Akfen Holding Anonim Şirketi
Convenience Translation
to English of
Condensed Consolidated Interim
Financial Statements
As at and for the Period Ended 30 June
2014
(Originally Issued in Turkish)

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

15 August 2014

This report includes 1 pages of independent auditors' report and 86 pages of consolidated financial statements together with their explanatory notes .

AKFEN HOLDİNG ANONİM ŞİRKETİ
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY-30 JUNE 2014

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Akfen Holding Anonim Şirketi
Consolidated Balance Sheet as at 30 June 2014
(Currency: Thousands of TL)

	Notes	Reviewed 30 June 2014	Audited 31 December 2013
ASSETS			
Current Assets		**540.386**	**423.947**
Cash and cash equivalents	*5*	160.460	147.430
Trade receivables		80.521	16.953
- *Due from related parties*	*8-31*	*628*	*37*
- *Trade receivables from third parties*	*8*	*79.893*	*16.916*
Other receivables		8.063	4.999
- *Other receivables from related parties*	*9-31*	*1.264*	*560*
- *Other receivables from third parties*	*9*	*6.799*	*4.439*
Financial investments	*6*	7.028	5.614
Inventories	*10*	199.232	169.842
Prepaid expenses	*21*	5.844	5.399
Current tax assets		889	5.445
Other current assets	*20*	78.349	68.265
Non-Current Assets		**3.271.109**	**2.968.657**
Trade receivables		147.690	13.276
- *Trade receivables from third parties*	*8*	*147.690*	*13.276*
Other receivables		53.082	42.122
- *Other receivables from related parties*	*9-31*	*38.379*	*27.442*
- *Other receivables from third parties*	*9*	*14.703*	*14.680*
Investments in equity accounted investees	*11*	523.225	437.433
Investment property	*12*	1.440.686	1.418.899
Property, plant and equipment	*13*	843.588	803.133
Intangible assets	*14*	54.957	55.298
Goodwill	*15*	26.843	26.843
Deferred tax assets	*29*	59.424	51.806
Prepaid expenses	*21*	9.265	11.290
Other non-current assets	*20*	112.349	108.557
TOTAL ASSETS		**3.811.495**	**3.392.604**

The accompanying notes are an integral part of these condensed interim consolidated financial statements..

Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as at 30 June 2014

(Currency: Thousands of TL)

LIABILITIES	Notes	*Reviewed* *30 June 2014*	*Audited* *31 December 2013*
Current Liabilities		**616.338**	**493.177**
Short term loans and borrowings	*7*	79.345	74.443
Short term portion of long term loans and borrowings	*7*	224.481	352.638
Trade payables		20.477	26.656
-Due to related parties	*8-31*	*1.059*	*828*
-Trade payables to third parties	*8*	*19.418*	*25.828*
Other payables		46.237	32.839
-Other payables to related parties	*9-31*	*22.315*	*17.920*
-Other payables to related parties	*9*	*23.922*	*14.919*
Employee benefit obligations		491	503
Current tax liabilities		1.052	958
Deferred income	*21*	241.022	2.453
Short term provisions		2.722	2.434
-Provision for employee benefits	*17*	*2.509*	*2.311*
-Other provisions	*17*	*213*	*123*
Other current liabilities		511	253
Non-Current Liabilities		**1.447.845**	**1.136.555**
Long term loans and borrowings	*7*	1.335.612	1.017.317
Trade payables		16.492	24.609
-Trade payables to third parties	*8*	*16.492*	*24.609*
Other payables		13.738	13.648
-Other payables to related parties	*9-31*	*8.405*	*7.730*
-Other payables to third parties	*9*	*5.333*	*5.918*
Deferred tax liability	*29*	79.052	78.116
Long term provisions		2.784	2.865
-Provision for employee benefits	*19*	*2.156*	*2.335*
-Other long term provisions	*17*	*628*	*530*
Deferred income		167	--
EQUITY		**1.747.312**	**1.762.872**
Total Equity Attributable to Equity Holders of the Parent		**1.337.454**	**1.356.685**
Paid in capital	*22*	291.000	291.000
Adjustments to share capital		(7.257)	(7.257)
Share premium		211.695	211.118
Capital adjustments due to cross-ownership (-)	*22*	(34.661)	(34.661)
Treasury shares (-)	*22*	(94.601)	(57.159)
Business combination of entities under common control		6.236	6.236
Other comprehensive income/expense not to be reclassified to profit or loss		53.683	54.446
-Revaluation reserve		*56.340*	*56.367*
-Actuarial gain/loss arising from defined benefit plans		*(2.657)*	*(1.921)*
Other comprehensive income/expense to be reclassified to profit or loss		73.381	89.243
-Foreign currency translation reserve	*22*	*90.944*	*101.270*
-Cash flow hedge reserves	*22*	*(17.563)*	*(12.027)*
Restricted reserves allocated from profit		20.479	19.190
Retained earnings		775.582	857.702
Net (loss)/profit for the period		41.917	(73.173)
Non-controlling interests	*22*	**409.858**	**406.187**
TOTAL EQUITY AND LIABILITIES		**3.811.495**	**3.392.604**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comrehensive Income for the Six Month Period Ended 30 June 2014

(Currency: Thousands of TL)

	Notes	*Reviewed* 1 January-30 June 2014	*Not Reviewed* 1 April-30 June 2014	*Reviewed* 1 January-30 June 2013	*Not Reviewed* 1 April-30 June 2013
Revenue	23	57.677	31.187	69.995	38.290
Cost of sales (-)	23	(25.837)	(15.086)	(22.286)	(11.518)
GROSS PROFIT		**31.840**	**16.101**	**47.709**	**26.772**
General administrative expenses (-)	24	(33.900)	(20.534)	(29.533)	(13.509)
Other operating income	25	14.013	11.154	12.821	3.315
Other operating expense (-)	25	(13.772)	(11.230)	(2.477)	(1.916)
Share on profit of equity-accounted investees, net of tax	11	86.546	65.888	7.593	(2.752)
OPERATING PROFIT		**84.727**	**61.379**	**36.113**	**11.910**
Income from investment activities		1.819	1.059	36.911	34.022
Expense from investment activities		(819)	(362)	(7.513)	(3.719)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**85.727**	**62.076**	**65.511**	**42.213**
Financial income	26	37.271	32.316	36.140	17.473
Financial expense	27	(78.663)	(14.051)	(111.164)	(87.388)
PROFIT/(LOSS) BEFORE TAX		**44.335**	**80.341**	**(9.513)**	**(27.702)**
Tax Income/(Expense)		**3.940**	**(661)**	**1.715**	**4.538**
Tax expense	29	(2.073)	(891)	--	--
Deferred tax income)	29	6.013	230	1.715	4.538
PROFIT/(LOSS) FOR THE PERIOD		**48.275**	**79.680**	**(7.798)**	**(23.164)**
PROFIT/(LOSS) FOR THE PERIOD		**48.275**	**79.680**	**(7.798)**	**(23.164)**
Profit/(Loss) Attributable To:					
Non-controlling interest		6.358	12.955	(7.636)	(8.403)
Equity holders of the parent		41.917	66.725	(162)	(14.761)
Profit/(Loss) for the Period		**48.275**	**79.680**	**(7.798)**	**(23.164)**
Basic and dilluted earnings/(losses) per share (full TL)	30	**0,160**	**0,258**	**(0,001)**	**0,053**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

	Notes	Reviewed 1 January-30 June 2014	Not Reviewed 1 April-30 June 2014	Reviewed 1 January-30 June 2013	Not Reviewed 1 April-30 June 2013
PROFIT/(LOSS) FOR THE PERIOD		**48.275**	**79.680**	**(7.798)**	**(23.164)**
Items not to be reclassified to profit or loss in subsequent periods					
Items not to be reclassified to comprehensive income in subsequent periods from equity accounted investees		(731)	(392)	12	28
Items to be reclassified to profit or loss in subsequent periods					
Foreign currency translation differences	*26*	(5.367)	766	(390)	973
(Loss)/profit from cash flow hedging	*26*	--	--	(105)	(32)
Fair value increase in financial assets		--	--	(3.155)	(3.155)
Items to be reclassified to comprehensive income in subsequent periods from equity accounted investees		(9.824)	(12.181)	48.584	42.058
Tax income/(expense) from items to be reclassified to profit or loss in subsequent periods	*26*	--	--	21	6
OTHER COMPREHENSIVE INCOME		**(15.922)**	**(11.807)**	**44.967**	**39.878**
TOTAL COMPREHENSIVE INCOME		**32.353**	**67.873**	**37.169**	**16.714**
Total comprehensive income attributable to:					
Non-controlling interest		4.248	15.763	(11.100)	(11.800)
Equity holders of the parent		28.105	52.110	48.269	28.514
Total comprehensive income		**32.353**	**67.873**	**37.169**	**16.714**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statements of Changes in Equity for the Six Month Period Ended 30 June 2014

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss			**Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss**			**Retained Earnings**				
	Paid in capital	*Adjustments to share capital*	*Share premium*	*Capital adjustments due to cross ownership*	*Treasury shares*	*Entities under common control*	*Revaluation reserve for financial assets*	*Translation differences*	*Cash flow hedging reserve*	*Revaluation reserve*	*Actuarial gain/losses from defined benefit plans*	*Restricted reserves allocated from profit*	*Retained earnings*	*Profit for the period*	*Total*	*Non-controlling interest*	*Total equity*
Balances at 1 January 2013							**(750)**	**37.187**	**(84.473)**	**108**	**--**	**10.095**	**236.575**	**662.854**	**1.318.206**	**396.401**	**1.714.607**
Effect of change in accounting policies	--	--	--	--	--	--	--	42	--	--	(3.241)	(10.095)	(1.080)	(94)	(14.468)	(7.721)	(22.189)
Balances at 1 January 2013 (restated)	**145.500**	**(7.257)**	**349.882**	**(23.866)**	**(13.885)**	**6.236**	**(750)**	**37.229**	**(84.473)**	**108**	**(3.241)**	**--**	**235.495**	**662.760**	**1.303.738**	**388.680**	**1.692.418**
Total comprehensive income/(expense) for the period																	
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	--	--	(162)	(162)	(7.636)	(7.798)
Other comprehensive income											--						
Foreign currency translation differences	--	--	--	--	--	--	--	25.808	--	--	--	--	--	--	25.808	2.377	28.185
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	--	(34)	--	--	--	--	(34)	--	(34)
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	--	46	--	--	--	46	--	46
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	--	25.766	--	--	--	--	--	25.766	(5.841)	19.925
Fair value change in financial assets, net	--	--	--	--	--	--	(3.155)	--	--	--	--	--	--	--	(3.155)	--	(3.155)
Total other comprehensive income/(expense)	--	--	--	--	--	--	(3.155)	25.808	25.766	(34)	46	--	--	--	48.431	(3.464)	44.967
Total comprehensive income/(expense)	--	--	--	--	--	--	(3.155)	25.808	25.766	(34)	46	--	--	(162)	48.269	(11.100)	37.169
Transfers	145.500	--	(145.500)	--	--	--	--	--	--	--	--	15.202	647.558	(662.760)	--	--	--
Dividend distribution	--	--	--	--	--	--	--	--	--	--	--	--	(24.141)	--	(24.141)	--	(24.141)
Transactions with subsidiaries	--	--	4.229	--	--	--	--	--	2.059	--	--	--	--	--	6.288	(39.140)	(32.852)
Acquisition of own shares (*)	--	--	--	--	(1.635)	--	--	--	--	--	--	--	--	--	(1.635)	--	(1.635)
Total transactions with owners	145.500	--	(141.271)	--	(1.635)	--	--	--	2.059	--	--	15.202	623.417	(662.760)	(19.488)	(39.140)	(58.628)
Balances at 30 June 2014	291.000	(7.257)	208.611	(23.866)	(15.520)	6.236	(3.905)	63.037	(56.648)	74	(3.195)	15.202	858.912	(162)	1.332.519	338.440	1.670.959

(*) Explained in Note 22.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statements of Changes in Equity for the Six Month Period Ended 30 June 2014

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss			Retained Earnings				
	Paid in capital	*Adjustments to share capital*	*Share premium*	*Capital adjustments due to cross ownership*	*Treasury shares*	*Entities under common control*	*Translation differences*	*Cash flow hedging reserve*	*Revaluation reserve*	*Actuarial gain/losses from defined benefit plans*	*Restricted reserves allocated from profit*	*Retained earnings*	*Profit for the period*	*Total*	*Non-controlling interest*	*Total equity*
Balances at 1 January 2014	**291.000**	**(7.257)**	**211.118**	**(34.661)**	**(57.159)**	**6.236**	**101.270**	**(12.027)**	**56.367**	**(1.921)**	**19.190**	**857.702**	**(73.173)**	**1.356.685**	**406.187**	**1.762.872**
Total comprehensive income/(expense) for the period																
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	--	41.917	41.917	6.358	48.275
Other comprehensive income																--
Foreign currency translation differences	--	--	--	--	--	--	(7.545)	--	--	--	--	--	--	(7.545)	(2.110)	(9.655)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	(27)	--	--	32	--	5	--	5
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(736)	--	--	--	(736)	--	(736)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(5.536)	--	--	--	--	--	(5.536)	--	(5.536)
Total other comprehensive income/(expense)	--	--	--	--	--	--	(7.545)	(5.536)	(27)	(736)	--	32	--	(13.812)	(2.110)	(15.922)
Total comprehensive income/(expense)	**--**	**--**	**--**	**--**	**--**	**--**	**(7.545)**	**(5.536)**	**(27)**	**(736)**	**--**	**32**	**41.917**	**28.105**	**4.248**	**32.353**
Transfers	--	--	--	--	--	--	(2.781)	--	--	--	1.289	(71.681)	73.173	--	--	--
Dividend distribution	--	--	--	--	--	--	--	--	--	--		(10.471)	--	(10.471)	--	(10.471)
Transactions with subsidiaries	--	--	577	--	--	--	--	--	--	--	--	--	--	577	(577)	--
Acquisition of own shares (*)	--	--	--	--	(37.442)	--	--	--	--	--	--	--	--	(37.442)	--	(37.442)
Total transactions with owners	--	--	577	--	(37.442)	--	(2.781)	--	--	--	1.289	(82.152)	73.173	(47.336)	(577)	(47.913)
Balances at 30 June 2014	291.000	(7.257)	211.695	(34.661)	(94.601)	6.236	90.944	(17.563)	56.340	(2.657)	20.479	775.582	41.917	1.337.454	409.858	1.747.312

(*) Explained in Note 22.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Akfen Holding Anonim Şirketi
Condensed Interim Consolidated Cash Flow Tables for the Six Month Period Ended 30 June 2014
(Currency: Thousands of TL)

	Notes	Reviewed 30 June 2014	Reviewed 30 June 2013
Cash flows from operating activities:			
(Loss)/Profit for the period		**48.275**	**(7.798)**
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangibles	*13-14*	9.273	9.166
Provision for employee termination benefits		(94)	262
Unearned interest income/(expense), net		8.882	1.721
Adjustments for profit from sale of subsidiary and affiliate		361	(30.710)
Adjustments for share on profits of investments from equity accounted investees	*11*	(86.546)	(7.593)
Provision for vacation pay		188	130
Unrealized foreign exchange differences		(17.734)	56.428
Interest expense	*26-27*	48.878	19.703
Tax expense	*29*	(3.940)	(1.715)
Cash flow from operating activities before changes in working capital		**7.543**	**39.594**
Changes in:			
Other current trade receivables		(62.977)	2.933
Other current non-trade receivables		(2.360)	(6.478)
Other current assets		(5.974)	141.901
Other non-current trade receivables		(134.414)	--
Other non-current non-trade receivables		(23)	(2.112)
Inventories		(29.390)	(2.924)
Due from related parties		(12.232)	(12.760)
Other non-current assets		(1.767)	(4.796)
Other current trade payables		(6.410)	(2.899)
Other current non-trade payables		7.385	10.435
Other current liabilities		239.006	(2.277)
Other non-current trade payables		(8.115)	(8.123)
Other non-current payables		(585)	(2.342)
Due to related parties		5.301	102
Other current liabilities		260	2.603
Cash provided/(used) by operating activities		**(4.752)**	**152.857**
Taxes paid		(1.124)	(2.214)
Retirement benefit paid		(85)	(301)
Dividends obtained from investments in equity accounted investees	*11*	16.158	11.604
Net cash provided/(used) by operating activities		**10.197**	**161.946**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

	Notes	Reviewed 30 June 2014	Reviewed 30 June 2013
Cash flows from investing activities			
Interest received		4.692	17.715
Acquisition of property, plant and equipment and intangible assets	*13-14*	(50.837)	(64.997)
Proceeds from sale of property, plant and equipment and intangible assets		--	148
Purchases of investment property	*12*	(32.332)	(24.145)
Increase/(decrease) in financial investments		(1.414)	68.879
Acquisition of subsidiaries and affiliates		(14.309)	--
Sale of subsidiary and entity under common control		272	86.370
Net cash (used in)/provided by operating activities		**(93.928)**	**83.970**
Cash flows from financing activities			
Proceeds from borrowings		757.309	194.919
Repayment of borrowings		(558.488)	(303.683)
Interest paid		(53.570)	(37.418)
Change in project reserve accounts		30.631	(16.012)
Purchase of own shares		(37.442)	(1.635)
Dividends paid		(10.471)	(24.141)
Change in non-controlling interests		(577)	(3.466)
Net cash (used in)/ provided by financing activities		**127.392**	**(191.436)**
Net increase in cash and cash equivalents		**43.661**	**54.480**
Cash and cash equivalents at 1January	*5*	**94.480**	**136.653**
Cash and cash equivalents at period end	*5*	**138.141**	**191.133**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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 Atatürk 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 30 June 2014, Akfen Holding has 5 (31 December 2013: 5) subsidiaries and 6 (31 December 2013: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 30 June 2014 and concluded in the same period include the shares of Akfen Holding and its affiliates and the Group's stakes in the participations and investments in equity accounted investees. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through its shares. The Company has joint management rights on TAV Havalimanları Holding A.Ş. ("TAV Havalimanları"), TAV Yatırım Holding A.Ş. ("TAV Yatırım"), Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Liman"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Su") and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO").

