SHARE

For the periods ended 31 December amounts of earning per share as TL (64.724) TL and TL 71.827, respectively is calculated by dividing the consolidated statement of comprehensive income/(loss) on attributable to main shareholders by the weighted average number of ordinary shares outstanding during the period.

	2011	2010
Income/(loss) on attributable to main shareholders of the Company	(64.724)	71.827
The weighted average number of shares outstanding during the period ^(*)	141.504.867	113.744.744
Profit/ (Loss) per share from operations (full TL)	(0,457)	0,631

^(*) The calculation of earnings pers hare was made by deducting 3,994,903 shares of Akfen İnşaat from total share number.

38 RELATED PARTY DISCLOSURES

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and associates, investments and jointly controlled entities are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business. Most of the related party activity is eliminated at consolidation and the remaining activity is not material to the Group. These transactions were carried out on an arm's-length basis during the normal course of business.

38.1 Related party balances

At 31 December, the Group had the following short term receivables and payables balances from its related parties

	2011	2010
Trade receivables	6.000	12.039
Non-trade receivables	5.068	10.514
	11.068	22.553
Trade payables	25.125	16.043
Non-trade payables	15.564	14.323
	40.689	30.366

At 31 December, the Group had the following long term receivables and payables balances from its related parties:

	2011	2010
Trade receivables	5.510	2.007
Non-trade receivables	39.225	24.465
	44.735	26.472
Trade payables	1.083	-
Non-trade payables	9.002	14.607
	10.085	14.607

All transactions between Company, subsidiaries and jointly ventures not explained in related party disclosures are eliminated during consolidation. Related party balances between the Group and other related parties are explained in the following pages.

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

At 31 December, the Group had the following short term trade receivables from its related parties:

Due from related parties (short term-trade):	2011	2010
Sky Oryx Jointly Controlled Entity	4.175	475
ATÜ	1.110	858
Sera Yapı End. ve Tic. A.Ş. (Sera Yapı) ⁽¹⁾	104	3
TAV Tunisia	9	23
Odebrecht TAV LCCC JV ("ODTC JV")	-	3.956
Akfen Gayrimenkul Yatırım Ticaret A.Ş.	-	3.510
LCC Sabha Uluslararası Havalimanı Projesi	-	1.947
TAV Tepe Akfen Yatırım İnş. İşl. A.Ş.	-	2
Task Water B.V.	-	16
Other	602	1.249
	6.000	12.039

⁽¹⁾Bugato Insaat and Sera Yapı are the subcontractors of the Group. Receivable from Bugato Insaat comprises advances given by the Group for construction works.

At 31 December, the Group had the following short term non trade receivables from its related parties:

Due from related parties (short-term nontrade):	2011	2010
Task Water B.V.	6.598	5.533
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	3.670	3.248
Sera Yapı	932	785
CAS	333	261
TAV Tunisia	-	84
TAV Gözen	-	-
Other	133	603
Provision for doubtful trade receivables (Note 11)	(6.598)	-
	5.068	10.514

At 31 December, the Group had the following long term trade receivables from its related parties:

Due from related parties (long-term trade):	2011	2010
LCC Sabha International Airport Project	2.379	-
Sky Oryx Jointly Controlled Entity	1.909	574
Other	1.222	1.433
	5.510	2.007

At 31 December, the Group had the following long term non trade receivables from its related parties:

Due from related parties (long-term non trade):	2011	2010
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.	32.421	1.191
Hyper Foreign	2.724	2.072
Mustafa Keten	1.563	2.150
Kirazlı Konutları Adi Ortaklığı	1.181	1.321
Selim Akın	713	1.037
Akfen Turizm ve Yatırım İşletmeleri A.Ş.	-	7.177
Akinisi Makine Sanayi ve Ticaret A.Ş.	-	6.723
İbrahim Süha Güçsav	-	1.961
Other	623	833
	39.225	24.465

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Notes to the Consolidated Financial Statements as at 31 December 2011

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At 31 December, the Group had the following short term trade payables to its related parties:

