

**Akfen Holding Anonim Őirketi**  
**Convenience Translation**  
**to English of**  
**Condensed Consolidated Interim**  
**Financial Statements**  
**As at and for the Period Ended**  
**30 June 2016**  
**(Originally Issued in Turkish)**

**AKFEN HOLDİNG ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE**  
**PERIOD ENDED 1 JANUARY 2016 – 30 JUNE 2016**

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Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

## Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as at 30 June 2016

(Currency: Thousands of TL)

ASSETS	<u>Footnote Reference</u>	<u>Partially Audited</u>	<u>Audited Restated</u>	<u>Audited Restated</u>
		<u>30 June 2016</u>	<u>31 December 2015</u>	<u>1 January 2015</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6	15,969	22,424	74,310
Financial Investments		50,106	--	--
- <i>Restricted Bank Balances</i>	7	50,106	--	--
Trade Receivables		11,734	17,867	115,109
- <i>Trade Receivables Due From Related Parties</i>	9-32	2,760	--	888
- <i>Trade Receivables Due From Unrelated Parties</i>	9	8,974	17,867	114,221
Other Receivables		191	99,734	2,190
-Other Receivables Due From Related Parties	10-32	--	99,587	652
-Other Receivables Due From Unrelated Parties	10	191	147	1,538
Inventories		--	--	252,387
Prepayments	22	10,684	8,119	8,174
Current Tax Assets		687	886	7,729
Other current assets		597	24	115,974
<b>SUB-TOTAL</b>		<b>89,968</b>	<b>149,054</b>	<b>575,873</b>
<b>Disposal Groups Classified as Held for Sale</b>	<b>12</b>	<b>1,150,218</b>	<b>1,113,570</b>	<b>--</b>
<b>Total current assets</b>		<b>1,240,186</b>	<b>1,262,624</b>	<b>575,873</b>
<b>NON-CURRENT ASSETS</b>				
Financial Investments	7	48,066	47,664	--
Trade Receivables		--	--	135,624
- <i>Trade Receivables Due From Unrelated Parties</i>		--	--	135,624
Other Receivables		494,241	448,730	66,282
-Other Receivables Due From Related Parties	10-32	476,154	431,387	51,690
-Other Receivables Due From Unrelated Parties	10	18,087	17,343	14,592
Investments accounted for using equity method	13	848,589	864,249	631,082
Investment property	14	1,477,605	1,428,361	1,351,891
Property, plant and equipment	15	70,164	64,624	879,245
Intangible assets and goodwill		6,810	33,649	89,283
- <i>Goodwill</i>		3,309	3,309	3,309
-Other intangible assets	16	3,501	30,340	85,974
Prepayments	22	11,561	11,797	14,333
Deferred Tax Asset	30	3,898	6,364	77,457
Other Non-current Assets	21	45,287	44,445	103,585
<b>Total non-current assets</b>		<b>3,006,221</b>	<b>2,949,883</b>	<b>3,348,782</b>
<b>Total assets</b>		<b>4,246,407</b>	<b>4,212,507</b>	<b>3,924,655</b>

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

**Akfen Holding Anonim Şirketi**

Consolidated Balance Sheet as at 30 June 2016

(Currency: Thousands of TL)

<b>LIABILITIES AND EQUITY</b>	<b><u>Footnote</u> <u>Reference</u></b>	<b><u>Partially</u> <u>Audited</u></b>	<b><u>Audited</u> <u>Restated</u></b>	<b><u>Audited</u> <u>Restated</u></b>
		<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>	<b><u>1 January 2015</u></b>
<b>CURRENT LIABILITIES</b>				
Current Borrowings	8	5,023	42,728	31,809
Current Portion of Non-current Borrowings	8	553,293	224,119	331,719
Trade Payables		8,449	19,316	31,171
-Trade Payables to Related Parties	9-32	3,063	3,783	1,530
-Trade Payables to Unrelated Parties	9	5,386	15,533	29,641
Other Payables		9,766	10,022	50,253
-Other Payables to Related Parties	10-32	3,402	1,603	34,344
-Other Payables to Unrelated Parties	10	6,364	8,419	15,909
Employee Benefit Obligations		206	548	571
Deferred Income	22	2,548	402	278,772
Current provisions		2,007	2,053	3,655
-Current provisions for employee benefits	18-20	2,007	2,053	3,655
Other Current Liabilities		--	--	1,476
<b>SUB-TOTAL</b>		<b>581,292</b>	<b>299,188</b>	<b>729,426</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>12</b>	<b>793,609</b>	<b>824,144</b>	<b>--</b>
<b>Total current liabilities</b>		<b>1,374,901</b>	<b>1,123,332</b>	<b>729,426</b>
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	8	1,067,732	1,262,779	1,423,549
Trade Payables		91	--	8,431
-Trade Payables To Related Parties	32	91	--	39
-Trade Payables To Unrelated Parties		--	--	8,392
Other Payables		13,378	12,687	12,408
-Other Payables to Related Parties	10-32	9,836	9,066	7,737
-Other Payables to Unrelated parties	10	3,542	3,621	4,671
Deferred Tax Liabilities	30	68,784	69,795	76,828
Non-current provisions		1,314	1,441	2,919
-Non-current provisions for employee benefits	18-20	1,314	1,441	2,919
<b>Total non-current liabilities</b>		<b>1,151,299</b>	<b>1,346,702</b>	<b>1,524,135</b>
<b>Total liabilities</b>		<b>2,526,200</b>	<b>2,470,034</b>	<b>2,253,561</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of parent</b>		<b>1,367,559</b>	<b>1,395,106</b>	<b>1,296,192</b>
Issued capital	23	667,081	261,900	291,000
Inflation Adjustments on Capital		(7,257)	(7,257)	(7,257)
Share Premium (Discount)	23	(132,179)	157,694	211,695
Treasury Shares (-)	23	--	(76,029)	(167,264)
Effects of Business Combinations Under Common Control		(58,028)	19,077	5,587
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		133,128	133,279	78,697
Gains (Losses) on Revaluation and Remeasurement		133,128	133,279	78,697
-Increases (Decreases) on Revaluation of Property, Plant and Equipment		137,068	137,068	81,192
-Gains (Losses) on Remeasurements of Defined Benefit Plans		(3,940)	(3,789)	(2,495)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		183,902	177,894	63,102
-Exchange Differences on Translation	23	206,199	199,899	81,675
-Gains (Losses) on Hedge	23	(22,297)	(22,005)	(18,573)
Restricted Reserves Appropriated From Profits	23	20,479	96,508	187,743
Prior Years' Profits or Losses		521,354	600,501	632,889
Current Period Net Profit Or Loss		39,079	31,539	--
<b>Non-controlling interests</b>	<b>23</b>	<b>352,648</b>	<b>347,367</b>	<b>374,902</b>
<b>Total Liabilities and Equity</b>		<b>4,246,407</b>	<b>4,212,507</b>	<b>3,924,655</b>