Group manages the partnerships together with the nationally and internationally recognized companies such as Grup Tepe İnşaat Sanayi A.Ş. ("Tepe" or "Tepe İnşaat"), PSA International ("PSA"), Souter Investments LLP ("Souter"), Kardan N.V. and Aéroports de Paris Management. There is also a Memorandum of Understanding ("MoU") between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, based on 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 Borsa İstanbul A.Ş. ('BİAŞ') under 'AKFEN' code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 30 June 2014 are as follows (Note: 22):

	30 June 2014		31 December 2013	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın(*)	198.500	68,21	198.500	68,21
Akfen İnşaat Turizm ve Ticaret A.Ş.(**)	7.990	2,75	7.990	2,75
Other partners	2.278	0,78	2.278	0,78
Public shares(***)	82.232	28,26	82.232	28,26
Paid in capital (nominal)	**291.000**	**100**	**291.000**	**100**

* 109.074 of public in nature belong to Hamdi Akın.
** Publicly owned.
*** There are 6.992.099 shares, 2,40% of Company's paid-in capital, of Akfen Inşaat which are public in nature (31 December 2013: 6.992.099 shares, 2,40% of Company's paid-in capital).
As at 30 June 2014, as a result of buy back program 22.107.901 , 7,60% of Company's paid-in capital, shares were purchased by Akfen Holding (31 December 2013: 13.230.488 shares, 4,55% of Company's paid-in capital).

The address of the registered office of Akfen Holding is as follows:
Koza Sokak No:22
Gaziosmanpaşa
06700/ Ankara-Turkey
Tel: 90 312 408 10 00
Fax: 90 312 441 07 82
Web: http://akfen.com.tr

1 REPORTING ENTITY *(continued)*

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 30 June 2014 is 364 (31 December 2013: 358) and 32.732 (31 December 2013: 30.459), respectively.

The subsidiaries and joint ventures of Akfen Holding are listed below:

i) ***Subsidiaries***

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.

The construction experience of Akfen makes important contribution to Group activities. Over the last 20 years Akfen has completed a total of USD 1,9 billion dollars of construction projects.

The major projects include airport terminals plus associated infrastructure, natural gas pipe lines/ distribution systems, hospitals, schools, residences, industrial plants, energy projects in hydroelectric / thermal sectors, water distribution, sewage systems and waste water treatment facilities. Akfen İnşaat continues to construction of a real estate project, İncek Loft, in Ankara İncek in a construction area of 279 thousands m^2 and the sale of real estates within the project has started.

The reverse auction for the tender concerning the "Construction works and the provision of products and services for Isparta City Hospital through Public Private Partnership Model" of Republic of Turkey Ministry of Health, Department of Public Private Partnership ("Administration") took place on 22 February, 2013. The best "all inclusive yearly price" was submitted by Akfen Holding's wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. with TL 52.250. As a result of the meetings held with the Ministry of Health, Department of Public Private Partnership, last offer submitted by Akfen İnşaat amounting TL 49.850. Republic of Turkey Ministry of Health was sent for approval of Higher Planning Council ("HPC") on September 2013 and the approval of HPC was obtained on December 2013. The negotiations have been completed in a positive way, Republic of Turkey Ministry of Health made the final notification stating that the tender for the construction and operation of Isparta City Hospital with PPP model, was awarded to Akfen İnşaat on 6 August.

Akfen İnşaat, participated to Hacettepe Teknokent Eğitim ve Klinik Araştırma Merkezi Sağlık AR-GE Danışmanlık Proje Sanayi ve Ticaret A.Ş. ("Hacettepe Teknokent") by purchasing 45% shares paying 26,3 million TL to Renkyol Müteahhitlik San. ve Tic. A.Ş. ("Renkyol"). T.R Hacettepe University has extended the usufruct right to invest in and to operate the student housing project with a capacity of 5,000 people (which can go up to 15,000), commercial areas and a complex with social facilities, for a period of 49-years to Hacettepe Teknokent. The project will include 10 blocks in total, of which 9 will be dormitory blocks (approximately with 2800 room capacity) and 1 social facility. In the first stage, 64,29% of the contracting of the project investment comprised of 125,2 thousand m^2 construction area will be made by Akfen İnşaat. Hacettepe Teknokent is condolidated under Akfen İnşaat using the equity method.

1 REPORTING ENTITY *(continued)*

i) ***Subsidiaries*** *(continued)*

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen GYO") was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik A.Ş. ("Aksel"). Aksel was originally established on 25 June 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding A.Ş. purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding. The restructuring was completed subsequent to the Board of Directors resolution dated 25 April 2006 and Capital Markets Board of Turkey's ("CMB") approval numbered 31/894 and dated 14 July 2006 with the result of the Company's conversion to "Real Estate Investment Trust" registered on 25 August 2006. The change of title and activities was published on Official Trade Gazette on 31 August 2006.

Akfen GYO's main operations and activities are investing in real estates, real estate projects and other capital markets instruments, as described on CMB Communiqué Series: VI No: 11, Clause 23 and 25 regulating Real Estate Investment Trusts. Akfen Holding signed a Memorandum of Understanding ("MoU") with a 100% owned subsidiary of ACCOR S.A., one of the world's leading hotel groups. Based on the MoU the entities will join their efforts to establish a partnership to develop hotel projects in Turkey under the Novotel and Ibis Hotel brands and rent to Tamaris Turizm A.Ş. ("Tamaris"), which is the 100% owned subsidiary of Accor and operates in Turkey.

Akfen GYO will develop minimum 8 hotels and lease them to ACCOR S.A. according to the "Development Program" stated in the "Amendment to MoU" signed on 12 April 2010 in the following five years period starting from 1 January 2011 to 31 December 2015. Two of these hotels should be constructed in İstanbul, the other hotels should be constructed in Beylikdüzü, Ankara, İzmir, Adana and in two other cities, which should be mutually determined by the parties. The lands have been provided for hotels to be developed in Esenyurt (İstanbul), İzmir, Adana, Ankara, Tuzla (İstannbul) and Karaköy. The parties may reduce the number of hotels to be developed under the Development Program by their mutual agreement writing during the first year of the relevant five year period, provided that the reduced number of hotels to be developed under the Development Program shall not be less than 6 hotels.

The parties shall use their best efforts to agree on a new development program at the latest on 30 June 2015. According to amendment to MoU signed in December 2012, the obligations stated above, which are related to investments, except Esenyurt Ibis Hotel, İzmir Ibis Hotel, Ankara Esenboğa Ibis Hotel, Karaköy Novotel and Tuzla İbis Hotel will not be valid from 1 January 2013.

The shares of Akfen GYO have been trading on the BİAŞ under 'AKFGY' code since 11 May 2011.

Akfen GYO acquired 100% of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Ticaret") on 21 February 2007, which was 100% owned by Akfen Holding. Akfen Ticaret's main operations are also investing in real estates, forming real estate portfolio and develop real estate projects.

1 REPORTING ENTITY *(continued)*

i) *Subsidiaries* *(continued)*

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (continued)

Akfen GYO has set up a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. (“Akfen Karaköy”), to develop a hotel project in İstanbul Karaköy on 31 May 2011. The capital structure of Akfen Karaköy is designated as 70% of participation for the Company.

Akfen Ticaret and Eastern European Property Investment Ltd. (“EEPI Ltd.”) formed joint ventures in the Netherlands under the name of Russian Hotel Investment BV (“Russian Hotel” or “RHI”) and Russion Property Investments BV (“Russian Property” or “RPI”) on 21 September 2007 and 3 January 2008, respectively. EEPI Ltd assigned its 45% shares in RHI and RPI to Kasa Investments (“Kasa BV”), and 5% shares to Cüneyt Baltaoğlu in December 2010. On 29 July 2011, Akfen Ticaret, has taken over 45% shares of RHI and RPI previously owned by Kasa Investments BV. The main objective of Russian Hotel is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A., while the main objective of Russion Property is to develop office projects in Russia. The capital structures of the joint ventures are both designated as 95% of participation for the Company and 5% participation of Cüneyt Baltaoğlu as at 30 June 2014.

Akfen GYO established a subsidiary named Hotel Development and Investment BV (‘HDI’), with a 100% ownership, in the Netherlands on 18 March 2011 in order to develop hotel projects in Russia.

HEPP Group

Akfen Holding has been investing in hydroelectric power plants through its subsidiaries since January 2007.

Akfen Holding grouped the hydroelectric power plants under AkfenHes Yatırımları ve Enerji Üretim A.Ş. ("HEPP Group" or “AkfenHES”).

In order to ease monitoring of investors, enable the uniformity and ease of management, decrease general expenses and costs, hydroelectrical power plant companies within Akfen Holding were consolidated under AkfenHES.

As at 30 June 2014, a total of 15 projects are included in AkfenHES and total electricity generation capacity is 339,5 MW. 9 power plants having 144,5 MW installed power capacity and 600,6 GWs electricity generation capacity are operated for energy generation and the construction in 4 power plants with 82,2 MW installed power capacity and 315,5 GWs electricity generation capacity is in progress. Construction of Doruk HES and Doğançay HES projects are in final phase. Preliminary construction preparations continue in Çalıkobası HES project of HHK Enerji Elektrik Üretim A.Ş. (“HHK”) and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. (“Kurtal”). In addition, there are 2 hydroelectrical power plants with total of 112,7 MW installed power capacity and 304,0 GWs annual electricity generation capacity in planning phase. After completion of all projects, expected installed power capacity will be 339,5 MW and electricity generation capacity will be 1.220,1 GWs/year for 15 power plants.

Except for one of 15 projects under AkfenHES (‘Laleli Dam Project’), all projects are subject to the Law Regarding Use of Renewable Energy Resources for the Purpose of Electricity Production. In the case that these projects obtain the Renewable Energy Resources Certificate and all investments are completed by 31 December 2015, these projects will be able to benefit from the Government’s purchase guarantee for 10 years of 7,3 US Dollar cent/kWh.

1 REPORTING ENTITY *(continued)*

i) ***Subsidiaries*** *(continued)*

HEPP Group (continued)

As at 30 June 2014, subsidiaries of HEPP Group are, Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş. ("Akörenbeli"), Beyobası Enerji Üretim A.Ş. ("Beyobası"), Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Çamlıca Elektrik Üretim A.Ş. ("Çamlıca"), Değirmenyanı Enerji Üretim ve Ticaret A.Ş. ("Değirmenyanı"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK, Kurtal, Laleli Enerji Elektrik Üretim A.Ş. ("Laleli"), Memülü Enerji Elektrik Üretim A.Ş ("Memülü"), Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Pak"), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş. ("Rize"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş ("Zeki").

Değirmenyanı Enerji Üretim ve Ticaret A.Ş., which was consolidated under HEPP Group previously, was sold to Bugato İnşaat Madencilik San. ve Tic. A.Ş. on 4 June 2014.

As a result of the Share Sale Agreement signed on 13 March 2013, for the sale of whole 60% of shares that the Company has in Karasular Enerji Üretimi ve Ticaret A.Ş. ("Karasular" or "HES IV") to Aquila Capital Wasserkraft Invest GmbH and Aquila (together "Aquila" or "Vendees"), the Company's shares on Karasular were transferred to Aquila on 6 June 2013.

Akfen Enerji Yatırımları Holding A.Ş.

In addition to hydroelectrical power plant investments, Group plans other investments in the energy sector under Akfen Enerji Yatırımları Holding A.Ş. ("Akfen Enerji").
Group obtained the production license on 8 March 2012 for the natural gas based electricity production plant investment located in Mersin, which has an installed power capacity of 450 MW and included in Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Enerji Üretim") that is consolidated under the Akfen Enerji.

In order to increase the total installed power capacity to 570 MW, license modification appeal was made on 23 March 2012. Modification appeal was approved by the 3961-12 numbered resolution of the Energy Market Regulatory Board on 9 August 2012 and as at 17 December 2012 license capacity was modified as 570 MW by the Energy Market Regulatory Board ('EMRB'). In addition, on 18 December 2012 Akfen Enerji Üretim made an appeal for modification to Energy Market Regulatory Board to increase the installed power of Mersin Combined Natural Gas Plant to 1.148,4 MW and EMRB's favorable decision notice was received. Environmental Impact Assessment ('EIA') Report for the project has been analyzed by Ministry of Environment and Urban Planning Inspection and Analyzing Commission and the report was accepted as decisive and analysis are completed. Moreover, construction of the transformer station constructed free of charge to be turned over to TEİAŞ was completed and provisional acceptance was obtained on 7 April 2013. Removal of the fuel oil station at the construction site was also completed.

EIA Application File submitted to Ministry for 380 kV Mersin DGKÇS – Konya Ereğli TM transmission line project of Akfen Enerji ÜretimAkfen Enerji Üretim was inspected and approved within the 8th article of EIA Regulation. EIA process of the project is completed. On the other hand, for the bid process of Engineering-Procurement-Construction ("EPC"), various turnkey offers were gathered from different turbine producers and EPC contract period continues. It is planned to make premise notice for construction preparations following the EPC contractor selection and completion of EPC contract. Akfen Enerji participated to Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş. ("Adana İpekyolu") by 50%, which is founded to build a thermal power plant with a capacity of 615 MWm-600 MWe in Adana-Yumurtalık.

Akfen Yenilenebilir Enerji Yatırımları ve Ticaret A.Ş., which was consolidated under Akfen Enerji previously, was sold to Ganimet Enerji Üretim San. ve Tic. A.Ş. on 14 March 2014.

1 REPORTING ENTITY *(continued)*

i) ***Subsidiaries*** *(continued)*

RES Group

In order to build the structure of Akfenres Rüzgar Enerjisi Yatırımları A.Ş. (“AkfenRES” or “RES Group”), the transformation of Sim-Er Enerji Üretim Sanayi Ve Ticaret Ltd.Şti., consolidated under Akfen Holding, to AkfenRES was completed on 6 February 2014 and and 7 new companies with specific purposes of setting up wind measurement poles and wind measurement were founded under AkfenRES. Four other companies, which have wind measurement poles settled up and measuring wind, were acquired on 10 February 2014. As at 30 June 2014, Ela RES Elektrik Üretim A.Ş., Kavança Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. are the subsidiaries of RES Group with 100% ownership.

ii) ***Joint Ventures***

TAV Havalimanları Holding A.Ş.

TAV Havalimanları was founded in Turkey in 1997 under the title of Tepe Akfen Vie 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 İstanbul Atatürk 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 İstanbul Terminal İşletmeciliği A.Ş. (“TAV Istanbul”) signed a rental contract with the General Directorate of State Airports Operations (DHMİ) on 3 June 2005 in order to operate AUHT and Atatürk Airport Domestic Terminal for 15,5 years until 2021.

In Turkey, for Ankara Esenboğa Airport, İzmir Adnan Menderes International Terminal and Antalya Gazipaşa Airport 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) companies made Build – Operate – Transfer Agreements with Turkish State Airport Operations (“DHMİ”). 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”) for Monastir and Enfidha Airports; TAV Macedonia Dooel Petrovec (“TAV Macedonia”) signed a Build – Operate – Transfer Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports. Tibah Airport Development Company (“Tibah Development”), established by TAV Havalimanları, Al Rajhi Holding Group and Saudi Oger Ltd., signed a Build – Operate – Transfer Agreement with Saudi Arabia State Airport Operations (“GACA”) for Medinah Airport.

For renewal of domestic terminal of İzmir Adnan Menderes Airport, TAV Ege Terminal Yat. Yap. ve İşl. A.Ş. (“TAV Ege”) signed a concession agreement with DHMİ. According to these agreements, TAV Havalimanları constructs, renews and operates airports within the durations determined and obtains right to operate for the predetermined periods. At the end of agreement period, TAV Havalimanları will transfer the property of built airport to respective institution (DHMİ, JSC, GMED, OACA, MOTC and GACA).

1 REPORTING ENTITY *(continued)*

ii) ***Joint Ventures*** *(continued)*

TAV Havalimanları Holding A.Ş. (continued)

A Concession Agreement was executed between ZAIC-A Limited ("ZAIC-A") and Republic of Crotia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Havalimanları signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Netherland B.V. has been established as a 15% shareholder of ZAIC-A. TAV Holding owns 100% of Aviator Netherlands B.V. Handover Date occurred in 6 December 2013 and the consortium that TAV Havalimanları is a 15% partner took over the operations and construction site. The concession period will end in April 2042.

In addition, TAV Havalimanları signs several agreements for airport operations. TAV Havalimanları also operates in other fields of airport operations such as duty-free, food and beverage services, ground services, information technology, security and management.

TAV Havalimanları shares have been trading on BİAŞ 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. are subsidiaries of TAV Yatırım. TAV İnşaat has branches in Egypt Cairo, The United Arab Emirates, Sharjah and Abu Dhabi, Qatari Doha, Libya and Bahrain, Macedonia, Georgia and Saudi Arabia. TAV İnşaat has also subsidiaries called TAV Otopark Yatırım ve İşletmeleri A.Ş., TAV İnşaat Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction LLC and TAV – Alrajhi Construction Co. with 99,99%, 70%, 99,99%, 49% and 50% stakes, respectively.

Mersin Uluslararası Liman İşletmeciliği A.Ş.

MIP was founded on 4 May 2007 by PSA and Akfen Joint Venture, 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. 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 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 provide water and waste water services to Güllük Municipality and waste water treatment services to Dilovası Organized Industrial Zone.

1 REPORTING ENTITY *(continued)*

ii) Joint Ventures *(continued)*

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Su Güllük") has started operating on 24 August 2006. Akfen Su Güllük, having completed all of its investments, served 6.306 subscribers as at 30 June 2014.

Akfensu-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. 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.

Inline with its customers' needs, Akfen Su gives development and management of sustainable and ecological Solid Waste Management systems service by using new technologies. Akfen Su has signed its first agreement for solid waste management services with İDO and started to give solid waste management and aside services to all sea vehicles, vehicles, plants, offices and other port fields.