<i>Due to related parties (short term- trade):</i>	2011	2010
Sky Oryx Jointly Controlled Entity ^(*)	11.475	1.092
Muscat CCC & TAV Cons.	4.202	5.032
Ibs Sigorta Brokerlik Hiz.A.Ş.	3.721	4.048
Tepe İnşaat Sanayi A.Ş.	2.502	1.829
Tav İstanbul Terminal İşl. A.Ş.	451	198
TAV Bilişim Hizm. A.Ş.	288	266
TAV İnşaat ^(**)	90	29
Sera Yapı End. ve Tic. Ltd. Şti.	79	58
BTA Yiyecek İçecek Hizm. A.Ş.	79	50
TAV Havalimanları	12	56
TAV İşl. Hizm. A.Ş.	3	1
ODTC JV	-	890
TAV Havacılık A.Ş.	-	13
Other	2.223	2.481
	25.125	16.043

^(*) Payable to Sky Oryx Jointly Controlled Entity mainly comprised of advances received by the Group for the construction works.

^(**) Payable to TAV İnşaat represents the trade payables related with the construction and renovation of Enfidha, Monastir and Gazipaşa Airports.

At 31 December, the Group had the following short term non trade payables to its related parties:

<i>Due to related parties (short term-non trade):</i>	2011	2010
Sky Oryx Jointly Controlled Entity	9.540	5.094
TGS	2.785	2.741
ATÜ	1.177	665
Tav İstanbul Terminal İşl. A.Ş.	887	2.575
TAV Tunisia ^(*)	304	384
Hamdi Akın	117	66
Other	754	2.798
Non-trade liabilities to related parties	15.564	14.323

^(*) Payable amount of Tav Tunisia SA mainly comprises advances received by the Group for the construction works.

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

38.1 Related party balances

For the year period ended 31 December, the transactions with related parties comprised the following:

<i>Services rendered to related parties:</i>		*	<i>2010</i>	
<i>Company</i>	<i>Amount</i>	<i>Service</i>	<i>Amount</i>	<i>Service</i>
ATÜ	55.818	Sale	39.145	Sale
Sky Oryx Jointly Controlled Entity	15.344	Construction Services	12.355	Construction Services
TAV İstanbul Terminal İşl. A.Ş.	5.151	Construction Services	6.971	Construction Services
TAV Macedonia Dooel Skopje	23.024		5.773	Construction Services
Kasa Akfen	-	--	4.511	Sale
TAV Gazipaşa Yat. Ve İşl. A.Ş.	261	Construction Services	1.867	Construction Services
LCC Sabha International Airport Project	-	--	1.333	Sale
Havaalanları Yer Hizmetleri AŞ.	-	--	906	Construction Services
TAV Tunisia	215	Construction Services	588	Construction Services
TAV Havalimaları	1.035	Interest income	205	Interest income
Other	9.022		4.870	
<i>Services rendered from related parties:</i>		<i>2011</i>	<i>2010</i>	
<i>Company</i>	<i>Amount</i>	<i>Service</i>	<i>Amount</i>	<i>Service</i>
TAV İnşaat	463	Construction Services	8.473	Construction Services
IBS Sigorta	2.261	Purchases	4.077	Purchases
TAV Bilişim Hizmetleri A.Ş.	813	Purchases	2.479	Purchases
Alsım Alarko	1.162	Other	1.373	Other
TGS	-	--	773	Financing expenses
Tepe İnşaat Sanayi A.Ş.	1.741	Purchases	551	Purchases
TAV İnşaat	364	Financial expenses	504	Financial expenses
BTA Yiyecek İçecek Hizm. A.Ş.	538	Purchases	447	Purchases
TAV G.	1.968	Purchases	-	-
Tepe Servis ve Yönetim Hizmetleri A.Ş.	1.083	Purchases	-	-
Other	1.969		3.771	

38.2 Key management personnel compensation

Total salaries provided to key management personnel for the Group and subsidiaries amounted to TL 4.961 for the year ended 31 December 2011 (31 December 2010: TL 7.134). Total salaries provided to key management personnel for the jointly controlled entities amounted to TL 35.321 (Group's share: TL 10.210) (31 December 2010: TL 20.243 (Group's share: TL 6.187)).