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

**Akfen Holding Anonim Şirketi**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

<b>PERIOD PROFIT (LOSS)</b>	<b>Footnote Reference</b>	<b><u>Partially Audited</u> 1 January - 30 June 2016</b>	<b><u>1 April - 30 June</u> 2016</b>	<b><u>Partially Audited</u> 1 January - 30 June 2015 (Restated)</b>	<b><u>1 April - 30 June</u> 2015 (Restated)</b>
<b>PROFIT (LOSS)</b>					
Revenue	24	157,161	82,362	119,391	68,890
Cost of sales	24	(68,842)	(35,482)	(36,584)	(17,598)
<b>GROSS PROFIT (LOSS)</b>		<b>88,319</b>	<b>46,880</b>	<b>82,807</b>	<b>51,292</b>
General Administrative Expenses	25	(46,548)	(15,770)	(23,002)	(11,724)
Other Income from Operating Activities	26	4,513	1,353	23,719	5,814
Other Expenses from Operating Activities		(1,411)	(1,110)	(2,775)	(2,107)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	13	66,178	14,057	19,523	11,907
<b>PROFIT (LOSS) FROM</b>		<b>111,051</b>	<b>45,410</b>	<b>100,272</b>	<b>55,182</b>
Investment Activity Income		498	72	162	132
Investment Activity Expenses	27	(29,947)	(29,947)	--	--
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>81,602</b>	<b>15,535</b>	<b>100,434</b>	<b>55,314</b>
Finance income	28	64,079	15,598	13,923	3,576
Finance costs	29	(97,044)	(48,963)	(197,427)	(75,542)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS,</b>		<b>48,637</b>	<b>(17,830)</b>	<b>(83,070)</b>	<b>(16,652)</b>
<b>Tax (Expense) Income, Continuing</b>		<b>(6,781)</b>	<b>1,330</b>	<b>14,159</b>	<b>8,952</b>
Current Period Tax (Expense) Income	30	(2,950)	(1,980)	(1,700)	(701)
Deferred Tax (Expense) Income	30	(3,831)	3,310	15,859	9,653
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>41,856</b>	<b>(16,500)</b>	<b>(68,911)</b>	<b>(7,700)</b>
<b>DISCONTINUED OPERATIONS</b>					
Profit (Loss) From Discontinued Operation	12	--	--	(36,996)	(16,962)
<b>PROFIT (LOSS)</b>		<b>41,856</b>	<b>(16,500)</b>	<b>(105,907)</b>	<b>(24,662)</b>
<b>Profit (loss), attributable to</b>					
Non-controlling Interests		2,777	2,143	2,592	3,327
Owners of Parent		39,079	(18,643)	(108,499)	(27,989)
<b>Profit (loss) for period</b>		<b>41,856</b>	<b>(16,500)</b>	<b>(105,907)</b>	<b>(24,662)</b>
<b>Earnings per share</b>		<b>0.06</b>	<b>(0.03)</b>	<b>(0.16)</b>	<b>(0.04)</b>
Basic Earnings (Loss) Per Share from Continuing Operations		0.06	(0.03)	(0.11)	(0.02)
Basic Earnings (Loss) Per Share from Discontinued Operations		--	--	(0.05)	(0.02)
<b>Diluted Earnings Per Share</b>	31	<b>0.06</b>	<b>(0.03)</b>	<b>(0.16)</b>	<b>(0.04)</b>