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 December 2011. Akfen Holding has joint control with Tepe İnşaat, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. with a %30 ownership rate. İDO provides passenger and vehicle transportation service under 'Sea Bus and Fast Ferry Lines' title both in innercity and the intercity seaways İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 55 sea vehicles (24 sea buses, 19 vehicle ferries, 9 fast ferryboats, 1 passenger boat and 2 service vessels) and 17 lines consisted of 11 sea buses, 2 vehicle ferries and 4 ferryboats. The sea buses, fast ferryboats and vehicle ferries have a total of 36.701 passengers capacity for summer period and 30.379 passengers capacity for winter period and 2.738 vehicles capacity for both periods as at 30 June 2014.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

(a) Statement of compliance

Akfen Holding entities operating in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the accounting principles per Turkish Uniform Chart of Accounts and per Capital Market Board of Turkey ("CMB") applicable to entities operating in other businesses.

Akfen Holding's foreign entities maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislations applicable in the countries they operate.

The condensed interim consolidated financial statements are prepared within the framework of Communiqué XI, No:29 dated 9 April 2008 (the "Communique") and related promulgations to this Communiqué as issued by the CMB, in accordance with the financial reporting standards accepted by the CMB ("CMB Financial Reporting Standards").

In accordance with 5. clause of the Communiqué, Group implements Turkish Accounting Standards ("TAS"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and related appendixes and interpretations.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(a) Statement of compliance *(continued)*

Group prepared the condensed interim consolidated financial statements for the period ending 30 June 2014 in accordance with TAS:34 "Interim Financial Reporting".

The accompanying consolidated interim financial statements as at 30 June 2014 have been approved by the Board of Directors of the Company on 15 August 2014. The General Assembly and the related legal authorities have the authority to revise the statutory and the reported consolidated financial statements.

(b) Preparation of the financial statements

The accompanying consolidated financial statements are prepared in accordance with the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué") which is published in official gazette, no 28676.

(c) Accounting in hyperinflationary periods

According to CMB's decision made on 17 March 2005, for publicly traded companies operating in Turkey, inflation accounting is not applicable starting by 1 January 2005. For that reason, accompanying condensed interim consolidated financial statements are prepared inline with this decision.

(d) Basis of measurement

The condensed interim 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.

(e) Functional and presentation currency

Akfen Holding and its subsidiaries operating in Turkey prepare their accounting records and legal financial statements in accordance with the accounting principles per Turkish Uniform Chart of Accounts and per Capital Market Board of Turkey. Accounting records of subsidiaries and jointly controlled entities established abroad are subject to regulations and accounting principles that are applied in the countries in which they operate. The accompanying condensed interim consolidated financial statements are presented in TL which is the Company's functional currency and converted from legal basis to TFRS basis by series of adjustments and reclassifications:

Company	Functional Currency
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Enerji	TL
AkfenHES	TL
AkfenRES	TL
TAV Havalimanları	Euro
TAV Yatırım	US Dollar
MIP	US Dollar
PSA Liman	TL
Akfen Su	TL
İDO	TL

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(f) Basis of consolidation

The accompanying condensed interim consolidated financial statements as at 30 June 2014 include the accounts of the parent company, Akfen Holding, its subsidiaries, investments in equity accounted investees, prepared in accordance with the basis of preparation stated in those financial statements.

Subsidiaries and joint ventures are consolidated through following methods.

(i) Subsidiaries

In preparing the accompanying condensed interim consolidated financial statements, subsidiaries that the Group has control power on their financial and activity policies 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.

As at 30 June 2014 and 31 December 2013, ownership and voting right rates of subsidiaries subject to consolidation are as follows:

	Akfen Holding's ownership rate		Akfen Holding's direct or indirect voting rights		Voting rights of Akın Family		Total voting rights		Principal activity
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	
Akfen İnşaat	99,85	99,85	99,85	99,85	0,15	0,15	100,00	100,00	Construction
Akfen GYO	56,88	56,81	56,88	56,81	16,41	16,41	73,29	73,22	Real-estate investment
HES Grubu	100,00	100,00	100,00	100,00	--	--	100,00	100,00	Hydroelectric, electricity production
Akfen Enerji	69,50	69,50	69,75	69,75	29,75	29,75	99,50	99,50	Energy
AkfenRES	99,70	98,50	99,80	99,00	--	--	99,80	99,00	Energy

In consolidated financial statements, shares of Akın Family are shown in non-controlling interest.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(f) Basis of consolidation

(ii) Joint ventures

Joint arrangements are arrangements on which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

As at 30 June 2014 and 31 December 2013, the detail of joint ventures is as follows:

	30 June 2014		**31 December 2013**		
	Ownership rate(%)	Voting right	Ownership rate(%)	Voting right	Principal activity
TAV Havalimanları	8,12	8,12	8,12	8,12	Operation of airports
TAV Yatırım	21,68	21,68	21,68	21,68	Investment, construction and operation in aviation industry
MIP	50,00	50,00	50,00	50,00	Port operation
PSA Liman	50,00	50,00	50,00	50,00	Consultancy
Akfen Su	50,00	50,00	50,00	50,00	Water Treatment Construction and Management
İDO	30,00	30,00	30,00	30,00	Marine transportation

(iii) Ortak kontrol altındaki işletme birleşmeleri

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognized previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

(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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(f) Basis of consolidation *(continued)*

(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 TFRS 3 are recognised at their fair values at the acquisition date.

(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 the 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 are recognized in the consolidated statement of other comprehensive income.

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 TAS 21, *The effect of changes in foreign exchange rates*. The Group uses TL as the reporting currency.

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange rate ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part of or in full, the relevant amount in the FCTR is transferred to profit or loss.

As at 30 June 2014 and 31 December 2013 yearly changes for period ends and as at 30 June 2014 and 30 June 2013 three month average changes are as follows:

	Average Rates		Period End Rates	
	30 June 2014	**30 June 2013**	**30 June 2014**	**31 December 2013**
US Dollar	2,1629	1,8089	2,1234	2,1343
Euro	2,9651	2,3752	2,8919	2,9365
Georgian Lari ("GEL")	1,2314	1,0933	1,2010	1,2291
Macedonian Dinar ("MKD")	0,0480	0,0385	0,0468	0,0477
Tunisian Dinar ("TND")	1,3405	1,1332	1,2560	1,2957
Swedish Krona ("SEK")	0,3309	0,2784	0,3131	0,3284
Saudi Riyal ("SAR")	0,5767	0,4824	0,5662	0,5688

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(g) Foreign currency *(continued)*

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates for the period.

Foreign currency differences are recognised directly in equity. Such differences are recognised in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

2.2 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements of the Group for the three months period ended 30 June 2014 have been prepared in accordance with TAS 34 "Interim Financial Reporting" standard of TFRS. In addition, except for the new and amended standards effective as of 1 January 2014 summarized below, accounting policies taken into account for preparation of condensed interim consolidated financial statements as at 30 June 2014 are consistent with policies applied for previous periods. Effects of these standards and interpretations on Group's financial position and performance are disclosed in related paragraphs. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2013.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option ("FVO") liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted.
The Group does not plan to adopt this standard early and the extent of the impact has not been determined yet.

New and amended standards published by International Accounting Standards Board, but not published by POA

New standards, interpretations and changes in present IFRS standards listed below were published by IASB but have not come into force yet for current reporting period. However, these new standards, interpretations and changes were not adapted/published to TFRS by POA. For that reason, these are not a part of TFRS . Respective changes in consolidated financial statements and notes to the financial statements will be made after these new standards, interpretations and changes come into force in TFRS.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

New and amended standards published by International Accounting Standards Board, but not published by POA (continued)
IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

IFRS 14 – Regulatory Deferral Accounts
IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation
The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate.

The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

New and amended standards published by International Accounting Standards Board, but not published by POA (continued)

Amendments to IFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard‟s definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards‟ Basis for Conclusions, the changes are effective as of 1 July 2014.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement Decision Requirements

As clarified in the Basis for Conclusions, short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the carrying amount equals to the market value. The amendment is effective retrospectively.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

Improvements to IFRSs (continued)

Annual Improvements to IFRSs – 2010–2012 Cycle (continued)

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards

The amendment clarifies that in its first IFRS financial statements, a first-time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early application.

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to the contracts within the context of IAS 39, not just financial assets and financial liabilities. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments did not have an impact on the financial position or performance of the Group.

3 BUSINESS COMBINATIONS

Participating in Hacettepe Teknoket

Akfen İnşaat and Renkyol agreed on transfering 45% of shares of Hacettepe Teknokent on 12 May 2014. TL 12.809 of respective amount was paid in cash, TL 12.300 will be paid by 10 equal installements through notes and TL 1.059 was netted of advance amounts of 9 apartments in Incek Loft. The remainin TL 132 is recorded in current accounts.

This transaction is evaluated as a business combination within the frame of TFRS 3 and book values and fair values of acquired assets and liabilities are as follows:

	Book value before acquisition	Fair value adjustments	Acquisition amount
Property, plant and equipment	5.117	--	5.117
Intangible assets	8	33.895	33.903
Other assets	1.359	--	1.359
Due to related parties	(7.213)	--	(7.213)
Deferred tax liability	--	(6.779)	(6.779)
Other liabilities	(87)	--	(87)
Identifiable assets and liabilities	**(816)**	**27.116**	**26.300**

Cash payment	12.809
Deferreed payments due to acquisition	12.432
İncek Loft apartment sales	1.059

Booked values before the acquisition are calculated according to TMS right before the acquisition.

Hacettepe Teknokent is consolidated through equity methot since it is a joint venture.

Together with identifiable assets and liabilities, acquisition cost at the acquisition date are accounted provisionally by the Group. The time duration for making additions and adjustments in assets, liabilities and contingent liabilities is limited to 12 months beginning by the acquisition date.

4 SEGMENT REPORTING

For management purposes, the Group is currently organised into three operating segments. 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 reported segment is for Akfen İnşaat, Akfen GYO, and HEPP Group.

Other

Subsidiaries and jointly controlled entities in other operations segment are Akfen Enerji and RES Group and Akfen Holding is included in the other industrial segment as well.

4 SEGMENT REPORTING *(continued)*

1 January-30 June 2014	Akfen İnşaat	Akfen GYO	HEPP Group	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	--	24.714	18.775	14.188	--	--	57.677
Inter segment revenue	30.240	--	8.000	489	--	(38.729)	--
Total revenue	**30.240**	**24.714**	**26.775**	**14.677**	**--**	**(38.729)**	**57.677**
Cost of sales	(28.082)	(2.855)	(16.278)	(14.018)	--	35.396	(25.837)
Gross profit	**2.158**	**21.859**	**10.497**	**659**	**--**	**(3.333)**	**31.840**
General administrative expenses	(13.609)	(3.310)	(2.553)	(14.893)	--	465	(33.900)
Other operating income	1.976	7.809	359	4.487	--	(618)	14.013
Other operating expense	(11.653)	(1.868)	(135)	(116)	--	--	(13.772)
Investment in equity accounted investees	(76)	--	--	--	86.622	--	86.546
Operating profit/ (loss)	**(21.204)**	**24.490**	**8.168**	**(9.863)**	**86.622**	**(3.486)**	**84.727**
Income from investment activities	72	--	--	1.747	--	--	1.819
Expense from investment activities	--	--	(353)	(466)	--	--	(819)
Financial income	5.971	22.052	3.947	31.412	--	(26.111)	37.271
Financial expense	(23.345)	(30.572)	(13.694)	(37.163)	--	26.111	(78.663)
Profit / (loss) of continuing operations before tax	**(38.506)**	**15.970**	**(1.932)**	**(14.333)**	**86.622**	**(3.486)**	**44.335**
Tax income/(expense) for the period	7.867	(1.658)	(266)	(2.003)	--	--	3.940
Profit/(loss) of continuing operations after tax	(30.639)	14.312	(2.198)	(16.336)	86.622	(3.486)	48.275
Profit (loss) for the period attributable to the parent of the Company	(30.639)	14.136	(2.191)	(16.595)	86.622	(9.416)	41.917
Depreciation and amortization expenses	587	23	8.416	247	--	--	9.273
Investments of tangible and intangible assets , investment properties and other investments (*)	35.643	32.357	39.533	5.026	--	--	112.559
30 June 2014							
Segment assets	828.299	1.539.470	1.054.933	1.877.513	497.001	(1.985.721)	3.811.495
Segment liabilities	644.136	598.719	718.484	606.362	--	(503.518)	2.064.183

(*)Comprised of investments made for property, plant and equipment, intangible assets, investment property and investments of İncek Loft project of Akfen İnşaat.

4 Segment Reporting *(continued)*

1 April-30 June 2014	*Akfen İnşaat*	*Akfen GYO*	*HEPP Group*	*Other*	*Investment in equity accounted investees*	*Inter segment eliminations*	*Total*
External revenues	--	13.201	9.972	8.014	--	--	31.187
Inter segment revenue	13.481	--	3.433	208	--	(17.122)	--
Total revenue	**13.481**	**13.201**	**13.405**	**8.222**	**--**	**(17.122)**	**31.187**
Cost of sales	(12.920)	(1.477)	(7.975)	(8.366)	--	15.652	(15.086)
Gross profit	**561**	**11.724**	**5.430**	**(144)**	**--**	**(1.470)**	**16.101**
General administrative expenses	(11.073)	(1.798)	(1.034)	(6.827)	--	198	(20.534)
Other operating income	734	6.373	193	4.472	--	(618)	11.154
Other operating expense	(11.058)	(358)	251	(65)	--	--	(11.230)
Investment in equity accounted investees	(76)	--	--	--	65.964	--	65.888
Operating profit/ (loss)	**(20.912)**	**15.941**	**4.840**	**(2.564)**	**65.964**	**(1.890)**	**61.379**
Income from investment activities	61	--	--	998	--	--	1.059
Expense from investment activities	--	--	(353)	(9)	--	--	(362)
Financial income	4.760	21.836	3.630	16.558	--	(14.468)	32.316
Financial expense	(13.925)	(5.760)	7.683	(16.517)	--	14.468	(14.051)
Profit / (loss) of continuing operations before tax	**(30.016)**	**32.017**	**15.800**	**(1.534)**	**65.964**	**(1.890)**	**80.341**
Tax income/(expense) for the period	5.981	(2.644)	(2.813)	(1.185)	--	--	(661)
Profit/(loss) of continuing operations after tax	(24.035)	29.373	12.987	(2.719)	65.964	(1.890)	79.680
Profit (loss) for the period attributable to the parent of the Company	(24.035)	28.936	12.562	(3.151)	65.964	(13.551)	66.725
Depreciation and amortization expenses	319	7	4.245	125	--	--	4.696
Investments of tangible and intangible assets , investment properties and other investments (*)	23.484	19.967	15.668	823	--	--	59.942

(*)Comprised of investments made for property, plant and equipment, intangible assets, investment property and investments of İncek Loft project of Akfen İnşaat.

4 SEGMENT REPORTING *(continued)*

1 January-30 June 2013	Akfen İnşaat	Akfen GYO	HEPP Group	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	18	20.119	47.391	2.467	--	--	69.995
Inter segment revenue	53.541	--	1.418	49	--	(55.008)	--
Total revenue	**53.559**	**20.119**	**48.809**	**2.516**	**--**	**(55.008)**	**69.995**
Cost of sales	(49.330)	(2.463)	(17.200)	(2.285)	--	48.992	(22.286)
Gross profit	**4.229**	**17.656**	**31.609**	**231**	**--**	**(6.016)**	**47.709**
General administrative expenses	(3.531)	(4.026)	(3.563)	(20.829)	--	2.416	(29.533)
Other operating income	5.602	3.516	7.507	11.319	--	(15.123)	12.821
Other operating expense	(153)	(1.182)	(1.023)	(119)	--	--	(2.477)
Investment in equity accounted investees	--	--	--	--	7.593	--	7.593
Operating profit/ (loss)	**6.147**	**15.964**	**34.530**	**(9.398)**	**7.593**	**(18.723)**	**36.113**
Income from investment activities	--	--	23	36.888	--	--	36.911
Expense from investment activities				(7.513)	--		(7.513)
Financial income	6.945	20.942	1.573	18.919	--	(12.239)	36.140
Financial expense	(14.575)	(50.262)	(38.506)	(20.060)	--	12.239	(111.164)
Profit / (loss) of continuing operations before tax	**(1.483)**	**(13.356)**	**(2.380)**	**18.836**	**7.593**	**(18.723)**	**(9.513)**
Tax income/(expense) for the period	(206)	192	1.734	(5)	--	--	1.715
Profit/(loss) of continuing operations after tax	(1.689)	(13.164)	(646)	18.831	7.593	(18.723)	(7.798)
Profit (loss) for the period attributable to the parent of the	(1.689)	(12.399)	(651)	18.832	7.593	(11.848)	(162)
Depreciation and amortization expenses	392	31	8.524	219	--	--	9.166
Investments of tangible and intangible assets , investment properties and other investments (*)	3.916	24.149	51.665	12.336	--	--	92.066
31 December 2013							
Segment assets	519.468	1.518.526	1.044.841	1.749.963	437.433	(1.877.627)	3.392.604
Segment liabilities	330.836	585.734	667.888	432.476	--	(387.202)	1.629.732

(*)Comprised of investments made for property, plant and equipment, intangible assets, investment property and investments of İncek Loft project of Akfen İnşaat.