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

39 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date is as follows:

31 December 2011	Receivables							
	Trade Receivables		Other Receivables		Deposits on Banks*	Derivative	Diğer	
	Related Party	Other Party	Related Party	Other party				
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	11.510	460.201	44.293	13.016	Instruments	Other	-	-
- Portion of maximum risk covered any guarantee	-	76.105	-	-				
A. Net carrying value of financial assets which are not impaired or overdue ⁽²⁾	11.510	423.127	44.293	13.016				
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired ⁽³⁾	-	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired ⁽⁶⁾	-	37.066	-	-	-	-	-	-
- The portion covered by any guarantee	-	3.516	-	-	-	-	-	-
D. Net carrying value of impaired assets ⁽⁴⁾	-	8	-	-	-	-	-	-
- Past due (gross book value)	-	13.282	6.598	-	-	-	-	-
- Impairment (-)	-	(13.274)	(6.598)	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

31December 2011	Receivables				
	Trade Receivables	Other Receivables	Deposits on Banks	Derivative Instruments	Other
Past due 1-30 days	3.610	-	-	-	-
Past due 1-3 months	4.463	-	-	-	-
Past due 3-12 months	28.485	-	-	-	-
Past due 1-5 years	12.842	-	-	-	-
More than 5 years	948	6.598	-	-	-

⁽⁴⁾ As at 31 December 2011, use of 150.708 TL deposit was reflected in the restricted bank balances item.

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

31 December 2011	Receivables						
	Trade Receivables		Other Receivables		Deposits on Banks*	Derivative	Diğer
	Related Party	Other Party	Related Party	Other party			
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	14.046	329.923	34.979	6.432	545.276	-	-
- Portion of maximum risk covered any guarantee	-	-	-	-	-	-	-
A. Net carrying value of financial assets which are not impaired or overdue ⁽²⁾	14.046	299.204	29.446	6.048	545.276	-	-
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired ⁽³⁾	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired ⁽⁶⁾	-	30.719	5.533	384	-	-	-
- The portion covered by any guarantee	-	6.279	-	-	-	-	-
D. Net carrying value of impaired assets ⁽⁴⁾	-	-	-	-	-	-	-
- Past due (gross book value)	-	5.801	-	-	-	-	-
- Impairment (-)	-	(5.801)	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-

31 December 2010	Receivables				
	Trade Receivables	Other Receivables	Deposits on Banks	Derivative Instruments	Other
Past due 1-30 days	2.756	-	-	-	-
Past due 1-3 months	2.948	-	-	-	-
Past due 3-12 months	19.763	-	-	-	-
Past due 1-5 years	10.487	-	-	-	-
More than 5 years	566	5.917	-	-	-

⁽⁴⁾ As at 31 December 2010, use of TL 123.380 deposit was reflected in the restricted bank balances item.

Impairment

Movements in the allowance for doubtful receivables for the years ended 31 December was as follows:

	2011	2010
Balance at the beginning of the period	(5.801)	(2.066)
Effect of business combinations	(32)	-
Collections	3.666	308
Allowance for the period	(16.862)	(4.010)
Effect of foreign exchange rates	(843)	(33)
Balance at the end of the period	(19.872)	(5.801)