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

**Akfen Holding Anonim Şirketi**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

<b>Other Comprehensive Income</b>	<u>Partially Audited</u> <u>1 January - 30 June 2016</u>	<u>1 April - 30 June 2016</u>	<u>Partially Audited</u> <u>1 January - 30 June 2015 (Restated)</u>	<u>1 April - 30 June 2015 (Restated)</u>
<b>PROFIT (LOSS)</b>	<b>41,856</b>	<b>(16,500)</b>	<b>(105,907)</b>	<b>(24,662)</b>
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>				
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss	(151)	11	36,906	12,272
<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>				
Exchange Differences on Translation Other Comprehensive Income (Loss) Related with Cash Flow Hedges	5,857	9,535	23,565	11,015
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss	--	--	(989)	(989)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	6,480	17,970	82,306	25,127
	--	--	199	198
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>12,186</b>	<b>27,516</b>	<b>141,987</b>	<b>47,623</b>
<b>TOTAL COMPREHENSIVE Total Comprehensive Income</b>	<b>54,042</b>	<b>11,016</b>	<b>36,080</b>	<b>22,961</b>
Non-controlling Interests	9,106	8,471	5,811	34,594
Owners of Parent	44,936	2,545	30,269	(11,633)

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

**Akfen Holding Anonim Şirketi**

**Consolidated Statements of Changes in Equity For the Six Month Period Ended 30 June 2016**

(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					
	Issued Capital	Inflation Adjustments on Capital	Treasury Shares	Share premiums or discounts	Effects of Combinations of Entities or Businesses Under Common Control	Exchange Differences on Translation	Reserve Of Gains or Losses on Hedge	Gains/Losses on Revaluation and Remeasurement	Gains (Losses) on Remeasurements of Defined Benefit Plans	Restricted Reserves Appropriate From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Total	Non-controlling interest	Total equity
<b>Balances at 1 January 2015 (previously reported)</b>	<b>291,000</b>	<b>(7,257)</b>	<b>(167,264)</b>	<b>211,695</b>	<b>6,236</b>	<b>81,675</b>	<b>(18,573)</b>	<b>81,192</b>	<b>(2,495)</b>	<b>187,743</b>	<b>632,889</b>	--	<b>1,296,841</b>	<b>374,865</b>	<b>1,671,706</b>
<b>Other adjustments (Note 3)</b>	--	--	--	--	<b>(649)</b>	--	--	--	--	--	--	--	<b>(649)</b>	<b>37</b>	<b>(612)</b>
<b>Balances at 1 January 2015 after adjustments</b>	<b>291,000</b>	<b>(7,257)</b>	<b>(167,264)</b>	<b>211,695</b>	<b>5,587</b>	<b>81,675</b>	<b>(18,573)</b>	<b>81,192</b>	<b>(2,495)</b>	<b>187,743</b>	<b>632,889</b>	--	<b>1,296,192</b>	<b>374,902</b>	<b>1,671,094</b>
<b>Total comprehensive income/(expense) for the period</b>	--	--	--	--	--	96,983	4,879	37,951	(1,045)	--	--	(108,499)	30,269	5,811	36,080
<i>Net profit (loss)</i>	--	--	--	--	--	--	--	--	--	--	--	(108,499)	(108,499)	2,592	(105,907)
<i>Other comprehensive income (expense)</i>	--	--	--	--	--	96,983	4,879	37,951	(1,045)	--	--	--	138,768	3,219	141,987
Capital decrease	(29,100)	--	29,100	--	--	--	--	--	--	--	--	--	--	--	--
Distribution of dividend	--	--	--	--	--	--	--	--	--	--	(18,982)	--	(18,982)	--	(18,982)
Increase (Decrease) through Share-Based Payment Transactions (**)	--	--	104,641	(104,641)	--	--	--	--	--	(95,992)	95,992	--	--	--	--
Increase (Decrease) through Treasury Share Transactions (*)	--	--	(37,749)	--	--	--	--	--	--	--	--	--	(37,749)	--	(37,749)
<b>Balances at 30 June 2015</b>	<b>261,900</b>	<b>(7,257)</b>	<b>(71,272)</b>	<b>107,054</b>	<b>5,587</b>	<b>178,658</b>	<b>(13,694)</b>	<b>119,143</b>	<b>(3,540)</b>	<b>91,751</b>	<b>709,899</b>	<b>(108,499)</b>	<b>1,269,730</b>	<b>380,713</b>	<b>1,650,443</b>

(\*) According to the Article 520 of Law No 6102 an amount that meets the acquisition value of the shares bought back is allocated in the reserve. Reserves related to the 29,100,000 shares that have been subject to the capital reduction dated 22 January 2015, have been cancelled, while in the consolidated financial statements there is restricted reserves allocated in the reserves amounting to TL 37,749 related to the repurchase of shares.

(\*\*) Explained in Note 22.