4 SEGMENT REPORTING *(continued)*

1 April-30 June 2013	Akfen İnşaat	Akfen GYO	HEPP Group	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	18	11.446	24.359	2.467	--	--	38.290
Inter segment revenue	28.302	--	1.418	49	--	(29.769)	--
Total revenue	**28.320**	**11.446**	**25.777**	**2.516**	**--**	**(29.769)**	**38.290**
Cost of sales	(26.086)	(1.198)	(8.133)	(2.285)	--	26.184	(11.518)
Gross profit	**2.234**	**10.248**	**17.644**	**231**	**--**	**(3.585)**	**26.772**
General administrative expenses	(937)	(1.882)	(1.896)	(11.210)	--	2.416	(13.509)
Other operating income	5.484	1.455	306	11.193	--	(15.123)	3.315
Other operating expense	(3)	(1.029)	(883)	(1)	--	--	(1.916)
Investment in equity accounted investees	--	--	--	--	(2.752)	--	(2.752)
Operating profit/ (loss)	**6.778**	**8.792**	**15.171**	**213**	**(2.752)**	**(16.292)**	**11.910**
Income from investment activities	(21)	--	23	34.020	--	--	34.022
Expense from investment activities	--	--	--	(3.719)	--	--	(3.719)
Financial income	5.432	16.898	(5.040)	6.035	--	(5.852)	17.473
Financial expense	(6.989)	(44.615)	(30.868)	(10.768)	--	5.852	(87.388)
Profit / (loss) of continuing operations before tax	**5.200**	**(18.925)**	**(20.714)**	**25.781**	**(2.752)**	**(16.292)**	**(27.702)**
Tax income/(expense) for the period	(452)	959	4.055	(24)	--	--	4.538
Profit/(loss) of continuing operations after tax	4.748	(17.966)	(16.659)	25.757	(2.752)	(16.292)	(23.164)
Profit (loss) for the period attributable to the parent of the	4.748	(17.624)	(16.664)	25.758	(2.752)	(8.227)	(14.761)
	--	--	--	--	--	--	--
Depreciation and amortization expenses	203	15	4.173	114	--	--	4.505
Investments of tangible and intangible assets , investment properties and other investments (*)	3.091	7.113	29.641	1.373	--	--	41.218

(*)Comprised of investments made for property, plant and equipment, intangible assets, investment property and investments of İncek Loft project of Akfen İnşaat.

5 CASH AND CASH EQUIVALENTS

As at 30 June 2014 and 31 December 2013, cash and cash equivalents comprise the following:

	30 June 2014	31 December 2013
Cash on hand	420	380
Cash at banks	96.170	54.237
-Demand deposits	*18.556*	*19.145*
-Time deposits	*77.614*	*35.092*
Project reserve and assignment accounts	22.319	52.950
Other cash and cash equivalents(*)	41.551	39.863
Cash and cash equivalents	**160.460**	**147.430**
Project, reserve and assignment accounts	(22.319)	(52.950)
Cash and cash equivalents in the statement of cash flow	**138.141**	**94.480**

(*)As at 30 June 2014, TL 34.515 (31 December 2013: 39.863) and TL 7.036 of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding and Akfen İnşaat, respectively.

As at 30 June 2014 and 31 December 2013 the distribution of the cash and cash equivalents of the Group on company basis is as follows:

	30 June 2014	31 December 2013
Akfen Holding	76.716	44.639
HEPP Group	34.575	63.456
Akfen GYO	27.251	30.327
Akfen İnşaat	20.130	8.350
Other	1.788	658
Total	**160.460**	**147.430**

As at 30 June 2014 and 31 December 2013 the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

Currency	30 June 2014	31 December 2013
TL	11.206	9.800
US Dollar	2.133	2.328
Euro	5.023	6.884
Other	194	133
	18.556	**19.145**

5 CASH AND CASH EQUIVALENTS *(continued)*

The details of the time deposits, due dates and interest rates of the Group as at 30 June 2014 and 31 December 2013 are as follows:

Currency	Maturity	Interest rate %	30 June 2014
TL	July 2014	6,40 – 10,70	34.244
US Dollar	July 2014	0,10 – 6,40	35.831
Euro	July 2014	0,05 – 2,22	7.539
			77.614

Currency	Maturity	Interest rate %	31 December 2013
TL	January 2014	5,00-5,50	7.516
US Dollar	January-February 2014	0,50 – 3,35	17.488
Euro	January 2014	2,75	6.372
Other	January 2014	5,50 – 7,75	3.716
			35.092

Project reserve and assignment accounts

Within the scope of loan agreements, HEPP Group and Akfen GYO (for the Karaköy Novotel Project of Akfen Karaköy) has opened bank accounts for repayment of borrowings, investment expenditures, funding operational and administrative expenses, which are Assignment Accounts and Project Accounts, respectively. As at 30 June 2014 and 31 December 2013, the distribution of Group's project reserve and assignment accounts is as follows:

	30 June 2014	31 December 2013
HEPP Group	17.595	45.070
Akfen GYO	4.724	7.880
Total	**22.319**	**52.950**

The detail of the project reserve and assignment accounts and interest rates of the Group as at 30 June 2014 and 31 December 2013 is as follows:

Currency	Interest Rate %	30 June 2014
TL	6,75	3.950
US Dollar	0,10-6,40	17.481
		21.431
Demand deposits		888
		22.319

Currency	Interest Rate %	31 December 2013
TL	5,50-6,00	8.892
US Dollar	0,10-0,30	39.073
Euro	0,50	4.889
		52.854
Demand deposits		96
		52.950

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 32. As at 30 June 2014 and 31 December 2013, there is no blockage on cash and cash equivalents.

6 FINANCIAL INVESTMENTS

Current financial investments

As at 30 June 2014 and 31 December 2013 the current financial investments are as follows:

	30 June 2014	31 December 2013
Available for sale financial assets	7.028	5.614
	7.028	**5.614**

As at 30 June 2014 and 31 December available for sale assets are comprised of private sector bonds .

7 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 32.

The detail of Group's financial liabilities as at 30 June 2014 is as follows:

Current financial liabilities	Nominal Value	Carrying Amount
Short term secured bank loans	75.952	79.345
	75.952	**79.345**
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	176.102	212.595
Current portion of long term issued bonds	--	11.575
Current portion of long term financial leasings	311	311
	176.413	**224.481**
Non-current financial liabilities		
Long term secured bank loans	1.018.711	994.052
Long term issued bonds	340.000	340.000
Long term financial leasings	1.560	1.560
	1.360.271	**1.335.612**

The detail of Group's financial liabilities as at 31 December 2013 is as follows:

Current financial liabilities	Nominal Value	Carrying Amount
Short term secured bank loans	70.703	74.443
	70.703	**74.443**
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	154.097	191.875
Current portion of long term issued bonds	154.090	160.763
	308.187	**352.638**
Non-current financial liabilities		
Long term secured bank loans	1.044.478	1.017.317
	1.044.478	**1.017.317**

7 LOANS AND BORROWINGS *(continued)*

As at 30 June 2014, Group's total bank loans, issued bonds and financial leasings are as follows:

	Nominal Value	Carrying Amount
Bank loans	1.270.765	1.285.992
Bonds	340.000	351.575
Financial leasings	1.871	1.871
	1.612.636	**1.639.438**

As at 31 December 2013, Group's total bank loans and issued bonds are as follows:

	Nominal Value	Carrying Amount
Bank loans	1.269.278	1.283.635
Bonds	154.090	160.763
	1.423.368	**1.444.398**

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 30 June 2014 are as follows:

Carrying Amount	Current liabilities	Non-current liabilities	Total
Akfen Holding	51.561	400.516	452.077
Akfen İnşaat	34.119	24.071	58.190
Akfen GYO	98.995	418.991	517.986
HEPP Group	118.840	490.474	609.314
	303.515	**1.334.052**	**1.637.567**

Nominal Value	Current liabilities	Non-current liabilities	Total
Akfen Holding	37.936	402.136	440.072
Akfen İnşaat	30.980	25.758	56.738
Akfen GYO	93.924	418.907	512.831
HEPP Group	89.214	511.910	601.124
	252.054	**1.358.711**	**1.610.765**

7 LOANS AND BORROWINGS *(continued)*

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2013 are as follows:

Carrying Amount	Current liabilities	Non-current liabilities	Total
Akfen Holding	247.673	44.110	291.783
Akfen İnşaat	10.642	28.639	39.281
Akfen GYO	92.287	408.512	500.799
HEPP Group	76.479	536.056	612.535
	427.081	**1.017.317**	**1.444.398**

Nominal Value	Current liabilities	Non-current liabilities	Total
Akfen Holding	240.620	44.110	284.730
Akfen İnşaat	6.623	32.169	38.792
Akfen GYO	86.811	408.825	495.636
HEPP Group	44.836	559.374	604.210
	378.890	**1.044.478**	**1.423.368**

Conditions and repayment schedules

The repayment schedules of the bank loans and issued bonds of the Group as at 30 June 2014 and 31 December 2013 according to the original maturities are as follows:

	Nominal Value		Carrying Amount	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Within 1 year	252.054	378.890	303.515	427.081
1 – 2 years	259.728	228.905	275.000	245.935
2 – 3 years	505.744	162.244	513.550	172.545
3 – 4 years	160.627	167.229	158.742	167.497
5 years and more	432.612	486.100	386.760	431.340
	1.610.765	**1.423.368**	**1.637.567**	**1.444.398**

As at 30 June 2014 and 31 December 2013 the currency distribution of bank loans and issued bonds is as follows:

	Nominal Value		Carrying Amount	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
US Dollar	654.705	613.776	663.331	622.227
Euro	525.518	564.181	530.845	569.662
TL	430.542	245.411	443.391	252.509
	1.610.765	**1.423.368**	**1.637.567**	**1.444.398**

7 LOANS AND BORROWINGS *(continued)*

Since majority of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk. As at 30 June 2014 and 31 December 2013 the lowest and highest interest rates of loans that the Company used are as follows:

30 June 2014(*)				31 December 2013(*)			
Fixed rate loans	**TL**	**USD**	**EUR**	**Fixed rate loans**	**TL**	**USD**	**EUR**
The Lowest	10,56%	4,44%	6,95%	The Lowest	10,56%	5,50%	6,95%
The Highest	14,40%	6,00%	7,50%	The Highest	11,40%	7,20%	8,75%
Floating interest rate loans	**TL**	**USD**	**EUR**	**Floating interest rate loans**	**TL**	**USD**	**EUR**
The Lowest	1,50%	--	3,75%	The Lowest	1,50%	3,50%	3,75%
The Highest	3,50%	--	7,50%	The Highest	5,26%	3,50%	7,50%

(*)For the floating interest rate loans, additional interest rate is added to Euribor, Libor and Base Interest rates of 30 June 2014 and 31 December 2013.

Group has obtained project loans for refinancing of existing HEPP Group loans, investments of hydroelectrical power plants under construction and hotel projects that will be built within the scope of MoU signed with Accor.

As at 30 June 2014, total amount of project loans is TL 1.079.223 (31 December 2013: TL 1.131.988) and its share on total loans is 66% (31 December 2013: 78%).

The details of the loans and borrowings for each subsidiary are given below:

Akfen Holding

The breakdown of bank loans as at 30 June 2014 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans(1)	USD	6,00	2016	30.500	30.743
Secured bank loans(2)	EUR	Euribor+4,00	2014	37.937	38.113
Secured bank loans(3)	TL	13,50(*)	2016	13.692	13.697
Secured bank loans(4)	TL	11,78(*)	2016	17.943	17.949
Bond(5)	TL	GDS(**) + 3,25	2017	140.000	143.809
Bond(6)	TL	GDS(**) + 3,50	2017	200.000	207.766
				440.072	**452.077**

(1) Sureties are Akfen Holding shares belonging to Hamdi Akın.
(2) Akfen GYO shares are pledged as a surety.
(3) Represents the share purchase loan. Akfen Holding shares and Akfen GYO shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(4) Represents the share purchase loan. Akfen GYO shares and Akfen Holding shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

7 LOANS AND BORROWINGS *(continued)*

Akfen Holding *(continued)*

(5) Represents the liability of bond which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment of 3 months with a floating interest rate amounting to TL 140.000. The 3rd period coupon payment date is 13 October 2014.
According to determined additional rate of return, coupon interest rate that will be given for 3rd period coupon payment is 2,81%.
(6) Represents the liability of bond which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment of 6 months with a floating interest rate amounting to TL 200.000. The 1st period coupon payment date is 25 September 2014.
According to determined additional rate of return, coupon interest rate that will be given for 1st period coupon payment is 7,26%.
(*)Overnight ("O/N") interest rate of share purchase loan as at 30 June 2014.
(**)Indicator Interest Rate', which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last five working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted indicator of the furthermost future dated treasury bills issued by Undersecreteriat of Treasury.

The breakdown of bank loans as at 31 December 2013 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans(1)	USD	Libor+3,50	2014	9.486	9.544
Secured bank loans(2)	EUR	Euribor+4,00	2014	77.045	77.367
Secured bank loans(3)	TL	9,25(*)	2015	13.692	13.692
Secured bank loans(4)	TL	12,28(*)	2015	10.025	10.025
Secured bank loans(5)	TL	10,09(*)	2015	2.196	2.196
Secured bank loans(6)	TL	10,32(*)	2015	18.196	18.196
Bond(7)	TL	DİBS(**) + 4,00	2014	154.090	160.763
				284.730	**291.783**

(1) Sureties are given by Akfen İnşaat and Hamdi Akın.
(2) Akfen GYO shares are pledged as a surety.
(3) Represents the share purchase loan. Akfen Holding shares and Akfen GYO shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(4) Represents the share purchase loan. Akfen Holding shares and TAVHL shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(5) Represents the share purchase loan. Akfen GYO shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(6) Represents the share purchase loan. TAVHL shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(7) Represents the liability of bond which has been issued on 9 March 2012 and has a maturity of 2 years and coupon payment of 6 months with a floating interest rate amounting to TL 200.000. The 4th period coupon payment date is 7 March 2014.
According to determined additional rate of return, coupon interest rate that will be given for 4th period coupon payment is 6,55%.
As at 31 December 2013, Akfen Holding purchased a part of this bond with a nominal value of TL 45.910 from the market. Purchased portion was netted off from bond liability.
(*)Overnight interest rate of share purchase loan as at 31 December 2013.
(**)Indicator Interest Rate', which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last five working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted indicator of the furthermost future dated treasury bills issued by Undersecreteriat of Treasury.

7 LOANS AND BORROWINGS *(continued)*

Akfen Holding *(continued)*

The repayment schedule of the bank loans and bonds is as follows:

	Nominal Value		Carrying Amount	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Within 1 year	37.936	240.620	51.561	247.673
1 – 2 years	62.136	44.110	60.516	44.110
2 – 3 years	340.000	--	340.000	--
	440.072	**284.730**	**452.077**	**291.783**

Akfen İnşaat:

The breakdown of bank loans as at 30 June 2014 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans(1)	USD	4,44	2015	2.625	2.657
Secured bank loans(2)	USD	6,00	2016	20.456	20.618
Secured bank loans(1)	TL	10,56	2014	1.664	1.667
Secured bank loans(1)	TL	10,92-14,40	2015	30.065	31.301
Secured bank loans(3)	TL	15,00	2015	1.317	1.336
Secured bank loans(3)	TL	13,50(*)	2016	611	611
				56.738	**58.190**

(1) The sureties are given by Akfen Holding.
(2) The sureties are Akfen Holding shares belonging to Hamdi Akın.
(3) Represents the share purchase loan. Shares of Akfen Holding are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(*)Overnight interest rate of the share purchase loan as at 30 June 2014.

The breakdown of bank loans as at 31 December 2013 is given below:

	Currency	Nominal Interest rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans(1)	USD	7,20	2014	80	148
Secured bank loans(2)	TL	12,28(*)	2015	20.017	20.017
Secured bank loans(3)	TL	10,56	2014	3.099	3.246
Secured bank loans(3)	TL	10,80-11,40	2015	14.985	15.259
Secured bank loans(2)	TL	9,25(*)	2015	611	611
				38.792	**39.281**

(1) The sureties are given by Hamdi Akın.
(2) Represents the share purchase loan. Shares of Akfen Holding are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.
(3) The sureties are given by Akfen Holding.
(*)Overnight interest rate of the share purchase loan as at 31 December 2013.

7 LOANS AND BORROWINGS *(continued)*

Akfen İnşaat: *(continued)*

The repayment schedules of financial liabilities are as follows:

	Nominal Value		Carrying Amount	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Within 1 year	30.980	6.623	34.119	10.642
1 – 2 years	25.758	32.169	24.071	28.639
	56.738	**38.792**	**58.190**	**39.281**

Akfen GYO:

As at 30 June 2014, the detail of loans and borrowings is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans (1)	EUR	6,95	2014	4.996	5.026
Secured bank loans (1)	EUR	7,5	2014	11.789	12.043
Secured bank loans (1)	EUR	Euribor + 6,00	2016	20.243	20.607
Secured bank loans (2)	EUR	Euribor + 5,25	2017	43.379	43.874
Secured bank loans (3)	EUR	Euribor + 4,60	2018	34.703	35.180
Secured bank loans (4)	EUR	Euribor + 7,50	2019	21.689	21.935
Secured bank loans (5)	EUR	Euribor +3,75	2020	151.275	152.560
Secured bank loans (6)	EUR	Euribor +6,50	2020	19.355	19.595
Secured bank loans (7)	EUR	Euribor + 7,35	2021	48.606	48.690
Secured bank loans (5)	EUR	Euribor +5,00	2022	21.689	21.930
Secured bank loans (8)	EUR	Euribor +6,50	2022	32.976	33.385
Secured bank loans (9)	EUR	Euribor +6,50	2022	24.826	25.134
Secured bank loans (10)	EUR	Euribor +6,35	2024	40.487	41.061
Secured bank loans (1)	EUR	Euribor +5,25	2024	11.568	11.712
Secured bank loans (11)	TL	14,25	2014	3.250	3.254
Secured bank loans (1)	TL	13,5	2014	20.500	20.500
Secured bank loans (1)	TL	13,2	2014	1.500	1.500
				512.831	**517.986**

(1) Sureties are given by Akfen Holding.

(2) The loan borrowed is secured by the following:

2nd degree pledge on Merit Park Hotel in Akfen Ticaret's portfolio is given in favor of creditor.

There is joint and consecutive surety of Akfen Ticaret given for the total outstanding loan amount.

7 LOANS AND BORROWINGS *(continued)*

Akfen GYO *(continued)*

[3] The loan borrowed is secured by the following:

Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditors,

Rent revenue of Merit Park Hotel is alienated in favor of the creditors,

Sureties of Akfen GYO is given for the total outstanding loan amount,

Right of tenancy of Merit Park Hotel is pledged in favor of the creditor..

[4] The loans borrowed by RPI are secured by following:

-Pledge on land

-Pledge of Volgostroykom shares owned 100%

-Sureties of Akfen GYO and Akfen GT

-Pledge on the office building

-Alienation of operating revenue

[5] The Company signed a loan agreement amounting Euro 100 million on 30 July 2008 to finance the ongoing hotel projects based on the Memorandum of Understanding ("MoU") signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. The loan is secured by the following:

· Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and Ankara Esenboğa land and the lands on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors in first degree,

· Rent revenue of these hotels is pledged to the creditors,

· Demand deposits in banks and financial institutions related with these projects are pledged in favor of the creditors,

· Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş., the shareholders' of the Company, are given for the completion guarantee of Ankara Eesenboğa Hotel project.