AKFEN HOLDİNG ANONİM ŞİRKETİ

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Liquidity risk

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2011

	31 December 2011						
	Note	Carrying Amount	Expected Cash Flow	3 months Or less	3-12 months	1-5 years	More than 5 years
Financial liabilities							
Loans and borrowings	8	3.474.146	(4.296.910)	(234.345)	(595.299)	(2.233.612)	(1.233.654)
Trade payables	10	221.602	(221.667)	(161.901)	(22.986)	(36.780)	-
Due to related parties	10-11-38	50.774	(52.092)	(29.239)	(15.598)	(5.423)	(1.832)
Other payables ⁽¹⁾		52.125	(52.125)	(30.011)	(6.086)	(16.028)	-
Other short term liabilities ⁽¹⁾		58.017	(58.017)	(58.017)	-	-	-
<hr/>							
Interest rate swap		167.545	(179.007)	(12.294)	(24.159)	(109.414)	(33.140)
Outflow		-	(175.756)	-	(25.638)	(106.197)	(43.921)
Inflow		(2.685)	179.048	-	26.118	108.186	44.744
Total		4.021.524	(4.856.526)	(525.807)	(663.648)	(2.399.268)	(1.267.803)

⁽¹⁾ The non-financial instruments such as deposits guaranteed, advances received and deferred income are not included in the other liabilities and other short term liabilities items.

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2010:

	31 December 2010						
	Note	Carrying Amount	Expected Cash Flow	3 months Or less	3-12 months	1-5 years	More than 5 years
Financial liabilities							
Loans and borrowings	8	2.246.719	(3.380.729)	(708.777)	(303.075)	(1.414.937)	(953.940)
Trade payables	10	128.131	(128.374)	(82.561)	(24.484)	(21.329)	-
Due to related parties	10-11-38	44.973	(51.794)	(35.475)	(8.216)	(5.733)	(2.370)
Other payables ⁽¹⁾		18.739	(18.739)	(18.739)	-	-	-
Other short term liabilities ⁽¹⁾		35.841	(35.841)	(35.841)	-	-	-
<hr/>							
Interest rate swap		53.246	(68.719)	(4.160)	(12.061)	(39.899)	(12.599)
Outflow		2.934	(169.149)	-	(21.780)	(87.423)	(59.946)
Inflow		-	165.905	-	21.747	86.487	57.671
Total		2.530.583	(3.687.440)	(885.553)	(347.869)	(1.482.834)	(971.184)

⁽¹⁾The non-financial instruments such as deposits guaranteed, advances received and deferred income are not included in the other liabilities and other short term liabilities items.

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(Currency: Thousands of TL)

Currency risk**Exposure to currency risk**

As at 31 December 2011, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

	31 December 2011				
	TL Equivalent	USD	Euro	Other ^(*)	Other ^(*)
1. Trade receivables	23.325	3.963	3.173	3.137	4.949
2a. Monetary Financial Assets (including Cash and Cash at Banks)	262.114	82.525	5.915	74.978	16.801
2b. Non-monetary Financial Assets	7.287	22	-	5.849	1.397
3. Other	26.803	7	7.938	6.486	906
4. Current Assets (1+2+3)	319.529	86.517	17.026	90.450	24.053
5. Trade receivables	-	-	-	-	-
6a. Monetary Financial Assets	7	-	-	-	7
6b. Non-monetary Financial Assets	32	2	-	7	20
7. Other	8.124	46	3.288	-	-
8. Non-current Assets (5+6+7)	8.163	48	3.288	7	27
9. Total Assets (4+8)	327.692	86.565	20.314	90.457	24.080
10. Trade Payables	40.390	2.683	9.963	6.301	4.674
11. Financial Liabilities	451.109	83.881	117.766	3.994	877
12a. Other Monetary Liabilities	17.975	605	658	12.067	3.156
12b. Other Non-monetary Liabilities	470	31	-	331	81
13. Short Term Liabilities (10+11+12)	509.944	87.200	128.387	22.693	8.788
14. Trade Payables	2.077	-	850	-	-
15. Financial Liabilities	1.365.514	368.342	274.061	4	-
16a. Other Monetary Liabilities	1.850	833	113	-	-
16b. Other Non-monetary Liabilities	390	-	160	-	-
17. Long Term Liabilities (14+15+16)	1.369.831	369.175	275.184	4	-
18. Total Liabilities (13+17)	1.879.775	456.375	403.571	22.697	8.788
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	-	-	-	-	-
19a. Total Assets Hedged ^(**)	-	-	-	-	-
19b. Total Liabilities Hedged ^(**)	-	-	-	-	-
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(1.552.083)	(369.810)	(383.257)	67.760	15.292
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.593.469)	(369.856)	(394.323)	55.749	13.050
22. Total fair Value of Financial Instruments Used For Currency Hedge ^(**)	-	-	-	-	-
23. Export ^(**)	-	-	-	-	-
24. Import ^(**)	-	-	-	-	-