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

**Akfen Holding Anonim Şirketi**

**Consolidated Statements of Changes in Equity For the Six Month Period Ended 30 June 2016**

(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				
	Issued Capital	Inflation Adjustments on Capital	Treasury Shares	Share premiums or discounts	Effects of Combinations of Entities or Businesses Under Common Control	Exchange Differences on Translation	Reserve Of Gains or Losses on Hedge	Gains/Losses on Revaluation and Remeasurement	Gains (Losses) on Remeasurements of Defined Benefit Plans	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Total	Non-controlling interest	Total equity
<b>Balances at 1 January 2016 (previously reported)</b>	<b>261,900</b>	<b>(7,257)</b>	<b>(76,029)</b>	<b>157,694</b>	<b>6,236</b>	<b>199,899</b>	<b>(22,005)</b>	<b>137,068</b>	<b>(3,789)</b>	<b>96,508</b>	<b>600,501</b>	<b>37,465</b>	<b>1,388,191</b>	<b>347,622</b>	<b>1,735,813</b>
<b>Other adjustments (Note 3)</b>	--	--	--	--	<b>12,841</b>	--	--	--	--	--	--	<b>(5,926)</b>	<b>6,915</b>	<b>(255)</b>	<b>6,660</b>
<b>Balances at 1 January 2016 after adjustments</b>	<b>261,900</b>	<b>(7,257)</b>	<b>(76,029)</b>	<b>157,694</b>	<b>19,077</b>	<b>199,899</b>	<b>(22,005)</b>	<b>137,068</b>	<b>(3,789)</b>	<b>96,508</b>	<b>600,501</b>	<b>31,539</b>	<b>1,395,106</b>	<b>347,367</b>	<b>1,742,473</b>
<b>Total comprehensive income/(expense) for the period</b>	--	--	--	--	--	6,300	(292)	--	(151)	--	--	39,079	44,936	9,106	54,042
<i>Net profit (loss)</i>	--	--	--	--	--	--	--	--	--	--	--	39,079	39,079	2,777	41,856
<i>Other comprehensive income (expense)</i>	--	--	--	--	--	6,300	(292)	--	(151)	--	--	--	5,857	6,329	12,186
Transfers	--	--	--	--	--	--	--	--	--	--	31,539	(31,539)	--	--	--
Capital increase	420,000	--	--	(299,189)	--	--	--	--	--	--	(120,811)	--	--	--	--
Capital decrease	(14,819)	--	14,819	--	--	--	--	--	--	--	--	--	--	--	--
Effects of Business Combinations Under Common Control	--	--	--	--	(77,105)	--	--	--	--	--	5,926	--	(71,179)	255	(70,924)
Increase (Decrease) through Share-Based Payment Transactions (*)	--	--	61,210	12,038	--	--	--	--	--	(76,029)	2,781	--	--	--	--
Acquisition or Disposal of a Subsidiary	--	--	--	(2,722)	--	--	--	--	--	--	1,418	--	(1,304)	(4,080)	(5,384)
<b>Balances at 30 June 2016</b>	<b>667,081</b>	<b>(7,257)</b>	--	<b>(132,179)</b>	<b>(58,028)</b>	<b>206,199</b>	<b>(22,297)</b>	<b>137,068</b>	<b>(3,940)</b>	<b>20,479</b>	<b>521,354</b>	<b>39,079</b>	<b>1,367,559</b>	<b>352,648</b>	<b>1,720,207</b>

(\*) According to the Article 520 of Law No 6102 an amount that meets the acquisition value of the shares bought back is allocated in the reserve.

As at 28 January 2016, Group cancelled reserves related to the 14,819,000 shares that were subject to the capital reduction.

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



*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Cash Flow**  
**For the Six Month Period Ended 30 June 2016**  
(Currency: Thousands of TL)

	<u>Footnote Reference</u>	<u>Partially Audited 30 June 2016</u>	<u>Partially Audited (Restated) 30 June 2015</u>
<b>CASH FLOWS FROM (USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Profit (Loss) from Continuing Operations		41,856	(68,911)
Profit (Loss) from Discontinued Operations		--	(36,996)
<b>Adjustments to Reconcile Profit (Loss)</b>			
Adjustments for depreciation and amortisation expense	15-16	16,496	13,635
Adjustments for Impairment Loss (Reversal of Impairment Loss)		29,418	--
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets	27	29,418	--
Adjustments for (Reversal of) Provisions Related with Employee Benefits		76	(261)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	13	(66,178)	(19,523)
Adjustments for unrealised foreign exchange losses (gains)		(50,418)	115,629
Adjustments for Interest (Income) Expenses	28-29	52,503	89,149
Adjustments for Tax (Income) Expenses	30	6,781	(14,465)
<b>Cash flow from operating activities before changes in working capital</b>		<b>30,534</b>	<b>78,257</b>
<b>Changes in Working Capital</b>			
Adjustments for decrease (increase) in trade accounts receivable		(4,201)	(114,235)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(13,195)	33,551
Adjustments for decrease (increase) in inventories		--	(44,136)
Adjustments for increase (decrease) in trade accounts payable		(12,796)	20,594
Adjustments for increase (decrease) in other operating payables		(8,020)	(15,945)
Other Adjustments for Other Increase (Decrease) in Working Capital		695	45,058
Cash Flows from (used in) Operations		<b>(6,983)</b>	<b>3,144</b>
Dividends received	13	78,081	56,195
Payments Related with Provisions for Employee Benefits		(100)	(246)
Income taxes refund (paid)		(2,708)	(203)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>68,290</b>	<b>58,890</b>

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

**Akfen Holding Anonim Şirketi**

**Consolidated Statement of Cash Flow**

**For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

	<u>Footnote Reference</u>	<u>Partially Audited 30 June 2016</u>	<u>Partially Audited (Restated) 30 June 2015</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>			
Cash Outflows from Purchase of Additional Shares of Subsidiaries		--	(4,500)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		--	(36,756)
Proceeds from sales of property, plant, equipment and intangible assets		(2,444)	(45,474)
Purchase of Property, Plant, Equipment and Intangible Assets		3	2,202
Cash Outflows from Acquisition of Investment Property	14	(15,828)	(45,479)
Interest received		1,134	1,654
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(17,135)</b>	<b>(128,353)</b>
Payments to Acquire Entity's Shares or Other Equity Instruments		--	(37,749)
Proceeds from borrowings		218,781	662,772
Repayments of borrowings		(146,867)	(411,394)
Interest paid		(79,016)	(90,803)
Dividends paid		--	(18,983)
Other inflows (outflows) of cash		(50,508)	(8,441)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(57,610)</b>	<b>95,402</b>
Net increase (decrease) in cash and cash equivalents		<b>(6,455)</b>	<b>25,939</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	<b>22,424</b>	<b>58,713</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>15,969</b>	<b>84,652</b>

(\*) As at 1 January 2015, TL 15,597 of project reserve and grant balances are not shown in cash flow table which were shown in cash and cash equivalents line of balance sheet.