[6] The loan obtained for Yaroslavl Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

· RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors.

· Land that Yaroslavl Hotel is built on and hotel building that belongs to Akfen GYO, were pledged in favor of creditors.

· Operating rent revenue of Yaroslavl Hotel is alienated in favor of the creditor.

[7] The loans borrowed by HDI are secured by following:

-Pledge of Severnyi Avtovokzal Limited Company shares owned by 100%

-Pledge on land

-Sureties of Akfen GYO and Akfen GT

-Alienation of rent revenue.

[8] The loan obtained for Samara Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

· RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors.

· Land that Samara Hotel is built on and hotel building that belongs to Akfen GYO, were pledged in favor of creditors.

· Operating rent revenue of Samara Ibis Hotel is alienated in favor of the creditor.

7 LOANS AND BORROWINGS *(continued)*

Akfen GYO *(continued)*

(9) The loan obtained for Kaliningrad Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

· RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors.

· Land that Kaliningrad Hotel is built on and hotel building that belongs to the Akfen GYO, were pledged in favor of creditors.

· Operating rent revenue of Kaliningrad Hotel Project is alienated in favor of the creditor..

(10) The loan is secured by following:

· Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,

· The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,

· The total revenue that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor,

· Hotel operation subject to Karaköy Novotel Project is pledged to the favor of creditors,

· All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor,

· The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,

The right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of lands in Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage.

(11) Sureties are given by Akfen Holding and Akfen İnşaat.

As at 31 December 2013, the detail of loans and borrowings is as follows:

	Currency	Nominal Interest rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans [1]	EUR	8,75	2014	14.683	15.030
Secured bank loans [1]	EUR	6,95	2014	9.969	10.025
Secured bank loans [1]	EUR	7,5	2014	17.619	17.995
Secured bank loans [2]	EUR	Euribor + 5,25	2017	44.048	44.550
Secured bank loans [3]	EUR	Euribor + 4,60	2018	39.643	40.168
Secured bank loans [4]	EUR	Euribor + 7,00	2019	22.024	22.248
Secured bank loans [5]	EUR	Euribor + 7,35	2019	36.637	36.665
Secured bank loans [6]	EUR	Euribor +3,75	2020	166.307	167.743
Secured bank loans [7]	EUR	Euribor +6,50	2021	34.780	35.203
Secured bank loans [6]	EUR	Euribor +5,00	2022	17.619	17.801
Secured bank loans [8]	EUR	Euribor +6,50	2022	20.600	20.850
Secured bank loans [9]	EUR	Euribor +6,50	2023	25.767	26.081
Secured bank loans [10]	EUR	Euribor +6,35	2024	37.440	37.936
Secured bank loans [1]	TL	12,00	2014	3.500	3.502
Secured bank loans [11]	TL	13,30	2014	5.000	5.002
				495.636	**500.799**

7 LOANS AND BORROWINGS *(continued)*

Akfen GYO *(continued)*

(1) Sureties are given by Akfen Holding.

(2) The loan borrowed is secured by the following:

2nd degree pledge on Merit Park Hotel in Akfen Ticaret's portfolio is given in favor of creditor.

There is joint and consecutive surety of Akfen Ticaret given for the total outstanding loan amount.

(3) The loan borrowed is secured by the following:

Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditors,

Rent revenue of Merit Park Hotel is alienated in favor of the creditors,

Sureties of Akfen GYO is given for the total outstanding loan amount,

Right of tenancy of Merit Park Hotel is pledged in favor of the creditor.

(4) The loans borrowed by RPI are secured by following:

-Pledge on land

-Pledge of Volgostroykom shares owned 100%

-Sureties of Akfen GYO and Akfen GT

-Pledge on the office building

-Alienation of operating revenue.

(5) The loans borrowed by HDI are secured by following:

-Pledge of Severnyi Avtovokzal Limited Company shares owned by 100%

-Pledge on land

-Sureties of Akfen GYO and Akfen GT

-Alienation of rent revenue.

(6) The Company signed a loan agreement amounting Euro 100 million on 30 July 2008 to finance the ongoing hotel projects based on the Memorandum of Understanding ("MoU") signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. The loan is secured by the following:

· Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and Ankara Esenboğa land and the lands on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors in first degree,

· Rent revenue of these hotels is pledged to the creditors,

· Demand deposits in banks and financial institutions related with these projects are pledged in favor of the creditors,

· Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş., the shareholders' of the Company, are given for the completion guarantee of Ankara Eesenboğa Hotel project.

(7) The loan obtained for Samara Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

· RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors.

· Land that Samara Hotel is built on and hotel building that belongs to Akfen GYO, were pledged in favor of creditors.

· Operating rent revenue of Samara Ibis Hotel is alienated in favor of the creditor.

(8) The loan obtained for Yaroslavl Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

7 LOANS AND BORROWINGS *(continued)*

Akfen GYO *(devamı)*

· RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors.

· Land that Yaroslavl Hotel is built on and hotel building that belongs to Akfen GYO, were pledged in favor of creditors.

· Operating rent revenue of Yaroslavl Hotel is alienated in favor of the creditor.

(9) The loan obtained for Kaliningrad Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

· RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors.

· Land that Kaliningrad Hotel is built on and hotel building that belongs to the Akfen GYO, were pledged in favor of creditors.

· Operating rent revenue of Kaliningrad Hotel Project is alienated in favor of the creditor.

(10) The loan is secured by following:

· Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,

· The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,

· The total revenue that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor,

· Hotel operation subject to Karaköy Novotel Project is pledged to the favor of creditors,

· All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor,

· The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,

The right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of lands in Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage.

(11) Sureties are given by Akfen Holding and Akfen İnşaat.

The repayment schedule of loans and borrowings is as follows:

	Nominal Value		**Carrying Amount**	
	30 June 2014	**31 December 2013**	**30 June 2014**	**31 December 2013**
Within 1 year	93.924	86.811	98.995	92.287
1 – 2 years	82.620	62.947	82.705	62.613
2 – 3 years	74.508	71.546	74.508	71.556
3 – 4 years	69.391	75.515	69.391	75.525
5 years and more	192.388	198.817	192.387	198.818
	512.831	**495.636**	**517.986**	**500.799**

7 LOANS AND BORROWINGS *(continued)*

HEPP Group

As at 30 June 2014, the detail of loans is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans[1]	USD	5,60	2020	579.890	587.993
Secured bank loans[2]	USD	5,50	2026	21.234	21.321
				601.124	**609.314**

[1] As part of the project financing, 100% of shares of borrowers, Beyobası, Çamlıca, Pak, Elen, BT Bordo Yeni Doruk, were pledged in favor of creditors. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate
- Undertaking about electricity production license
- Assignment of consecutive receivables

As at 30 June 2014, the completion guarantee of Akfen İnşaat continued for HEPP Companies Beyobası, Yeni Doruk and Elen. The completion guarantee will be ended on the condition that all the relevant permissions are obtained, operating insurances are made and all assigned guarantees are valid.

Within the supporting guarantee; Beyobası, Çamlıca, Pak, Elen, BT Bordo, Yeni Doruk and Akfenhes as the shareholders and Akfenhes and Akfen Holding as the guarantors, guarantee the payment of excess project costs and and in the case of default on payment of the loans guarantee the payment of loan through capital increase.

There is no commitment for Debt Payment Enability Ratios to be reached within the scope of loan agreements. In the case of having excess cash after periodical loan repayments, use of excess cash and dividend payment option is permissive.

[2] For the loans of HEPP Companies; HHK and Kurtal, shares of AkfenHES on HHK and Kurtal, equal to 100% of total shares, are pledged for the project financing in favor of creditor. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate

HEPP Group Companies of Akfen Holding, HHK and Kurtal guarantees pay back of loan during the operation period.

Within the contractor guarantee, Akfen İnşaat guarantees the completion of HEPP projects of HHK and Kurtal convenient with project agreements and documents and with no deficiency and obstacle to operate in the construction period. Contractor guarantee will be valid until the creditor gives a written confirmation that HEPP construction is finished on time and inline with project agreement and documents.

There is cross surety of HHK and Kurtal during the loan life.

7 LOANS AND BORROWINGS *(continued)*

HEPP Group *(continued)*

As at 31 December 2013, the detail of loans is as follows:

	Currency	Nominal Interest rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans (1)	USD	5,60	2020	582.867	591.103
Secured bank loans (2)	USD	5,50	2026	21.343	21.432
				604.210	**612.535**

(1) As part of the project financing, 100% of shares of borrowers, Beyobası, Çamlıca, Pak, Elen, BT Bordo Yeni Doruk, were pledged in favor of creditors. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate
- Undertaking about electricity production license
- Assignment of consecutive receivables

As at 31 December 2013, the completion guarantee of Akfen İnşaat continued for HEPP Companies Beyobası, Yeni Doruk and Elen. The completion guarantee will be ended on the condition that all the relevant permissions are obtained, operating insurances are made and all assigned guarantees are valid.

Within the supporting guarantee; Beyobası, Çamlıca, Pak, Elen, BT Bordo, Yeni Doruk and AkfenHES as the shareholders and AkfenHES and Akfen Holding as the guarantors, guarantee the payment of excess project costs and and in the case of default on payment of the loans guarantee the payment of loan through capital increase.

There is no commitment for Debt Payment Enability Ratios to be reached within the scope of loan agreements. In the case of having excess cash after periodical loan repayments, use of excess cash and dividend payment option is permissive.

(2) For the loans of HEPP Companies; HHK and Kurtal, shares of AkfenHES on HHK and Kurtal, equal to 100% of total shares, are pledged for the project financing in favor of creditor. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate

HEPP Group Companies of Akfen Holding, HHK and Kurtal guarantees pay back of loan during the operation period.

7 LOANS AND BORROWINGS *(continued)*

HEPP Group *(continued)*

Within the contractor guarantee, Akfen İnşaat guarantees the completion of HEPP projects of HHK and Kurtal convenient with project agreements and documents and with no deficiency and obstacle to operate in the construction period. Contractor guarantee will be valid until the creditor gives a written confirmation that HEPP construction is finished on time and inline with project agreement and documents.

There is cross surety of HHK and Kurtal during the loan life.

The repayment schedules of the HEPP Group bank loans are as follows:

	Nominal Value		Carrying Amount	
	30 June 2014	**31 December 2013**	**30 June 2014**	**31 December 2013**
Within 1 year	89.214	44.836	118.840	76.479
1 – 2 years	89.214	89.672	107.709	110.573
2 – 3 years	91.236	90.688	99.042	100.989
3 – 4 years	91.236	91.704	89.351	91.972
5 years and more	240.224	287.310	194.372	232.522
	601.124	**604.210**	**609.314**	**612.535**

8 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 30 June 2014 and 31 December 2013, short term trade receivables of the Group comprised the following:

	30 June 2014	31 December 2013
Due from related parties (Note 31)	628	37
Trade receivables from third parties	79.893	16.916
	80.521	**16.953**

As at 30 June 2014 and 31 December 2013 trade receivables from third parties comprised the following:

	30 June 2014	31 December 2013
Notes receivable	51.090	118
Trade receivables	25.656	14.851
Income accruals	4.317	3.122
Allowance for doubtful receivables (-)	(1.170)	(1.175)
	79.893	**16.916**

The distribution of the trade receivables per Group companies as at 30 June 2014 and 31 December 2013 is as follows:

	30 June 2014	31 December 2013
Akfen İnşaat	60.357	5.977
Akfen GYO	12.367	6.042
HEPP Group	4.373	3.802
Other	2.796	1.095
	79.893	**16.916**

As at 30 June 2014, notes receivables are comprised of Akfen İnşaat's notes receivable arising from İncek Loft project. TL 5.720 of trade receivables of Akfen İnşaat are comprised of receivables arising from Aliağa project. TL 1.124 and TL 375 of remaining trade receivables are comprised of receivables of Beyobası and Çamlıca from Türkiye Elektrik İletim A.Ş. ("TEİAŞ") for electricity sale.The major part of the Akfen GYO's trade receivables arises from rental revenue receivables from Tamaris, the operator of the hotels in Turkey and Russian Hotel Management Company, the operator of hotels in Russia amounting TL 8.277 and TL 3.784, respectively.

TL 1.858 and TL 2.485 of income accruals are comprised of unbilled revenues for electricity sales to TEİAŞ belonging to HEPP Group and Akfen Elektrik Enerjisi Toptan Satış A.Ş., respectively.

As at 30 June 2014, TL 11.997 (31 December 2013: TL 10.449) represents overdue amount of trade receivables in which any allowance has not been booked. The aging of respective trade receivables is as follows:

	30 June 2014	31 December 2013
0-3 months overdue	1.509	1.597
3-12 months overdue	3.065	809
1-5 years overdue	7.863	8.484
Overdue more than 5 years	730	734
	13.167	**11.624**
Impairment	(1.170)	(1.175)
Credit risk	**11.997**	**10.449**

8 TRADE RECEIVABLES AND PAYABLES *(continued)*

Current trade receivables *(continued)*

The movement of allowance for doubtful trade receivables as at 30 June 2014 and 31 December 2013 is as follows:

	30 June 2014	31 December 2013
Opening balance	(1.175)	(1.127)
Currency differences	5	(48)
Closing balance	**(1.170)**	**(1.175)**

Non-current trade receivables

As at 30 June 2014 and 31 December 2013, long term trade receivables of the Group comprised the following:

	30 June 2014	31 December 2013
Trade receivables from third parties	147.690	13.276
	147.690	**13.276**

As at 30 June 2014, TL 134.199 of non-current trade receivables from third parties is comprised of notes receivable belonging to Akfen İnşaat from İncek Loft project, TL 12.491 is comprised of income accruals of Akfen İnşaat arising from Aliağa project (31 December 2013: TL 13.276).

Current trade payables

As at 30 June 2014 and 31 December 2013current trade payables of the Group comprised the following:

	30 June 2014	31 December 2013
Due from related parties (Note 31)	1.059	828
Trade payables to third parties	19.418	25.828
	20.477	**26.656**

As at 30 June 2014 and 31 December 2013 current trade payables to third parties comprised the following:

	30 June 2014	31 December 2013
Trade payables	17.597	25.445
Expense accruals	1.821	383
	19.418	**25.828**

As at 30 June 2014 and 31 December 2013, the distribution of trade payables per Group companies is as follows:

	30 June 2014	31 December 2013
Akfen İnşaat	8.065	7.816
HEPP Group	6.513	10.301
Akfen GYO	1.303	5.957
Akfen Holding	417	720
Other	3.120	1.034
	19.418	**25.828**

TL 4.820 of trade payables of Akfen İnşaat arises from payables to subcontractors due to İncek Loft project, and TL 1.003 arises from payables to subcontractors arising from HEPP projects.

8 TRADE RECEIVABLES AND PAYABLES *(continued)*

Current trade payables *(continued)*

As at 30 June 2014, trade payables include payables to Hangzhou Yatai Hydro Equipment Completing Co.Ltd. and Andritz Hydro SAS related with the hydroelectrical power plants of HEPP Group companies amounting TL 3.449 (31 December 2013: TL 3.467) and TL 864 (31 December 2013: TL 4.222), respectively.

As at 30 June 2014, trade payables of Akfen GYO are comprised of payables to Tamaris and Elba because of the construction works of hotels in Karaköy and Russia amounting TL 430 and TL 339, respectively.

Currency and liquidity risks for Group's trade payables are given in Note 32.

Non-Current Trade Payables

As at 30 June 2014 and 31 December 2013, non-current trade payables are comprised of following:

	30 June 2014	31 December 2013
Trade payables to third parties	16.492	24.609
	16.492	**24.609**

As at 30 June 2014, other trade payables include payables to PA due to Mersin Combined Natural Gas Plant amounting TL 16.240 (31 December 2013: TL 24.360).

As at 30 June 2014 and 31 December 2013, the aging of the trade payables (excluding expense accruals) is as follows:

	30 June 2014	31 December 2013
0-3 months	5.356	10.698
3 months – 1 year	12.241	14.747
More than 1 year	16.492	24.609
	34.089	**50.054**

9 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 30 June 2014 and 31 December 2013 other short term receivables are comprised of following:

	30 June 2014	31 December 2013
Due to related parties (Note 31)	1.264	560
Other receivables from third parties	6.799	4.439
	8.063	**4.999**

As at 30 June 2014, other short term non-trade receivables are comprised of tax receivables from tax offices belonging to Akfen İnşaat and HEPP Group companies amounting TL 2.649 (31 December 2013: TL 2.703) and TL 2.604 (31 December 2013: TL 172), respectively.

As at 30 June 2014 and 31 December 2013, the distribution of other receivables from third parties per Group companies is as follows:

	30 June 2014	31 December 2013
HEPP Group	3.394	172
Akfen İnşaat	3.138	3.985
Other	267	282
	6.799	**4.439**

9 OTHER RECEIVABLES AND PAYABLES *(continued)*

Other non-current receivables

As at 30 June 2014 and 31 December 2013, other non-current receivables comprised the following:

	30 June 2014	31 December 2013
Due from related parties (Note 31)	38.379	27.442
Other receivables from third parties	14.703	14.680
	53.082	**42.122**

As at 30 June 2014 and 31 December 2013, the distribution of other non-current receivables per Group companies is as follows:

	30 June 2014	31 December 2013
Akfen GYO	10.009	9.780
Akfen İnşaat	3.056	3.157
HEPP Group	1.397	1.506
Other	241	237
	14.703	**14.680**

As at 30 June 2014, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 7.772 and TL 2.056, respectively (31 December 2013: TL 7.600 and TL 2.068).