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Exposure to currency risk

As at 31 December 2010, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

	31 December 2010				
	TL Equivalent	USD	Euro	Other ^(*)	Other ^(*)
1. Trade receivables	52.282	4.744	4.433	24.045	11.820
2a. Monetary Financial Assets (including Cash and Cash at Banks)	232.952	88.697	12.838	64.358	5.162
2b. Non-monetary Financial Assets	5.235	17	1	4.290	917
3. Other	28.664	46	7.581	6.095	6.964
4. Current Assets (1+2+3)	319.133	93.504	24.853	98.788	24.863
5. Trade receivables	26.351	3.088	10.530	-	-
6a. Monetary Financial Assets	1.465	-	712	-	6
6b. Non- monetary Financial Assets	34	2	-	25	6
7. Other	21.661	-	10.571	-	-
8. Non-current Assets (5+6+7)	49.511	3.090	21.813	25	12
9. Total Assets (4+8)	368.644	96.594	46.666	98.813	24.875
10. Trade Payables	52.076	5.862	13.032	9.053	7.257
11. Financial Liabilities	297.390	34.533	116.779	4.219	492
12a. Other Monetary Liabilities	36.583	1.959	4.323	21.007	3.688
12b. Other Non-monetary Liabilities	243	28	-	131	69
13. Short Term Liabilities (10+11+12)	386.292	42.382	134.134	34.410	11.506
14. Trade Payables	18.409	-	-	-	18.409
15. Financial Liabilities	983.700	90.904	411.479	-	-
16a. Other Monetary Liabilities	21.947	725	10.164	-	-
16b. Other Non-monetary Liabilities	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	1.024.056	91.629	421.643	-	18.409
18. Total Liabilities (13+17)	1.410.348	134.011	555.777	34.410	29.915
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	-	-	-	-	-
19a. Total Assets Hedged ^(**)	-	-	-	-	-
19b. Total Liabilities Hedged ^(**)	-	-	-	-	-
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(1.041.704)	(37.417)	(509.111)	64.403	(5.040)
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.097.055)	(37.454)	(527.264)	54.124	(12.858)
22. Total fair Value of Financial Instruments Used For Currency Hedge ^(**)	-	-	-	-	-
23. Export ^(**)	-	-	-	-	-
24. Import ^(**)	-	-	-	-	-

^(*) TL equivalent amounts are given for the assets and liabilities in accounted in other currencies.

^(**) TAV Istanbul, affiliate of TAV Havalimanları, entered into a cross currency swap fixing the parity between USD and EUR currencies. The contract was concluded for the payments to be affected to General Directorate of State Airports Authority on December each year till year 2018. As at 31 December 2011, the nominal value of the agreement was TL 672.801 (Group's share is TL 175.376) (USD 362.857.733 (Group's share is USD 94.788.440), EUR 275.309.357 (Group's Share is EUR 71.910.804)) (in 31 December 2010: TL 647.524 (Group's share was TL 169.133), USD 416.493.513 (Group's Share was USD 108.788.105), EUR 316.004.183 (Group's share is EUR 82.540.292).

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

(Currency: Thousands of TL)

Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the TL relative to the Euro and the USD.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts. The analysis excludes net foreign currency investments.

Group has realized medium and long term borrowings with the same currency of project revenues. Short term borrowings are realized as balanced portfolio with TL, Euro and USD.