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

## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

*(Currency: Thousands of TL)*

## **1 REPORTING ENTITY**

Akfen Holding A.Ş. (“Akfen Holding”, “Group” or “Company”) was founded in Turkey in 1999. The operating areas of Akfen Holding, which founded its first company in 1976, are to make investments and provide coordination and management to the affiliate partners, which deal with the industrial branches such as the management and operation of airports, construction, operations of ports, marine transportation, water distribution and waste water services, energy and real estate. Akfen Holding extended its construction activities, carried out since its foundation, through Atatürk Airport Build-Operate-Transfer Model (“BOT”) in 1997 beyond construction and implemented the investment planning models used at airports into many infrastructure projects in Turkey as the executor and became one of the most important infrastructure holdings of Turkey.

As at 30 June 2016, Akfen Holding has 4 (31 December 2015: 6) subsidiaries and 6 (31 December 2015: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 30 June 2016 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 Airports”), Tav Yatırım Holding A.Ş. (“TAV Investment”), 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 Water”) and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (“İDO”).

Group manages the partnerships together with the nationally and internationally recognized companies Grup Tepe İnşaat Sanayi A.Ş. (“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, regarding the Novotel and Ibis hotels to be constructed in Turkey.

Akfen Holding shares that have been traded on the Borsa İstanbul A.Ş. (“BİAŞ”) under ‘AKFEN’ code since 14 May 2010 were excluded from the BİAŞ market as at 12 May 2016.

Pursuant to the Capital Markets Board’s (“CMB”) Communiqué on the “Squeeze-Out and Sell-Out Rights” temporary Article 3, as of 22.12.2015, total stakes of the shareholders acting in concert; Hamdi Akın, Selim Akın, Akınısı Makina Sanayi ve Ticaret A.Ş., Akfen Turizm Yatırımları ve İşletmecilik A.Ş. and Akfen Altyapı Danışmanlık A.Ş.; has reached 97.11% and the right to sell-out and squeeze-out as regulated in the Communiqué was exercised. Following the date of 22.12.2015 the period of 3 months ended as of 22.03.2016. Following the end of the 3 month period (23.12.2015-22.03.2016), during which the shareholders have exercised their sell-out rights, the majority shareholders exercised their right to squeeze-out the shareholders that have not exercised their sell-out rights, at a price of TL 10.9998, which is the weighted average trading price for the last 30 days prior the date of 22.12.2015, when the status of the majority shareholder was attained pursuant to the provisions of the Communiqué.

After the CMB approval was obtained on 28 April 2016, BİAŞ stopped the trading of the Company’s shares (AKFEN.E) on 29 April 2016. The Central Registry Agency (“MKK”) cancelled the shares, which were subject to squeeze-out and completed the related payment procedures have been completed on 11 May 2016.

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

As at and For the Six Month Period Ended 30 June 2016

(Currency: Thousands of TL)

#### 1 REPORTING ENTITY (continued)

The shareholders of Akfen Holding and the ownership ratios as at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016		31 December 2015	
	Share Amount	Ownership Rate	Share Amount	Ownership Rate
Hamdi Akın(*)	572,365	85.80	198,500	68.21
Selim Akın	23,174	3.47	-	-
Akfen Altyapı	65,829	9.87	-	-
Akfen Holding A.Ş.(**)	-	-	7,990	2.75
Other partners	5,713	0.86	2,278	0.78
Public shares(***)	-	-	53,132	28.26
<b>Paid in Capital (nominal)</b>	<b>667,081</b>	<b>100</b>	<b>261,900</b>	<b>100</b>

\* As at 31 December 2015, Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on the BİAŞ.

\*\* As at 31 December 2015, publicly owned.

\*\*\* As at 31 December 2015 there are 6,829,508 shares of Akfen Holding, 2.61% of the paid-in capital, which are public in nature and so 14,819,314 shares in total are being held by Akfen Holding, which make up 5.66% of the paid-in capital of the Company.

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>

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 30 June 2016 is 302 (31 December 2015: 265) and 36,931 (31 December 2015: 37,839), respectively.

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

#### i) Subsidiaries

##### **Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (Akfen REIT)**

REIT 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 CMB’s 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 REIT’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 a 100% owned subsidiary of Accor and operates in Turkey.

The shares of Akfen REIT have been trading on the BİAŞ under ‘AKFGY’ code since 11 May 2011.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**Akfen REIT (continued)**

Akfen REIT acquired the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (“Akfen Ticaret”) based on their nominal value on 21 February 2007, which was owned by Akfen Holding. Akfen Ticaret’s main operations are also investing in real estates, forming real estate portfolio and developing real estate projects.

Akfen REIT 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. 70% of the shares of Akfen Karaköy belong to Akfen REIT.