Other current payables

As at 30 June 2014 and 31 December 2013, other current payables of the Group are as follows:

	30 June 2014	31 December 2013
Due to related parties (Note 31)	22.315	17.920
Other payables to third parties	23.922	14.919
	46.237	**32.839**

As at 30 June 2014 and 31 December 2013, the distribution of other current payables per Group companies is as follows:

	30 June 2014	31 December 2013
Akfen İnşaat	19.887	10.245
Akfen Holding	1.638	2.145
HEPP Group	289	676
Other	2.108	1.853
	23.922	**14.919**

9 OTHER RECEIVABLES AND PAYABLES *(continued)*

Other current payables *(continued)*

As at 30 June 2014 and 31 December 2013, other current payables are comprised of the following:

	30 June 2014	31 December 2013
Notes payable	12.480	--
Deposits and guarantees received	7.024	9.028
Taxes and duties payable	3.619	5.061
Corporate tax payable	--	484
Other	799	346
	23.922	**14.919**

As at 30 June 2014, notes payable arises from the payable of Akfen İnşaat to Renkyol as a result of the acquisition of 45% of Hacettepe Teknokent's shares.

As at 30 June 2014, TL 6.981 of deposits and guarantees received arises from deposits and guarantees taken from subcontractors for construction works by Akfen İnşaat (31 December 2013: TL 9.028).

Other non-current payables

As at 30 June 2014 and 31 December 2013 Group's other non-current payables are as follows:

	30 June 2014	31 December 2013
Due to related parties (Note 31)	8.405	7.730
Other payables to third parties	5.333	5.918
	13.738	**13.648**

As at 30 June 2014 and 31 December 2013 the distribution of other non-current payables per Group companies is as follows:

	30 June 2014	31 December 2013
Akfen GYO	3.743	3.500
HEPP Group	1.590	2.365
Akfen İnşaat	--	53
	5.333	**5.918**

As at 30 June 2014 and 31 December 2013, whole amount of other payables to third parties of Akfen GYO is comprised of rent accruals and whole amount of other non-current payables of HEPP Group is comprised of deposits and guarantees.

10 INVENTORIES

As at 30 June 2014, inventories are comprised of investments made for İncek Project of Akfen İnşaat amounting TL 199.232 (31 December 2013: TL 169.842).

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

As at 30 June 2014 and 31 December 2013, Group's share in net asset value of equity accounted investees is as follows:

	Ownership Rates (%)	30 June 2014	Ownership Rates (%)	31December 2013
MIP	50,00	281.000	50,00	229.227
TAV Havalimanları	8,12	130.580	8,12	132.867
TAV Yatırım	21,68	50.704	21,68	39.070
Akfen Su	50,00	13.580	50,00	13.522
İDO	30,00	21.137	30,00	22.747
Hacettepe Teknokent	45,00	26.224	--	--
		523.225		**437.433**

As at 30 June 2014 and 2013, Group's share in profit or loss of equity accounted investees for six months period is as follows:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
MIP	53.929	27.519	24.406	9.786
TAV Havalimanları	20.505	15.498	10.257	7.214
TAV Yatırım	11.961	6.093	2.908	1.980
Akfen Su	231	90	163	13
İDO	(4)	16.764	(30.141)	(21.745)
Hacettepe Teknokent	(76)	(76)	--	--
	86.546	**65.888**	**7.593**	**(2.752)**

As at 30 June 2014 the movement of investments in equity accounted investees is as follows:

	31 December 2013	Profit for the period	Other equity transactions	Business combinations(*)	Dividend distribution	30 June 2014
MIP	229.227	53.929	(2.156)	--	--	281.000
TAV Havalimanları	132.867	20.505	(6.634)	--	(16.158)	130.580
TAV Yatırım	39.070	11.961	(327)	--	--	50.704
İDO	22.747	(4)	(1.606)	--	--	21.137
Akfen Su	13.522	231	(173)	--	--	13.580
Hacettepe Teknokent	--	(76)	--	26.300	--	26.224
	437.433	**86.546**	**(10.896)**	**26.300**	**(16.158)**	**523.225**

Equity effects arising from cash flow hedging agreements and functional currency differences between joint ventures and Akfen Holding are accounted under comprehensive income.

(*) Arises from acquisition of 45% shares of Hacettepe Teknokent.

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEES *(continued)*

MIP:

The summary of financials of MIP is as follows:

	30 June 2014	31 December 2013
Total Assets	1.715.810	1.893.990
Total Liabilities	1.153.809	1.435.537
Net Assets	562.001	458.453
Group's share on net assets of MIP	**281.000**	**229.227**

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Revenue	320.569	157.527	235.343	125.557
Gross profit/(loss)	188.595	91.374	154.982	95.772
General administrative expenses	(23.004)	(12.158)	(37.565)	(32.105)
Operating profit/(loss)	165.591	79.216	117.417	63.667
Profit/(loss) before tax	134.636	66.947	68.263	30.171
Profit/(loss) after tax	107.859	55.039	48.811	19.572
Profit/(loss) attributable to equity holders	107.859	55.039	48.811	19.572
Group's share on MIP's profit	**53.929**	**27.519**	**24.406**	**9.786**
Amortization and depreciation expenses	33.601	16.487	27.318	14.126

TAV Havalimanları:

The summary of financials of TAV Havalimanları is as follows:

	30 June 2014	31 December 2013
Total Assets	6.932.095	6.641.076
Total Liabilities	5.216.456	4.897.257
Net Assets (*)	1.715.639	1.743.819
Group's share on net assets of TAV Havalimanları	**139.296**	**141.583**

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Revenue	1.276.661	690.195	1.186.722	671.353
Gross profit/(loss)	450.303	277.170	341.619	224.013
General administrative expenses	(206.719)	(98.808)	(177.583)	(86.055)
Other operating income/(loss), net	102.277	66.683	56.253	29.134
Operating profit/(loss)	408.476	282.218	255.413	187.722
Profit/(loss) before tax	294.978	217.342	168.825	127.261
Profit/(loss) after tax	242.468	192.664	121.532	90.862
Profit/(loss) attributable to equity holders	252.550	190.882	126.329	88.856
Group's share on TAV Havalimanları's profit	**20.505**	**15.498**	**10.257**	**7.214**
Amortization and depreciation expenses	104.846	51.518	81.942	42.332
Construction revenue(**)	117.486	47.872	279.999	158.507
Construction cost(**)	(117.486)	47.872	(279.999)	(158.507)

(*)As at 30 June 2014, Group's share on TAV Havalimanları's net asset includes goodwill amounting TL 8.716 (31 December 2013: TL 8.716). In addition, non-controlling interest amounting TL 5.927 is included in net assets of TAV Havalimanları (31 December 2013: TL 7.731).

(**)Arises from TAV Havalimanları's revenue from TFRIC 12.

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEES *(continued)*

TAV Havalimanları *(continued)***:**
As at 30 June 21014, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Dooel, AS Riga Airport Commercial Development, TAV Gözen Havacılık İşletme ve Ticaret A.Ş., Cyprus Airport Services Ltd., TGS Yer Hizmetleri A.Ş., SAUDI HAVAS Ground Handling Services Limited, BTU Lokum Şeker Gıda San. ve Tic. A.Ş., BTU Gıda Satış ve Paz. A.Ş., BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları"), Tibah Airports Development Company Limited, Tibah Airports Operation Limited, Medunarodna Zračna Luka Zagreb d.d., Upraviteli Zračne Luke Zagreb d.o.o are ZAIC-A companies are included in investment in equity accounted investees in the financials of TAV Havalimanları.

TAV Yatırım:

The summary of financials of TAV Yatırım is as follows:

	30 June 2014	31 December 2013
Total Assets	2.035.373	2.144.922
Total Liabilities	1.801.454	1.964.672
Net Assets	233.919	180.250
Group's share on net assets of TAV Yatırım	**50.704**	**39.070**

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Revenue	1.089.537	575.926	669.634	415.264
Gross profit/(loss)	79.903	43.499	45.443	28.733
General administrative expenses	(24.090)	(10.808)	(17.984)	(7.316)
Other operating income/(loss), net	4.226	3.567	(6.578)	(5.877)
Operating profit/(loss)	60.040	36.259	20.881	15.540
Profit/(loss) before tax	64.257	33.792	14.966	10.350
Profit/(loss) after tax	55.179	28.107	13.414	10.617
Profit/(loss) attributable to equity	55.182	28.108	13.417	4.284
Group's share on TAV Yatırım's profit	**11.961**	**6.093**	**2.908**	**1.980**
Amortization and depreciation	15.668	8.106	6.485	3.369
Commission expenses of letter of guarantee included in cost of sales	9.512	5.313	8.239	5.406

İDO:

The summary of financials of İDO is as follows:

	30 June 2014	31 December 2013
Total Assets	1.588.113	1.599.654
Total Liabilities	1.517.655	1.523.831
Net Assets	70.458	75.823
Group's share on net assets of İDO	**21.137**	**22.747**

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEES *(continued)*

İDO *(continued)*:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Revenue	239.797	139.408	222.160	127.776
Gross profit/(loss)	69.098	49.575	61.771	43.552
General administrative expenses	(25.572)	(10.593)	(19.281)	(9.426)
Other operating income/(loss), net	1.974	649	(3)	234
Operating profit/(loss)	46.615	40.467	43.215	34.429
Profit/(loss) before tax	30	55.881	(99.472)	(72.008)
Profit/(loss) after tax	(13)	55.881	(100.470)	(72.484)
Profit/(loss) attributable to equity holders	(13)	55.881	(100.470)	(72.484)
Group's share on İDO's profit	**(4)**	**16.764**	**(30.141)**	**(21.745)**
Amortization and depreciation expenses	37.138	17.074	29.328	14.827

As at 30 June 2014, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları are included in consolidated financials of İDO as investments in equity accounted investees.

Akfen Su:

The summary of financials of Akfen Su is as follows:

	30 June 2014	31 December 2013
Total Assets	71.395	71.603
Total Liabilities	44.235	44.549
Net Assets	27.160	27.054
Group's share on net assets of Akfen Su	**13.580**	**13.522**

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Revenue	5.904	3.040	5.155	3.100
Gross profit/(loss)	2.837	1.424	2.216	1.215
General administrative expenses	(1.298)	(669)	(1.140)	(565)
Other operating income/(loss), net	(269)	--	(55)	(60)
Operating profit/(loss)	1.270	755	1.021	590
Profit/(loss) before tax	2.041	1.362	723	149
Profit/(loss) after tax	1.015	426	600	169
Profit/(loss) attributable to equity	462	180	327	26
Group's share on Akfen Su's profit	**231**	**90**	**163**	**13**
Amortization and depreciation	215	109	202	101
Guaranteed revenue	982	333	1.661	839
Construction revenue(*)	519	236	550	529
Construction cost(*)	(472)	(215)	(500)	(481)
Other operating income	--	--	41	36

As at 30 June 2014, non-controlling interest amounting TL 3.682 is included in net assets of Akfen Su (31 December 2013: TL 3.464).

(*)Arises from Akfen Su's revenue from TFRIC 12.

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEES *(continued)*

Hacettepe Teknokent:

The summary of financials of Akfen Su is as follows:

	30 June 2014	31 December 2013
Total Assets	89.731	--
Total Liabilities	31.455	--
Net Assets (*)	58.276	--
Group's share on Hacettepe Teknokent's profit	**26.224**	**--**

	1 Ocak-30 Haziran 2014	1 Nisan-30 Haziran 2014	1 Ocak-30 Haziran 2013	1 Nisan-30 Haziran 2013
Revenue	48	48	--	--
Gross profit/(loss)	22	22	--	--
General administrative expenses	(191)	(191)	--	--
Other operating income/(loss), net	--	--	--	--
Operating profit/(loss)	(169)	(169)	--	--
Profit/(loss) before tax	(169)	(169)	--	--
Profit/(loss) after tax	(169)	(169)	--	--
Profit/(loss) attributable to equity	(169)	(169)	--	--
Group's share on Hacettepe Teknokent's profit	**(76)**	**(76)**	**--**	**--**
Amortization and depreciation	3	3	--	--

(*) Intangible assets and deferred tax liabilities accounted within the context of TFRS 3 are included in net assets.

12 INVESTMENT PROPERTY

As at 30 June 2014 and 31 December 2013, investment property is comprised of following:

	30 June 2014	31 December 2013
Operating investment properties	1.123.471	1.129.196
Investment property under development	317.215	289.703
Total	**1.440.686**	**1.418.899**

As at 30 June 2014 and 31 December 2013, the movement of investment property is as follows:

	30 June 2014	31 December 2013
Opening balance	1.418.899	1.090.344
Additions	32.332	92.757
Foreign currency translation difference	(10.545)	27.157
Change in fair value	--	208.641
Closing balance	**1.440.686**	**1.418.899**

Additions

As at 30 June 2014 and 31 December 2013, additions are made by Akfen GYO. TL 1.637 of additions arises from additions to operating investment properties and TL 30.695 arises from additions to investment property under development.

Pledges and Insurance Amounts

As at 30 June 2014 total insurance amount on investment property is TL 1.234.838 (31 December 2013: TL 1.202.405).

As at 30 June 2014 the amount of pledge on investment property is TL 937.699 (31 December 2013: TL 795.792).

13 PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2014, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2014	46.077	451.164	964	10.570	62	336.095	1.712	846.644
Additions (*)	336	5.023	1.871	358	--	41.459	1.315	50.362
Disposals	(419)	(1.100)	(40)	(6)	--	--	--	(1.565)
Balance at 30 June 2014	45.994	455.087	2.795	10.922	62	377.554	3.027	895.441
Less: Accumulated depreciation								
Balance at 1 January 2014	(2.561)	(30.423)	(532)	(9.660)	(62)	--	(273)	(43.511)
Depreciation charge for the period	(748)	(7.136)	(113)	(181)	--	--	(279)	(8.457)
Disposals	8	74	32	1	--	--	--	115
Balance at 30 June 2014	(3.301)	(37.485)	(613)	(9.840)	(62)	--	(552)	(51.853)
Net book value								
Net book value at 31 December 2013	43.516	420.741	432	910	--	336.095	1.439	803.133
Net book value at 30 June 2014	42.693	417.602	2.182	1.082	--	377.554	2.475	843.588

(*)As at 30 June 2014, TL 34.200 of additions, which corresponds to 68% of additions, arises from construction in progress additions of HEPP projects. TL 7.809 of these additions is comprised of capitalized finance expenses (31 December 2013: TL 12.729).
As at 30 December 2014, total cost of the property, plant and equipment acquired by financial leasing is TL 1.871 (Net book value: TL 1.858).

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2013, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2013	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Effect of change in Group structure (*)	(38.445)	(94.951)	(219)	(138)	--	--	--	(133.753)
Additions (**)	736	9.538	12	335	--	124.827	1.324	136.772
Transfers	12.407	62.014	--	--	--	(74.421)	--	--
Disposals	--	(159)	(232)	--	--	--	--	(391)
Balance at 31 December 2013	46.077	451.164	964	10.570	62	336.095	1.712	846.644
Less: Accumulated depreciation								
Balance at 1 January 2013	(2.517)	(22.229)	(577)	(9.095)	(62)	--	(159)	(34.639)
Effect of change in Group structure	1.576	4.296	82	29	--	--	--	5.983
Depreciation charge for the period	(1.620)	(12.519)	(239)	(594)	--	--	(114)	(15.086)
Disposals	--	29	202	--	--	--	--	231
Balance at 31 December 2013	(2.561)	(30.423)	(532)	(9.660)	(62)	--	(273)	(43.511)
Net book value								
Net book value at 31 December 2012	68.862	452.493	826	1.278	--	285.689	229	809.377
Net book value at 31 December 2013	43.516	420.741	432	910	--	336.095	1.439	803.133

(*)Since Karasular was sold as a result of the sale agreement signed with Aquila, decreases on property, plant and equipment are shown under effect of change in Group structure.
(**)As at 31 December 2013, TL 112.129 of additions, which corresponds to 82% of additions, arises from construction in progress additions of HEPP projects. TL 12.729 of these additions are comprised of capitalized finance expenses.
As at 31 December 2013 there is no property, plant and equipment acquired by financial leasing.
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14 INTANGIBLE ASSETS

As at and 30 June 2014 and 31 December 2013, movement of cost of intangible fixed assets is as follows:

	Licenses	Other intangible assets	Total
Costs			
Balance at 1 January 2013	72.266	2.045	74.311
Effect of change in group structure (*)	(10.406)	--	(10.406)
Additions	147	315	462
Disposals	(3)	--	(3)
Balance at 31 December 2013	62.004	2.360	64.364
Balance at 1 January 2014	62.004	2.360	64.364
Additions	173	302	475
Balance at 30 June 2014	62.177	2.662	64.839

(*) Since Karasular was sold as a result of the sale agreement signed with Aquila, decreases on intangible assets are shown under effect of change in Group structure.

14 INTANGIBLE ASSETS *(continued)*

As at 30 June 2014 and 31 December 2013, movement of amortization of intangible assets is as follows:

	Licenses	Other intangible assets	Total
Accumulated amortization			
Balance at 1 January 2013	(7.305)	(1.382)	(8.687)
Effect of change in group structure	1.213	--	1.213
Amortization charge for the period	(1.353)	(239)	(1.592)
Balance at 31 December 2013	(7.445)	(1.621)	(9.066)
Balance at 1 January 2014	(7.445)	(1.621)	(9.066)
Amortization charge for the period	(649)	(167)	(816)
Balance at 30 June 2014	(8.094)	(1.788)	(9.882)
Net book value			
Net book value at 31 December 2013	54.559	739	55.298
Net book value at 30 June 2014	54.083	874	54.957

15 GOODWILL

As at 30 June 2014, the amount of goodwill is TL 26.843 (31 December 2013: TL 26.843). TL 23.534 of goodwill arises from acquisition of Adana İpekyolu and TL 3.309 arises from purchase of shares of Akfen GYO by the Company. Impairment of goodwill is conducted through use of market value and income approach (discounted cash flow method) once in a year at the same period. In the case of having an indicator of impairment, impairment test is done in the respective period.

16 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 July 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. IDO makes use of discounts of corporate tax and income tax in this scope.

As at 30 June 2014 and 31 December 2013, TAV Esenboğa and TAV İzmir have investment grants.

There are VAT and customs duty exemptions for the investments done for HEPP projects through various investment incentive certificates.