Currency Sensitivity Analysis

	31 December 2011			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
1- Net USD asset/liability	(69.325)	69.325	19.046	(15.581)
2- USD risk averse portion (-)	-	-	-	-
3- Net USD Effect (1+2)	(69.325)	69.325	19.046	(15.581)
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(87.412)	87.412	-	-
5- Euro risk averse portion (-)	-	-	-	-
6- Net Euro Effect (4+5)	(87.412)	87.412	-	-
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1.529	(1.529)	-	-
8- Other currency risk averse portion (-)	-	-	-	-
9- Net other currency effect (7+8)	1.529	(1.529)	-	-
TOTAL (3+6+9)	(155.208)	155.208	19.046	(15.581)

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

Currency Sensitivity Analysis				
31 December 2011				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
1- Net USD asset/liability	(4.022)	4.022	16.990	(13.901)
2- USD risk averse portion (-)	-	-	-	-
3- Net USD Effect (1+2)	(4.022)	4.022	16.990	(13.901)
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
4- Net Euro asset/liability	(99.645)	99.645	-	-
5- Euro risk averse portion (-)	-	-	-	-
6- Net Euro Effect (4+5)	(99.645)	99.645	-	-
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
7- Other currency net asset/liability	(504)	504	-	-
8- Other currency risk averse portion (-)	-	-	-	-
9- Net other currency effect (7+8)	(504)	504	-	-
TOTAL (3+6+9)	(104.171)	104.171	16.990	(13.901)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2011	2010
Fixed rate instruments		
Financial assets	585.670	353.282
Financial liabilities	733.847	380.607
Variable rate instruments		
Financial assets	12.420	7.697
Financial liabilities	2.917.595	1.968.428

AKFEN HOLDING ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect equity.

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in Euribor or Libor rate, when the effect of derivative financial instruments is disregarded, caused to approximately TL 14.845(31 December 2010: TL 11.848) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 5.297 of this amount (31 December 2010: TL 7.743) was hedged with due interest rate swap (HES I: TL 194 TL (31 December 2010: TL 185), TAV Havalimanları: 1.202 TL (31 December 2010: TL 4.179), MIP: TL 3.901 (31 December 2010: TL 3.379)). Because of this reason, the net risk on profit and loss is TL 9.548 (31 December 2010: TL 4.105).

As at 31 December 2011 and 2010, a one basis point increase in interest rates consolidated comprehensive income will be affected in the following. All variables are assumed constant including foreign exchange rates during analysis

Interest rate profile

		31 December 2011	31 December 2010
Fixed Rate Financial Instruments			
Financial Assets	Assets recognized at fair value through profit or loss	-	-
	Financial asset held for sale	-	-
Financial Liabilities		-	-
Variable Rate Financial Instruments			
Financial Assets		-	-
Financial Liabilities		(14.845)	(11.848)

AKFEN HOLDİNG ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as at 31 December 2011

(Currency: Thousands of TL)

Fair values

Fair value and carrying amounts of assets and liabilities are shown in the table below;

		2011		2010	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	6	518.590	518.590	422.569	422.567
Restricted cash	12	150.708	150.708	123.380	123.380
Derivative financial instruments	9	2.685	2.685	-	-
Financial investments	7	151	151	8.191	8.191
Trade receivables (short term)	10	300.603	306.745	220.572	223.953
Due from related parties (trade)	10 – 38	11.510	11.510	14.046	14.046
Due from related parties (non-trade)	11 – 38	44.293	44.293	34.979	34.979
Other receivables (*)	11	13.016	13.016	6.432	6.432
Other current assets (**)	27	25.946	25.946	19.916	19.916
Trade receivables (long term)	10	159.598	201.217	109.351	132.770
Financial liabilities					
Loans and borrowings	8	(3.474.146)	(3.474.146)	(2.246.719)	(2.246.719)
Other financial liabilities (**)	9	(167.545)	(167.545)	(106.534)	(106.534)
Due to related parties (trade)	10-38	(26.208)	(26.208)	(16.043)	(16.043)
Due to related parties (non-trade)	11-38	(24.566)	(24.566)	(28.930)	(28.930)
Trade payables	10	(221.602)	(221.602)	(128.131)	(128.131)
Other short term payables (**)	11	(10.961)	(10.961)	(18.739)	(18.739)
Other short term liabilities (**)	27	(58.017)	(58.017)	(35.841)	(35.841)
Net		(2.755.945)	(2.708.184)	(1.621.501)	(1.594.703)
Unrealized gain			(47.761)		(26.798)

(*) Non-financial instruments such as advances given, prepaid expenses are excluded from other receivables and current assets.