Akfen Ticaret owns 95% shares of Russian Hotel Investment BV (“Russian Hotel” or “RHI”) established in the Netherlands on 21 September 2007 and Russian Property Investment BV (“Russian Property” or “RPI”) established in the Netherlands on 3 January 2008. The main operation area of Russian Hotel is the development of hotel investments that will be operated by Accor in Ukraine and Russia. The Russian Property’s main activity is to realize office projects in Russia.

Akfen REIT 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. HDI took over the shares of Severnyi Avtovokzal LLC (which is based in Russia) through a share sales agreement between HDI and Beneta Limited on 4 September 2013. Severny has the rights of a project with a 2,010 m<sup>2</sup> sized plot of land and 317-rooms capacity hotel (over the land) in Central Moscow with a license for construction. On 16 July 2015 Ibis Hotel Moscow started to operate within the mentioned project.

As at 30 June 2016, Akfen REIT owns 19 hotels with a total number of 3,428 rooms and the numbers of beds are 6,714. One hotel under construction has a total of 200 rooms and 400 beds. Once this hotel in the construction phase has been completed the total number of hotels to be operational will reach 20 the number of rooms 3,628 and the corresponding number of beds in these rooms will reach 7,114.

**Akfen Yenilenebilir Enerji A.Ş. (“Akfen Renewable”)**

Within the ongoing restructuring in the renewable energy portfolio, the merger of the Company’s wholly owned subsidiaries AkfenHES Yatırımları ve Enerji Üretim A.Ş. (“Akfen HEPP”) and Akfenres Rüzgar Enerjisi Yatırımları A.Ş. (“Akfen WPP”), without liquidation as a whole, and the change of Akfen HEPP’s corporate name into “Akfen Yenilenebilir Enerji A.Ş.” (“Akfen Renewable”) has been realised and registered on 19 January 2016.

Within this structuring the transfer of the Company’s subsidiary Akfen Wholesale to Akfen Renewable was completed on 25 January 2016. In this context also on 25 January 2016 Laleli Enerji Elektrik Üretim A.Ş. (“Laleli”), a subsidiary of Akfen Renewable was transferred to the Company’s subsidiary Akfen Termik Enerji Yatırımları A.Ş. (“Akfen Thermal Energy”).

The acquisition of the Company’s Board Member Selim Akın’s 100% stake in Karine Enerji Üretim Sanayi ve Ticaret A.Ş. (“Karine SPP”) by the Company for a consideration of USD24 million, was completed as of 22 February 2016 (Note 4). The merger of Akfen Renewable and Karine SPP, without liquidation as a whole, has been completed and registered on 09 March 2016.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**Akfen Renewable (continued)**

On 15 December 2015, a partnership agreement was signed between Akfen Holding and European Bank for Reconstruction and Development (“EBRD”). Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine SPP and Akfen HEPP would be consolidated under one roof, a renewable energy company would be structured and EBRD would participate in this company with a 20% stake, paying USD100 million. On 22.06.2016 the agreement with EBRD was revised, so that both EBRD and IFC would participate in Akfen Renewable with an up to 16.667% stake, paying USD100 million each.

Since due to this agreement, there is a change of control in these subsidiaries and they will be accounted by equity method as a joint venture, as at 30 June 2016, all assets and liabilities of HEPP Group are presented in assets classified as held for sale and liabilities classified as held for sale.

**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 HEPP Group.

As at 30 June 2016, HEPP Group owns a total of 14 projects with a total installed capacity of 238.2 MW and an electricity generation capacity of 959.3 GWh/year, 11 power plants having 204.1 MW installed power capacity and 959.3 GWh electricity generation capacity are operational and the construction of 2 power plants with 24.1 MW installed power capacity and 64.2 GWh electricity generation capacity is in progress; these are Çalıkobası HEPP project of HHK Enerji Elektrik Üretim A.Ş. (“HHK”) and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. (“Kurtal”). In addition, there is 1 hydroelectrical power plant with 10.0 MW installed power capacity and 42.5 GWh annual electricity generation capacity in planning phase.

As at 30 June 2016, there are 12 direct subsidiaries and subsidiaries owned through companies with the same control structure of HEPP Group and these 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”), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Elen”), HHK Enerji Elektrik Üretim A.Ş. (“HHK”), Kurtal Elektrik Üretim A.Ş. (“Kurtal”), Memülü Enerji Elektrik Üretim A.Ş., Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Pak”), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş. (“Rize İpekyolu”), Yeni Doruk Enerji Elektrik Üretim A.Ş. (“Yeni Doruk”), Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (“Zeki”). From these companies Akörenbeli, Memülü and Rize İpekyolu are currently dormant. Currently, HEPP projects under HHK Kurtal are under construction while HEPP projects under Zeki are under development.

**WPP Group**

In order to build the structure of WPP Group, the transformation of Sim-Er Enerji Üretim Sanayi Ve Ticaret Ltd. Şti., consolidated under Akfen Holding, to WPP Group was completed on 6 February 2014 and 7 new companies with specific purposes of setting up wind measurement poles and carrying out wind measurements were founded under WPP Group. Four other companies, which have wind measurement poles settled up and measuring wind, were acquired on 10 February 2014, one other company was acquired on 26 September 2014 and three companies were established on 6 August 2015.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**WPP Group (continued)**

As at 30 June 2016, Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavaşa Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Pruva Enerji 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 15 wholly owned direct subsidiaries of WPP Group or companies with the same control structure. The process of developing wind power plant projects has begun, and the process continues with preparation works for 14 projects having an estimated 984 MW installed capacity. Applications to EMRA have been completed on 28 April 2015, the company's paid-in capital amounts were increased, and letters of guarantee were submitted to the EMRA. As a result of the review process by the EMRA 14 project have been evaluated and approved.