17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions

As at 30 June 2014 and 31 December 2013, the short term debt provisions are as follows:

	30 June 2014	31 December 2013
Provision for litigations	213	123
Employee benefits (Note 19)	2.509	2.311
	2.722	**2.434**

Non-current provisions

As at 30 June 2014, TL 606 (31 December 2013: TL 508) of non-current debt provisions amounting TL 628 (31 December 2013: TL 530) arises from provision for litigations of Akfen İnşaat. These provisions are determined by taking professional advices and sample cases into account.

18 COMMITMENTS AND CONTINGENCIES

(a) Commitments, Pledges and Mortgages

As at 30 June 2014 and 31 December 2013 the group's position related to letter of guarantees given, pledges and mortgages are as follows:

Commitments, Pledges, Mortgages ("CPM") given by the Group	30 June 2014	31 December 2013
A. Total amount of CPM is given on behalf of own legal personality	1.068.846	1.211.919
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	1.111.489	954.276
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total Amount of other CPM	12.610	13.892
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	12.610	13.892
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	**2.192.945**	**2.180.087**

As at 30 June 2014 the ratio of total amount of other CPM given by the group to its equity is 1% (31 December 2013: 1%).

	30 June 2014	31 December 2013
Akfen GYO	1.099.712	926.825
HEPP Group	629.236	638.344
Akfen Holding	336.412	469.698
Akfen İnşaat	74.097	92.683
Akfen Enerji	53.488	52.537
	2.192.945	**2.180.087**

The currency distribution of foreign currency based CPM given by the Group is as follows:

	30 June 2014(*)		31 December 2013(*)	
	Euro	**US Dollar**	**Euro**	**US Dollar**
Total amount of CPM is given on behalf of own legal personality	810.896	15.904	754.159	192.066
Total amount of CPM is given in favor of subsidiaries which are	397.147	603.749	282.270	604.210
Other CPMs given	11.911	699	12.918	974
	1.219.954	**620.352**	**1.049.347**	**797.250**

(*)All amounts are presented by TL equivalencies.

(b) Letter of Guarantees Received

As at 30 June 2014, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have nature of letter of guarantees amounting TL 225.081 (31 December 2013: TL 202.274) from subcontractors. As at 30 June 2014 TL 71.177 (31 December 2013: TL 47.389) of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 2.719 (31 December 2013: TL 2.626) were given to hydro electrical power plants of the Group.

19 EMPLOYEE BENEFITS

As at 30 June 2014 and 31 December 2013, employee benefits are comprised of vacation pay liabilities and reserve for employee severance indemnity. As at 30 June 2014 and 31 December 2013 employee benefits are as follows:

	30 June 2014	31 December 2013
Vacation pay liability – short term	2.509	2.311
Employee severance indemnity – long term	2.156	2.335
	4.665	**4.646**

20 OTHER ASSETS AND LIABILITIES

Other current assets

As at 30 June 2014 and 31 December 2013, other current assets comprised the following:

	30 June 2014	31 December 2013
VAT carried forward	43.789	39.309
Advances given to sub-contractors	34.085	28.381
Other	475	575
	78.349	**68.265**

As at 30 June 2014 VAT carried forward is comprised of VAT receivables of Akfen İnşaat, HEPP Group, Akfen Enerji and RES Group amounting TL 25.192, TL 16.287, TL 1.972, and TL 338, respectively.

As at 30 June 2014, the major part of the advances given to subcontractors are comprised of advances given by Akfen İnşaat for İncek Loft project, hotel projects, urban transformation projects and hydroelectrical power plant projects amounting TL 23.150, TL 6.039, TL 2.887 and TL 2.009, respectively.

Other non-current assets

As at 30 June 2014 and 31 December 2013, other non-current assets comprised the following:

	30 June 2014	31 December 2013
VAT carried forward	105.202	102.419
Taxes and funds to be refunded through progress billings	7.107	6.099
Other	40	39
	112.349	**108.557**

As at 30 June 2014, TL 69.803 of VAT carried forward arises from the VAT payments done for investments in hydroelectrical power plants (31 December 2013: TL 69.221). Since these hydroelectrical power plants are in construction process, Group does not have enough VAT liability to offset. Akfen GYO has VAT carried forward amounting TL 35.399 (31 December 2013: TL 33.198). According to corporate tax law numbered 5520 real estate investment trusts have tax exemption for their income. However, they should bear up 18% of VAT from construction agreements.

21 PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses

As at 30 June 2014 and 31 December 2013, current prepaid expenses are as follows:

	30 June 2014	31 December 2013
Prepaid expenses(*)	2.187	3.895
Advances given	2.759	776
Advances given to personnel	431	564
Job advances	467	164
	5.844	**5.399**

As at 30 June 2014 and 31 December 2013, non-current prepaid expenses are as follows:

	30 June 2014	31 December 2013
Advances given	5.093	7.689
Prepaid expenses(*)	4.172	3.601
	9.265	**11.290**

(*)Akfen Karaköy took over the "Conditional Construction Lease Agreement" on 22 June 2011, that was signed between 1. Regional Directorate of Foundations and 'Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş. ("Hakan Madencilik") under the build-operate-transfer model for a period of 49 years on 01 September 2009 for the land in İstanbul, Beyoğlu, Kemankes district, Rıhtım Street, 121-77 map section, 28-60 parcels. Transfer payment, which also includes the 5 years of rent prepaid by Hakan Madencilik, is recognized under the prepaid expenses and recorded as profit or loss by the straight-line basis over the lease term. As at 30 June 2014 the amount of expenses paid in advance for short and long-term is TL 412 (31 December 2013: TL 1.562) and TL 3.766 (31 December 2013: TL 3.405), respectively.

Deferred Income

As at 30 June 2014 and 31 December 2013, the detail of current deferred income is as follows:

	30 June 2014	31 December 2013
Advances received	238.703	1.909
Deferred income	2.319	544
	241.022	**2.453**

As at 30 June 2014, TL 238.051 of advances received arises from advances taken from aparment sales in İncek Loft project of Akfen İnşaat.

22 EQUITY

As at 30 June 2014, Akfen Holding has 291.000.000 shares, each has TL 1 of nominal value. As at 30 June 2014, the whole of TL 291.000 capital was paid.

	30 June 2014	31 December 2013
Registered equity ceiling	1.000.000	1.000.000
Paid in capital	291.000	291.000

57.458.736 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 233.541.264 B Group shares are wholly bearer shares.

	30 June 2014		31 December 2013	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın (*)	198.500	68,21	198.500	68,21
Akfen İnşaat (**)	7.990	2,75	7.990	2,75
Other partners	2.278	0,78	2.278	0,78
Publicly traded shares (***)	82.232	28,26	82.232	28,26
Paid in capital (nominal)	**291.000**	**100**	**291.000**	**100**

* 109.074 of public in nature belong to Hamdi Akın.
** Public in nature.
*** There are 6.992.099 shares, 2,40% of Company's paid-in capital, of Akfen Inşaat which are public in nature (31 December 2013: 6.992.099 shares, 2,40% of Company's paid-in capital).
As at 30 June 2014, as a result of buy back program 22.107.901 , 7,60% of Company's paid-in capital, shares were purchased by Akfen Holding (31 December 2013: 13.230.488 shares, 4,55% of Company's paid-in capital)..

On 10 April 2013, Akfen Holding increased its paid in capital from TL 145.500 to TL 291.000. Whole amount of the increase is done through share premiums.

Concessions related with 57.458.736 shares in Group A are as follows:

In General Assemblys there are three voting rights for each shares of Group A and these have also voting concession.

One of the two auditors 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.

As at 30 June 2014 and 31 December 2013 there is no pledge on Akfen Holding shares.

Dividend Payments

As a result of the General Assembly held on 28 April 2014, Monday at 11:00, since there is no distributable profit for financial statements belonging 01 January 2013-31 December 2013 period, the Company decided to make dividend payments from retained earnings of year 2007. Dividend payments with a total amount of 12.000 TL (gross) (0,041237 full TL per share) started to be made on 15 May 2014 and payments were completed on 20 May 2014.

As a result of the General Assembly held on 28 May 2013, Company decided to distribute dividend from the profit of 2012 and previous years with a gross amount of TL 25.529 after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 30 May 2013 and completed on 3 June 2013.

22 EQUITY *(continued)*

Treasury shares and capital adjustments due to cross-ownership

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.

In the frame of the Buy Back Programme approved at the General Assembly of the Company on 12 September 2011 and expanded for 18 months on 28 May 2013 and amended on 24 October 2013, 22.107.901 and 6.992.099 Akfen Holding A.Ş. shares were purchased by Akfen Holding and Akfen İnşaat amounting TL 94.601 (31 December 2013: TL 57.159) and TL 34.661 (31 December 2013: TL 34.661), respectively. The Buy Back Programme was completed with the last purchase on 10 April 2014.

As at 30 June 2014, the number of purchased shares within the frame of Buy Back Programme is 29.100.000 and proportion of purchased shares to total shares has reached 10%. Together with the 2,75% shares of Akfen İnşaat on Akfen Holding before initial public offering, as at 30 June 2014 the ownership rate of the Company and its subsidiary has reached 12,75%.

Translation reserve

As at 30 June 2014 the translation reserve amounting TL 90.944 (31 December 2013: TL 101.270) is comprised of foreign exchange differences arising from the translation of the financial statements of MIP, Akfen Su, TAV Yatırım, Akfen GYO, Akfen İnşaat and TAV Havalimanları from their functional currency of USD and EUR to the presentation currency TL, which is recognized in 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 30 June 2014 the hedging reserve amounting to, TL 17.563 (IDO TL 2.424 and TAV Havalimanları: TL 15.139) is recognized in equity which is related to the interest rate swap contracts made by IDO and TAV Havalimanları (31 December 2013: TL 12.027 (TAV Havalimanları: TL 10.845, İDO: TL 1.182)).

Revaluation surplus

The customer relationship and DHMİ license 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. In addition, vessels owned by İDO have been revaluated in 2013 and respective revaluation increase is shown under revaluation reserve in financial statements.

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 30 June 2014 and 31 December 2013.

22 EQUITY *(continued)*

Entities under common control

Shares 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.

Share premium

During the public offerings carried out on 14 May 2010 and special sales made to corporate investor at BİAŞ Wholesale Market on 24 November 2010, because of sale of company shares at 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 at the capital increases in the future.

Akfen Holding increased its paid in capital from TL 145.500 to TL 291.000 through share premiums.

All gain or loss realized on sale and purchase of non-controlling interest in a subsidiary is also included in share premium. Akfen GYO increased its capital by 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. After these transactions ownership has changed without losing control, and these transactions were recognized under the share premium item after the transaction costs were netted off.

Company bought 5.000 shares of Akfen GYO, whose 56,81% shares it owned, on 03 January 2014 for a consideration of TL 1,20. Together with this transaction Group's share on Akfen GYO's total share has reached 56,88% as at 31 March 2014. After the purchases number of shares belonging to Akfen Holding has reached 104.656.831 and 9.500.447 (5,16% of total shares) of them are publicly traded on the BİAŞ.

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 30 June 2014 and 31 December 2013, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 409.858 and TL 406.187, respectively. In addition, 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 periods ended 31 March 2014 and 2013 are TL 6.358 and TL (7.637), respectively.

23 REVENUE AND COST OF SALES

23.1 Revenue

For the periods ended 30 June, revenue comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Revenue from electricity sales	32.817	17.917	49.817	26.785
Rent income from investment property	24.681	13.179	20.108	11.435
Other	179	91	70	70
	57.677	**31.187**	**69.995**	**38.290**

23.2 Cost of sales

For the periods ended 30 June, cost of sales comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Depreciation and amortization	8.475	4.279	8.690	4.261
Outsourcing expenses	7.827	5.710	3.843	2.777
Personnel expenses	3.044	1.445	2.597	1.147
Rent expenses	2.085	1.121	1.784	910
Insurance expenses	1.851	879	1.500	641
Construction contract cost	710	710	1.759	436
Other	1.845	942	2.113	1.346
	25.837	**15.086**	**22.286**	**11.518**

24 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses

For the periods ended 30 June, general administrative expenses comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Personnel expenses	13.276	5.877	15.098	5.297
Advertisement expenses	8.420	7.698	1.322	8
Taxes and duties	2.680	1.884	1.453	1.006
Consultancy expenses	2.196	1.279	3.061	1.788
Rent expenses	1.875	937	1.466	727
Travel expenses	1.018	445	509	291
Depreciation and amortization expenses	661	350	476	244
General Office expenses	505	238	417	204
Outsourcing expenses	419	332	218	70
Representation expenses	396	104	117	67
Office supplies expenses	350	215	268	149
Grant and charities	335	156	1.897	1.549
Insurance expenses	99	53	91	44
Other	1.670	966	3.140	2.065
	33.900	**20.534**	**29.533**	**13.509**

25 OTHER OPERATING INCOME/EXPENSE

Other operating income:

For the years ended 30 June, other operating income comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Reversal of provisions	6.149	6.149	--	--
Guarantee fees	4.151	4.151	--	--
Scrap sales income	565	565	--	--
Foreign exchange gain from trade receivables and payables	516	(157)	114	--
Rent income	82	27	57	33
Insurance compensation income	--	--	4.953	22
Letter of guarantee turned into cash	--	--	1.323	--
Collection of doubtful receivables	--	--	1.268	--
Other	2.550	419	5.106	3.260
	14.013	**11.154**	**12.821**	**3.315**

As at 30 June 2014, TL 6.149 is composed of income incurred from cancellation of the expense amounts in previous periods due from lawsuit process related to Moscow project that the Group is planning to develop in Russia, since the Group won the lawsuit and the amount composed of income resulting from the payable in aforesaid amount related to the Group's construction works in Russia becoming not to be paid dealing with the counter party.

As at 30 June 2014, TL 4.151 guarantee amount acquire from guarantee letter for benefit to PSA's credit which is provided by Akfen Holding.

As at 30 June 2014, assurance damage income coming from insurance company which is received for accident at Otluca HES project.

As at 30 June 2013, TL 1.268 of other operating income is the income amount derived from cancellation of previous periods' provisions occured by prediction of impossibility of receivable collection from Razveev – ex- owner of Samara Office land belonging to RPI, by collection of the amount in related period.

Other operating expense:

For the six month periods ended 30 June 2014 and 2013, other operating expenses are as follows:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Rediscount loss on notes receivable	11.135	11.135	--	--
Exchange arising from trade receivables and payables	195	(176)	606	513
Other	2.442	271	1.871	1.403
	13.772	**11.230**	**2.477**	**1.916**

As at 30 June 2014, rediscount of notes receivables arises from discount on notes taken by Akfen İnşat for İncek Loft project.

As at 30 June 2014, TL 1.586 of other expense is related to advocacy expenses of the ongoing case of Moscow project which the Group is planning to develop in Russia.

26 FINANCIAL INCOME

For the periods ended 30 June, financial income comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Foreign exchange gain	30.326	30.285	20.421	8.570
Interest income	4.692	851	15.719	8.903
Unearned interest income, net	2.253	1.180	--	--
	37.271	**32.316**	**36.140**	**17.473**

For the periods ended 30 June, financial income/(expenses) accounted in other comprehensive income as a result of hedging agreements of subsidiaries and joint ventures are as follows:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Foreign currency translation differences	(5.367)	766	(390)	973
Hedging reserve	--	--	(105)	(32)
Tax benefit/(expense) from other comprehensive income items	--	--	21	6
	(5.367)	**766**	**(474)**	**947**

As at 30 June 2014, the translation reserve amounting TL (5.367) is comprised of foreign exchange difference arising from the translation of the financial statements of RHI, RPI and HDI, subsidiaries of Akfen GYO, from their functional currency to the presentation currency TL which is recognized in equity (30 June 2013: TL (390)).

As at 30 June 2014, changes arising from cross currency and interest rate swaps of MIP, IDO and TAV Havalimanları are shown under 'items to be reclassified to comprehensive income in subsequent periods from equity accounted investees' in comprehensive income. Similarly, foreign translation differences arising from the translation of financials of MIP, TAV Yatırım and TAV Havalimanları from their functional currency of US Dollars and Euro to the presentation currency TL is recognized under 'items to be reclassified to comprehensive income in subsequent periods from equity accounted investees'.

27 FINANCIAL EXPENSE

For the periods ended 30 June, financial expense comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Interest expense	53.570	25.483	37.418	17.192
Foreign exchange losses	22.808	(12.161)	68.218	68.110
Unearned interest expense, net	--	--	1.721	817
Other	2.285	729	3.807	1.269
	78.663	**14.051**	**111.164**	**87.388**

28 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

29 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 30 June 2014, 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	25
Georgia	15
Egypt	20
Macedonia	10
Latonia	15
Libya (*)	15-40
Qatar	10
Oman	12
Cyprus	23,5
Saudi Arabia	20
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 properties 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.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of properties 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.

29 TAXATION *(continued)*

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.

Income witholding 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 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.

29 TAXATION *(continued)*

Transfer pricing regulations *(continued)*:

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.

29.1 Taxation income/(expense)

The taxation charge for the years ended 30 June comprised the following items:

	1 January - 30 June 2014	1 April – 30 June 2014	1 Janaury - 30 June 2013	1 April – 30 June 2013
Corporate tax expense	(2.073)	(891)	--	--
Deferred tax income	6.013	230	1.715	4.538
Tax income/(expense) receognized in profit or loss	**3.940**	**(661)**	**1.715**	**4.538**
Deferred tax expense recognized in comprehensive income	--	--	21	6
	3.940	**(661)**	**1.736**	**4.544**

29.2 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.

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 30 June 2014 and 31 December 2013 were attributable to the items detailed in the table below:

	Assets		*Liabilities*		*Net*	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Trade and other receivables	6.080	2.396	--	--	6.080	2.396
Tangible and intangible fixed assets	31.361	30.729	(11.214)	(12.677)	20.147	18.052
Investment incentives	13.992	14.638	--	--	13.992	14.638
Investment properties	--	--	(82.779)	(82.104)	(82.779)	(82.104)
Tax losses carried forward	22.621	20.814	--	--	22.621	20.814
Loans and borrowings	--	21	(104)	(76)	(104)	(55)
Other temporary differences	415	304	--	(355)	415	(51)
Subtotal	**74.469**	**68.902**	**(94.097)**	**(95.212)**	**(19.628)**	**(26.310)**
Net-off tax	(15.045)	(17.096)	15.045	17.096	--	--
Total deferred tax assets/(liabilities)	**59.424**	**51.806**	**(79.052)**	**(78.116)**	**(19.628)**	**(26.310)**

29 TAXATION *(continued)*

29.2 Deferred tax assets and liabilities *(continued)*

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. Group management has assessed that it is possible for the Company to have taxable profit in the years ahead and as at 30 June 2014 has reflected TL 22.621 (31 December 2013: TL 20.814) of deferred tax assets arising from tax losses to its consolidated financial statements..