(**) Non-financial instruments such as deferred revenue and advances received are excluded from short term payables and other short term liabilities.

AKFEN HOLDİNG ANONİM ŞİRKETİ**Notes to the Consolidated Financial Statements as at 31 December 2011**

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Financial Instruments**Fair value disclosures:**

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

Since the book values of the foreign exchange denominated monetary items of Tav Havalimanları are approximate to their fair values, these monetary items are translated to EURO by using the foreign exchange rates as at year end. Since the financial assets and liabilities are short term in nature, it is accepted that their fair values approximate to their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2011	Level 1	Level 2	Level 3
Derivatives (net)	-	(164.860)	-
	-	(164.860)	-
31 December 2010	Level 1	Level 2	Level 3
Derivatives (net)	-	(106.534)	-
Government bonds	5.671	-	-
	5.671	(106.534)	-

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40 SUBSEQUENT EVENTS

Akfen Holding and its Affiliates

Akfen Holding

On 11 March 2012, the Company concluded Share Transfer Agreement (Agreement) between, Tepe İnşaat Sanayi A.Ş.(Tepe), Sera Yapı Endüstrisi ve Ticaret A.Ş (Sera) and Aéroports de Paris Management for selling 18 % joint shares of the Company in TAV Havalimanları Holding A.Ş against USD 414.000.000 and relevant applications were made to the Competition Board. The payment will be paid in advance on closure date of the agreement.

Upon partial sales of the shares, it was decided to conclude a partnership agreement as the shareholding status of the Company and of other shareholders Tepe and Sera that are not trading on ISE (Istanbul Stock Exchange) continue in TAV Havalimanları Holding A.Ş and the layouts of this agreement were agreed and signed by the parties (Memorandum of Understanding). Within the framework of respective Memorandum of Understanding, Hamdi Akin, Chairman of Board of Directors of TAV Havalimanları Holding A.S and Sami Sener, the Chief Executive Officer, will maintain their posts and the Board of Directors of TAV Havalimanları Holding will comprise of 11 members. Aéroports de Paris Management will nominate 3 members for the Board of Directors while Tepe and Akfen will nominate 3 members in total collectively. Chief Executive Officer will also serve as member in Board of Directors and there will be four independent members in the Board of Directors.

The agreement does not include any responsibility undertaken by the Company within framework of Capital Market legislation.

Transfer of shares will be done upon obtaining the permits as specified in the Agreement and completion of the transactions as per the Capital Market legislation.

On 11 March 2012, the Company concluded Share Transfer Agreement between the Company, its affiliate Akfen İnşaat, Tepe İnşaat Sanayi A.Ş., Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. and Tepe Home Mobilya ve Dekorasyon Urunleri Sanayi Ticaret A.Ş.(Tepe), Sera Yapı Endüstrisi ve Ticaret A.Ş (Sera) and Aéroports de Paris Management (Party/ Parties) for selling 20,325 % joint shares of the Company in TAV Havalimanları Holding A.S against USD 20.325.000. Total of the shares sold by the Company and Akfen İnşaat corresponds to 20,825 of their shares in TAV Yatırım Holding A.S and total sale price is USD 20.825.000. The payment will be paid in advance on closure date of the agreement.

Due to partial sale of the shares, it was decided to conclude a partnership agreement among the shareholders of TAV Yatırım Holding A.S and the layouts of this agreement were agreed and signed by the parties (Memorandum of Understanding). Within the framework of respective Memorandum of Understanding, Sami Sener, Chief Executive Officer, will maintain his post and the Board of Directors of TAV Havalimanları Holding will comprise 5 members. Aéroports de Paris Management will nominate 2 members for the Board of Directors while Tepe and Akfen will nominate 2 members in total collectively. Chief Executive Officer will also serve as member in Board of Directors. The agreement does not include any responsibility undertaken by the Company within framework of Capital Market legislation.