In addition, 3 subsidiaries' 10 new project's development studies for additional capacity have begun based on EMRA's announcement with regards to an additional 2,000 MW of wind power generation and the related wind measurements are continuing.

**SPP Group**

Within the SPP Group, as of 30 June 2016, there are 7.3 MW unlicensed projects that are operational, and the total portfolio of 151.3 MW consists of licensed (122.7 MW) and unlicensed (21. MW) projects that are under development. There are a total of 68 project companies and Akfen Renewable owns 100% of these companies with the exception of two companies (Me-se Elektrik Üretim A.Ş. ("Me-Se") 80%, Solentegre Enerji Yatırımları Ticaret A.Ş. ("Solentegre") 90%).

All of the HEPP companies projects are under the scope of the Renewable Energy Law. Projects under this scope enjoy purchase guarantee at USDcent7.3/kWh for the first 10 years of their operations if they obtain the related document and complete their investments by 31 December 2020. Within the same guarantee mechanism WPP portfolio enjoys a USDcent7.3/kWh and SPP portfolio enjoys USDcent13.3/kWh purchase guarantee. Also, under the same law, there are various additions to the guarantee price if domestically produced equipment is used at the generation facility.

**Akfen Termik Enerji Yatırımları A.Ş. ("Akfen Thermal Energy")**

In addition to hydroelectrical power plant investments, Group plans other investments in the energy sector under Akfen Thermal Energy. Akfen Holding's subsidiary Akfen Enerji Yatırımları Holding A.Ş.'s title has been changed to Akfen Termik Enerji Yatırımları A.Ş. at 19 December 2014 Extraordinary General Assembly session.

Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Production") that is consolidated under Akfen Thermal Energy, which carries out other energy sector investments of the Company, obtained the production license for the natural gas based electricity production plant investment located in Mersin, with an installed power capacity of 450 MW on 8 March 2012.

In addition, on 18 December 2012 Akfen Energy Production made an appeal for modification to the Energy Market Regulatory Board to increase the installed capacity of Mersin Combined Natural Gas Plant ("CCGT") to 1.148,4 MW. Environmental Impact Assessment ('EIA') Report for the project was accepted as decisive. Additionally, paid-in capital has been increased and the revision to the license has been completed on 13 January 2014. Moreover, construction of the transformer station, constructed free of charge to be turned over to TEİAŞ, was completed, provisional acceptance was obtained and it started operating on 7 April 2013. The disassembly works and the cleaning on the site were completed and the related written document has been obtained from the Ministry of Environment and Urbanization.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**Akfen Thermal Energy (continued)**

Application made to the Ministry of Environment and Urbanization for the EIA of the project's 380 kV Mersin CCGT-Konya Ereğli Transformation Station Energy Transmission Line was approved in line with the Article 8 of the EIA regulation and the EIA process was completed.

Akfen Thermal Energy participated in Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş. ("Adana İpekyolu") by 50%, which is founded to build an imported coal power plant with a capacity of 615 MWm-600 MWe in Adana-Yumurtalık. On 30 October 2015, 40% owned by Selim Akın in Adana İpekyolu was taken over. At the paid-in capital increase of Akfen Thermal Energy, since Hamdi Akın did not make use of his pre-emptive rights, Akfen Holding's share in Akfen Thermal Energy rose to 99.64% as of 27 May 2016.

**Akfen Enerji Dağıtım ve Ticaret A.Ş.**

The main activity field of Akfen Enerji Dağıtım ve Ticaret A.Ş. ("Akfen Energy Distribution") is energy investments. Subsidiaries of Akfen Energy Distribution are; Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş., Akfen Uluslararası Enerji Faaliyetleri ve Ticaret A.Ş., Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ve Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş., which are not active yet.

**Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction")**

According to the Board Decision dated 13 July 2015 it was decided to dispose the shares of Akfen Construction due to high amount of investment requirement and potential negative impact on dividend distribution of Akfen Holding as a result of equity need and to replace the disposed shares of Akfen Construction, with shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio. According to the decision it was decided that 99.85% stake in Akfen Construction was transferred to a related party Akfen Altyapı Danışmanlık A.Ş. at a value of USD 58,911,500 and the related share transfer was completed on 30 October 2015.

After the transfer of Akfen Construciton shares, due to discontinuance of constructing operations within Akfen Holding and its subsidiaries, until 30 October 2015, the date of the transfer of shares, Akfen Construction is presented in "profit or loss from discontinued operations".

**ii) Joint Ventures**

**TAV Havalimanları Holding A.Ş. ("TAV Airports")**

TAV Airports 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. The foundation aim of TAV Airports is to reconstruct the Terminal Building of İstanbul Atatürk International Airport ("AUHT") and to operate it for 66 months. The main work of TAV Airports is the construction of terminal buildings and operation of terminal buildings or airport.

TAV İstanbul Terminal İşletmeciliği A.Ş. signed a rental contract with the General Directorate of State Airports Operations ("DHMI") on 3 June 2005 in order to operate AUHT and Atatürk Airport Domestic Terminal for 15.5 years until 2021.