Unrecognized deferred tax assets and liabilities

At the balance sheet date, the Group has statutory tax losses of TL 123.777 (31 December 2013: TL 95.977) available for offset against future profits that is unused. TL 24.755 deferred tax asset (31 December 2013: TL 19.196) was not recorded since the profit for the future cannot be estimated. The expiry dates of previous years' losses that are not recognized as deferred tax asset are as follows:

	30 June 2014	31 December 2013
2014	1.365	1.365
2015	103	103
2016	38.622	38.622
2017	5.732	5.754
2018	50.143	50.133
2019	27.812	--
	123.777	**95.977**

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.

30 EARNINGS PER SHARE

For the periods ended 30 June 2014 and 31 March 2013 amounts of earning per share as TL 41.917 and TL (162), 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.

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Income/(loss) on attributable to main shareholders of the Company	41.917	66.725	(162)	(14.761)
The weighted average number of shares outstanding during the period(*)	261.579.257	258.314.033	279.271.401	279.213.271
Profit/(Loss) per share from operations (full TL)	0,160	0,258	(0,001)	(0,053)

(*)Earnings per share calculation is done by excluding 6.992.099 and 13.230.488 shares of Akfen İnşaat and Akfen Holding at the beginning of the period and 8.877.413 share purchases of Akfen Holding during the period.

31 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.

31.1 Related party balances

As at 30 June 2014 and 31 December 2013, short term receivables and payables balances are as follows:

	30 June 2014	31 December 2013
Trade receivables	628	37
Non-trade receivables	1.264	560
	1.892	**597**
Trade payables	1.059	828
Non-trade payables	22.315	17.920
	23.374	**18.748**

As at 30 June 2014 and 31 December 2013, long term receivables and payables balances are as follows:

	30 June 2014	31 December 2013
Non-trade receivables	38.379	27.442
	38.379	**27.442**
Non-trade payables	8.405	7.730
	8.405	**7.730**

All transactions between Company and subsidiaries 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.

As at 30 June 2014 and 31 December 2013, the Group had the following long term non trade receivables from its related parties:

Due from related parties (long term-non trade):	30 June 2014	31 December 2013
İDO	27.989	16.025
Hyper Foreign Holland N.V.	6.641	6.686
Akfen Gayrimenkul Yatırımları Ticaret A.Ş. ("Akfen GYT")	203	2.689
Other	3.546	2.042
	38.379	**27.442**

31 RELATED PARTY DISCLOSURES *(continued)*

31.1 Related party balances *(continued)*

As at 30 June 2014 and 31 December 2013, the Group had the following short term non trade payables to its related parties:

Due to related parties (short term-non trade):	30 June 2014	31 December 2013
Adana İpekyolu (*)	17.300	17.263
Other	5.015	657
	22.315	**17.920**

(*)Capital commitments arising from acquisition of Adana İpekyolu.

As at 30 June 2014 and 31 December 2013, the Group had the following long term non trade payables to its related parties:

Due to related parties (long term-non trade):	30 June 2014	31 December 2013
TAV Yatırım	8.367	7.692
TAV Havalimanları	38	38
	8.405	**7.730**

31.2 Related party transactions

For the periods ended 30 June, services rendered to related parties comprised the following:

Services rendered to related parties r:	30 June 2014		30 June 2013	
Company	**Amount**	**Transaction**	**Amount**	**Transaction**
İDO	502	Financial income	--	Financial income
Akfen GYT	150	Financial income	1.210	Financial income
Other	54	Financial income	--	Financial income
	706		**1.210**	

For the periods ended 30 June, services obtained from related parties comprised the following:

Services obtained from related parties:	30 June 2014		30 June 2013	
Company	**Amount**	**Transaction**	**Amount**	**Transaction**
Ibs Sigorta Brokerlik Hiz. A.Ş.	1.435	Purchases	1.215	Purchases
	1.435		**1.215**	

31.3 Key management personnel compensation

As at 30 June 2014, total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 3.391 (30 June 2013: TL 5.691).

32 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:

	Receivables					
	Trade Receivables		Other Receivables			
30 June 2014	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Other(*)**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**628**	**227.583**	**39.643**	**21.502**	**160.040**	**7.028**
- Portion of maximum risk covered any guarantee (**)	--	5.720	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	628	215.586	39.643	21.502	160.040	7.028
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)	--	11.997	--	--	--	--
- The portion covered by any guarantee	--	5.720	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--
- Past due (gross book value)	--	1.170	--	--	--	--
- Impairment (-)	--	(1.170)	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

	Receivables	
30 June 2014	**Trade Receivables**	**Other Receivablea**
Past due 0-3 months	1.509	--
Past due 3-12 months	3.065	--
Past due 1-5 years	7.863	--
More than 5 years	730	--
Total undue receivables	13.167	--
Total allowances	1.170	--
Amount secured by guarantees etc.	5.720	--

(*)As at 30 June 2014, private sector bonds amounting TL 7.028 is included in other cash and cash equivalents (Note 6).

(**)Amounts represent the receivables that are secured by letter of guarantees, cheques and notes.

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Credit risk *(continued)*

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2013	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Other(*)**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**37**	**30.192**	**28.002**	**19.119**	**147.050**	**5.614**
- Portion of maximum risk covered any guarantee (**)	--	6.851	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	37	19.743	28.002	19.119	147.050	--
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)	--	10.449	--	--	--	--
- The portion covered by any guarantee	--	6.851	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--
- Past due (gross book value)	--	1.175	--	--	--	--
- Impairment (-)	--	(1.175)	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

	Receivables	
31 December 2013	**Trade Receivables**	**Other Receivables**
Past due 0-3 months	1.597	--
Past due 3-12 months	809	--
Past due 1-5 years	8.484	--
More than 5 years	734	--
Total undue receivables	11.624	
Total allowances	(1.175)	--
Amount secured by guarantees etc.	6.851	--

(*) As at 31 December 2013, government and private sector bonds amounting TL 5. 164 are shown in other cash and cash equivalents (Note 6).

(**)Amounts represent the receivables that are secured by letter of guarantees, cheques and notes.

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Impairment

Movement in the allowance for doubtful receivables for the years ended 30 June 2014 and 31 December 2013 was as follows:

	30 June 2014	31 December 2013
Balance at the beginning of the period	(1.175)	(1.127)
Foreign exchange difference	5	(48)
Balance at the end of the period	**(1.170)**	**(1.175)**

Liquidity risk

The following tables provide an analysis of financial liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 30 June 2014:

		30 June 2014					
	Note	Carrying Amount	Expected Cash Flow	3 months or Less	03 – 12 Months	1-5 Years	More than 5 years
Financial liabilities							
Loans and borrowings	7	1.287.863	(1.542.516)	(60.040)	(268.217)	(891.951)	(322.308)
Bonds	7	351.575	(476.100)	(18.973)	(27.877)	(429.250)	--
Trade payables	8	35.910	(36.252)	(7.498)	(12.241)	(16.513)	--
Due from related parties	8-9-31	31.779	(31.779)	(99)	(23.275)	(8.405)	--
Other payables (*)		20.577	(20.577)	(3.018)	(9.688)	(7.871)	--
Total		**1.727.704**	**(2.107.224)**	**(89.628)**	**(341.298)**	**(1.353.990)**	**(322.308)**

(*)The non-financial instruments such as deposits and advances received are not included in the other payables.

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 2013:

		31 December 2013					
	Note	Carrying Amount	Expected Cash Flow	3 months or Less	03 – 12 Months	1-5 Years	More than 5 years
Financial liabilities							
Loans and borrowings	7	1.283.635	(1.551.727)	(51.456)	(250.504)	(978.036)	(271.731)
Bonds	7	160.763	(164.185)	(164.185)	--	--	--
Trade payables	8	50.437	(50.807)	(12.424)	(13.774)	(24.609)	--
Due from related parties	8-9-31	26.478	(26.478)	(137)	(18.611)	(7.730)	--
Other payables (*)		8.966	(8.966)	(2.930)	(2.012)	(4.024)	--
Total		**1.530.279**	**(1.802.163)**	**(231.132)**	**(284.901)**	**(1.014.399)**	**(271.731)**

(*)The non-financial instruments such as deposits and advances received, deferred income are not included in the other payables.

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk

Exposure to currency risk

As at 30 June 2014, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	30 June 2014			
	TL Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	575	64	152	--
2a. Monetary Financial Assets (including Cash	79.887	30.132	5.498	5
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	7.869	800	2.134	--
4. Current Assets (1+2+3)	**88.331**	**30.996**	**7.784**	**5**
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	44.998	17.025	3.056	9
8. Non-current Assets (5+6+7)	**44.998**	**17.025**	**3.056**	**9**
9. Total Assets (4+8)	**133.329**	**48.021**	**10.840**	**14**
10. Trade Payables	4.256	1.301	516	--
11. Financial Liabilities	236.193	58.557	38.678	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-monetary Liabilities	6.242	36	2.132	--
13. Short Term Liabilities (10+11+12)	**246.691**	**59.894**	**41.326**	**--**
14. Trade Payables	--	--	--	--
15.Financial Liabilities	957.984	253.835	144.884	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4.564	1.401	550	--
17. Long Term Liabilities (14+15+16)	**962.548**	**255.236**	**145.434**	**--**
18. Total Liabilities (13+17)	**1.209.239**	**315.130**	**186.760**	**--**
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	**--**	**--**	**--**	**--**
19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics	--	--	--	--
19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**(1.075.910)**	**(267.109)**	**(175.920)**	**14**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.117.971)**	**(283.497)**	**(178.428)**	**5**
22. Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23. Hedged Amount of Foreign Currency Assets	--	--	--	--
24. Hedged Amount of Foreign Currency Liabilities	--	--	--	--

(*)Assets and liabilities in other currencies are presented by their TL equivalents.

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk *(continued)*

Exposure to currency risk *(continued)*

As at 31 December 2013, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	31 December 2013			
	TL Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	8.652	6	2.942	--
2a. Monetary Financial Assets (including Cash	99.311	22.574	17.411	5
2b. Non-monetary Financial Assets	10.447	38	3.530	--
3. Other	10.042	1.019	2.679	--
4. Current Assets (1+2+3)	**128.452**	**23.637**	**26.562**	**5**
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	37.284	11.836	4.091	8
8. Non-current Assets (5+6+7)	**37.284**	**11.836**	**4.091**	**8**
9. Total Assets (4+8)	**165.736**	**35.473**	**30.653**	**13**
10. Trade Payables	14.697	1.741	3.740	--
11. Financial Liabilities	247.347	40.387	54.878	--
12a. Other Monetary Liabilities	9.734	590	2.886	--
12b. Other Non-monetary Liabilities	8.232	2	2.802	--
13. Short Term Liabilities (10+11+12)	**280.010**	**42.720**	**64.306**	**--**
14. Trade Payables	--	--	--	--
15.Financial Liabilities	945.068	251.397	139.115	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	5.106	1.267	818	--
17. Long Term Liabilities (14+15+16)	**950.174**	**252.664**	**139.933**	**--**
18. Total Liabilities (13+17)	**1.230.184**	**295.384**	**204.239**	**--**
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	**--**	**--**	**--**	**--**
19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics	--	--	--	--
19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**(1.064.448)**	**(259.911)**	**(173.586)**	**13**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.108.883)**	**(271.535)**	**(180.266)**	**5**
22. Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23. Hedged Amount of Foreign Currency Assets	--	--	--	--
24. Hedged Amount of Foreign Currency Liabilities	--	--	--	--

(*)Assets and liabilities in other currencies are presented by their TL equivalents.

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk *(continued)*

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				
30 June 2014				
	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 TL				
1- Net USD asset/liability	(56.717)	56.717	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(56.717)	56.717	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(50.875)	50.875	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(50.875)	50.875	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1	(1)	--	--
TOTAL (3+6+9)	(107.591)	107.591	--	--

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk *(continued)*

Sensitivity analysis *(continued)*

Currency Sensitivity Analysis				
31 December 2013				
	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 TL				
1- Net USD asset/liability	(55.473)	55.473	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(55.473)	55.473	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(50.973)	50.973	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(50.973)	50.973	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1	(1)	--	--
TOTAL (3+6+9)	(106.445)	106.445	--	--

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	30 June 2014	31 December 2013
Fixed rate instruments		
Financial assets	143.624	133.423
Financial liabilities	741.830	682.744
Variable rate instruments		
Financial assets	--	--
Financial liabilities	897.608	761.654

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.

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk *(continued)*

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in TL Base Interest Rate, Euribor or Libor rate, caused approximately TL 8.976 (31 December 2013: TL 7.617) increase in the annual interest costs of floating interest rate liabilities of the Group.

As at 30 June 2014 and 31 December 2013, a one basis point increase in interest rates would affect the consolidated comprehensive income in the following way. All variables are assumed constant including foreign exchange rates during analysis.

Interest rate profile			
		30 June 2014	**31 December 2013**
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		(8.976)	(7.617)

32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Capital Risk Management

While managing capital, Group's aims are to provide return to its partners, to benefit other shareholders and to protect the continuance of Group's activities to maintain the most suitable capital structure in order to decrease cost of capital.

Group may determine on amount of dividend to be paid, issue new stocks and sell its assets to decrease indebtness for the purpose of protection or restructuring of capital.

Group monitors the capital by using net financial liabilities/equity ratio. Net financial liability is calculated by subtracting cash and cash equivalents from total financial liabilities.

As at 30 June 2014 and 31 December 2013, net financial liabilities/equity ratios are as follows:

	30 June 2014	31 December 2013
Total financial liabilities	1.639.438	1.444.398
Cash and banks(*)	(167.488)	(153.044)
Net financial liabilities	1.471.950	1.291.354
Equity	1.747.312	1.762.872
Net financial liability/equity ratio	0,84	0,73

(*)As at 30 June 2014 and 31 December 2013, in addition to cash and cash equivalents, available for sale financial assets shown in financial assets are included in cash and banks.

As at 30 June 2014, Akfen Holding shares purchased within the "Buy Back Programme" by Akfen Holding and Akfen İnşaat amounting TL 94.601 (31 December 2013: TL 57.159) and TL 34.661 (31 December 2013: 34.661), respectively, were not included in cash and banks.

As at 30 June 2014, although land and development investments made for İncek Project of Akfen İnşaat amounting TL 199.232 (31 December 2013: TL 169.842) is convertible to cash, were not included in cash and banks.

33 SUBSEQUENT EVENTS

Akfen Holding and Its Subsidiaries:

Akfen Holding

The 2nd coupon payment of the bond issued by Akfen Holding with the ISIN code TRSAKFH11710 ISIN amounting to TL 4.452 was made on July 14, 2014. The interest rate of the 3rd coupon payment (which will be made on 13.10.2014) of this corporate bond was determined as 2.81%.

Akfen Holding Board decided to change the 6th Article (on "Capital") of Company's Articles of Association and to initiate the required approval process. The revision in the above mentioned article incorporates the decrease of the Company's paid-in capital from TL 291 million to TL 253,910,194 (a reduction of TL 37,089,806) via cancellation of shares that the Company is holding. The related application to Capital Markets Board (CMB) was submitted on 13.08.2014 and the legal procedure will be completed depending on the outcome of the decision of the CMB. On the other hand application to the Capital Markets Board (CMB) was submitted on 13.08.2014 for an update of the upper limit of registered capital validity date as 31.12.2019.

Akfen İnşaat

14.981.905 Akfen Holding shares, which were in Akfen İnşaat's portfolio (5,148% of the paid-in capital of the Company) were transferred to Akfen Holding off-exchange based on 4,85 TL per share price, which was the closing price of second session on 11.08.2014. After the transaction Akfen Holding shares held by the Company reached 12,746% (37,089,806 shares).

Akfen GYO

For the case processed by Hotel Development Investment BV (HDI) - %100 subsidiary of the Company in 2012 related to the lease agreement for the usage right of the land belonging to Dinamo-Petrovskiy Park XXI Vek-MS Limited company -under the subsidiary of the Company it has been decided to be paid Ruble 199.775.062 in favor of the subsidiary of the Company Related compensation has ben received by the Company's subsidiary on 3 July 2014.

Joint Ventures

TAV Havalimanları:

TAV Airports had announced on July 11, that a new company has been established and registered under the name of "TAV Milas Bodrum Terminal İşletmeciliği A.Ş" in order to conduct the operations of Milas Bodrum Airport Milas Bodrum Airport current International Terminal, CIP, Domestic Terminal and auxiliary structures. TAV Airports Holding Inc. holds 100% shares of the company, which has a capital of 96.500 TL. The concession aggrement for granting the transfer of the operating rights has been signed between the recently established TAV Milas Bodrum Terminal İşletmeciliği A.Ş. and DHMI on July 11, 2014. According to the tender specifications, Milas Bodrum Airport's Domestic Terminal and auxiliary structures' operations will be taken over following the signing of the concession aggreement.

33 SUBSEQUENT EVENTS

Assets Evaluated by Equity Method *(cont.)*:

TAV Havalimanları *(cont.)*:

TAV Airports Holding’s 50% subsidiary, ATU Turizm İşletmeciliği A.Ş. (ATU), has been announced as the winning bidder for the leasing of the operating rights of duty free areas in Salalah International Airport in Oman. ATU will take over the the duty free operations in January 2015 and operate the premises until December 2025 with the option to extend for two years (10+2 years). ATU will have the operation rights of 700sqm of duty free area in Salalah Airport, which served 746,994 passengers in 2013. Besides ATU, TAV Airports subsidiaries BTA (67% stake) and TAV O&M (wholly owned) will provide food and beverage and other commercial services at Salalah International Airport.

34 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.