Transfer of shares will be done upon obtaining the permits as specified in the Agreement.

Within the framework of the Decision taken in the meeting of the Management Board of Istanbul Stock Exchange on 23 February 2012, the bonds issued by the Company with TL 200.000 nominal value for 2 years term payable with coupon in semi annual basis with calling date of 07 March 2014 started to trade on ISE Bill and Bond Exchange Market as listed stock market started from 13 March 2012 under ISIN code of "TRSAKFH31411".

Payment of the principal amount of TL 100.000 for the bonds issued by the Company in nominal value of TL 100.000 was made on 02 March 2012.

Interest payment of TL 5.130 accrued concerning 4. Coupon payment term of the bonds issued by the Company with the nominal value of TL 100.000 was made on 02 March 2012.

Within the framework of Buy-back Program approved in Extraordinary General Assembly of the Company on 12 September 2011, the total shares bought back by the Company within the framework of Buy-Back Program reached 347.150 shares after buying 37.000 shares of Akfen Holding A.Ş on 13 January 2012. No other buy-back transaction was done after 13 January 2012.

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Notes to the Consolidated Financial Statements as at 31 December 2011

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Akfen İnşaat

The guarantee undertaken by Akfen İnşaat Turizm ve Ticaret A.Ş in capacity of Guarantor in Facility Agreements and Completion Guarantee Agreements and annexes valuing EUR 37.300.000 and EUR 66.500.000, respectively concluded between Ideal Enerji and Camlica Elektrik included in HES I companies and Creditors (TSKB, T.İş Bankası, Denizbank, Yapı Kredi Bankası, NBB) on 27 March 2009 was terminated on 27 January 2012 on level of Ideal Enerji and Camlica Elektrik included in HES I companies as the principal amounts and the interest accrued was completely paid.

Akfen GYO (Real Estate Investment Trust)

Akfen GYO purchased the land leased for Yaroslavl Hotel project on 24 February 2012 against Ruble 4.627.701.

Akfen Enerji

Within the framework of energy generation licence application made to Energy Market Regulatory Board on 11 April 2008 to establish power generation based on the natural gas (Mersin Combined Natural Gas Plant) with installed capacity of 450 MW and annual capacity of 3.262,5 billion kW production capacity on 58.000,00 m2 estate located in Mersin province, Akdeniz sub-province, Karaduvar District, plot no 1503, Akfen Enerji Üretim Ve Ticaret Anonim Şirketi, an affiliate to the Company, the power generation license was obtained on 08 March 2012 after "Approval Decision" taken in the Board's meeting dated 09 February 2012 and license modification application was made on 23 March 2012 to upgrade to 570 MW installed capacity. Mersin Combined Natural Gas Plant has also obtained Environment Impact Assessment report.

Undertakings Under Joint Control:

Tav Havalimanları Holding

HAVAŞ's bus operations in İstanbul and Antalya are temporarily suspended by the decisions of İstanbul and Antalya Municipalities in January 2012 and February 2012, respectively. HAVAŞ has opened lawsuits against İstanbul and Antalya Municipalities in order to resume the operations. Group management believes that these lawsuits will be finalised in favor of HAVAŞ.

On 17 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009. The cancelation of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012.

The Board of Directors of the Tav Havalimanları Holding has decided to distribute dividend amounting to TL 90.820 in cash from the profit for the year 2011 with the decision numbered 2012/3. The decision will be presented to the General Assembly for approval.

İDO

On 20 January 2012 for the purpose of risk mitigation and realization of derivative transactions concerning the bank loans, İDO concluded an agreement with Türkiye Garanti Bankası A.Ş., Türkiye İş Bankası A.Ş., Türkiye Sınai Kalkınma Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Denizbank A.G. and The European Bank for Reconstruction and Development.

İDO BUS project initiated by İDO to combine land and sea transportation become operational in March 2012.

41 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None



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