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMI as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Company



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**TAV Airports (continued)**

The opening of 3rd airport may lead to closure of Atatürk Airport at a date earlier than the concession contract end date, which may in turn lead to change in expected amortization period of prepaid rent and leasehold assets. However, TAV Holding and TAV İstanbul received a formal letter issued by DHMI dated 22 January 2013, stating that DHMI will fully reimburse the Company for all loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation in İstanbul before the end of the rent period of TAV İstanbul. In addition, it is stated that independent expert companies will be consulted for the computation of the total reimbursement amount. Accordingly the management continues to use the concession contract period end date of 2021 as the amortization date of prepaid rent and leasehold improvements, considering the uncertainty with respect to exact closure date of Atatürk Airport and that the carrying values of assets as of closure date, in case earlier than the end of concession period, are recoverable.

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”), TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) and TAV Milas Bodrum Terminal İşletmeciliği A.Ş. companies signed Build – Operate – Transfer (“BOT”) Agreements with DHMI, TAV Urban Georgia LLC (“TAV Tbilisi”) signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations (“JSC”); TAV Batumi Operations LLC (“TAV Batumi”) signed a BOT Agreement with Georgia Ministry of Economic Development (“GMED”); TAV Tunisia SA (“TAV Tunisia”) signed a BOT Agreement with Tunisia State Airports Operations (“OACA”) for Monastir and Enfidha Airports; TAV Macedonia Doel Petrovec (“TAV Macedonia”) signed a BOT Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports, Tibah Airport Development Company (“Tibah Development”), established by TAV Airports, Al Rajhi Holding Group and Saudi Oger Ltd., signed a BTO Agreement with Saudi Arabia State Airport Operations (“GACA”) for Medinah Airport. TAV Ege Terminal Yat. Yap ve İşl. A.Ş., TAV Milas Bodrum Terminal İşletmeciliği A.Ş and TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. have signed concession agreements with DHMI. According to these agreements TAV Airports, carries out the construction, restructuring or the management of the airport for determined periods and in return obtains the operating rights of the airport for a predetermined time period. At the end of the agreement period, TAV Airports will transfer the property of built airport to respective institution (DHMI, JSC, GMED, OACA, MOT, MOTC, and GACA). In addition, the Group also signed individual contracts for the operation of airports thereafter.

A Concession Agreement was executed between ZAIC-A Limited (“ZAIC-A”) and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Airports 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 Airports owns 100% of Aviator Netherlands B.V. Handover date occurred on 6 December 2013 and the consortium that TAV Airports is a 15% partner of, took over the operations and construction site. The concession period will end in April 2042. In addition, TAV Airports signs several agreements for airport operations, TAV Airports also operates in other fields of airport operations such as duty-free, food and beverage services, ground services, information technology, security and management with ATÜ Turizm İşletmeciliği A.Ş., Havaş Havaalanları Yer Hizmetleri A.Ş., BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş., TAV Özel Güvenlik Hizmetleri A.Ş. and TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**TAV Airports (continued)**

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on 10 January 2015 and operating it until 31 December 2032. TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas-Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 and operation right of the domestic terminal starting from July 2014 to 31 December 2035.

ATU Duty Free (ATÜ), has been awarded the tender to operate the duty free shops in United States of America, Texas at Houston George Bush International Airport, for a period of 10 years. The project covers the operation right of 700 square meters of duty free area in the airport which in total, served nearly 41 million passengers in 2014.

BTA Yiyecek İçecek Hizmetleri A.Ş., has been declared as the preferred bidder to operate the food and beverages areas at New Muscat International Airport in Oman. The operating period is 10 years starting from 2017.

TAV Airports 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 Investment") 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 operations. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. ("TAV Construction") is a subsidiary of TAV Investment.

TAV Construction has branches in Egypt Cairo, The United Arab Emirates, Sharjah and Abu Dhabi, Qatari Doha, Saudi Arabia – Jeddah, France-Paris, Libya and Bahrain, Macedonia, Georgia and Saudi Arabia. TAV Construction 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 100%, 70%, 99.99%, 49% and 50% stakes, respectively. TAV Investment has unincorporated associations with 50% stakes in TAV Sera Adi Ortaklığı and TAV Sera Libadiye Adi Ortaklığı.

**MIP**

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 T.C. Devlet Demiryolları ("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 PA and TCDD on 11 May 2007 in order to operate it for 36 years. Akfen Holding and PSA, each with a 50% stake, have joint management in MIP. 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.

MIP has completed the first phase of the port expansion project ("EMH") started in 2014, which will allow MIP to serve large ships with a capacity of 10,000 TEU and above and to become the international transfer hub of the Eastern Mediterranean on 8 August 2016. Hence, the berth capacity has reached 2.6 million TEU and the yard capacity 2.2 million TEU. Thanks to the EMH project, MIP will be able to handle more transshipment volume.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**Akfen Water**

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Water”) has started operating on 24 August 2006. Akfen Water, having completed all of its investments, served 6,977 subscribers as at 30 June 2016.

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.

In line with its customers’ needs, Akfen Water offers development and management of sustainable and ecological Solid Waste Management systems service by using new technologies. Akfen Water has signed its first agreement for solid waste management services with İDO and started to give solid waste management and removal services to all sea vehicles, vehicles, plants, offices and other port fields.

**İDO**

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011 by Akfen Holding, Tepe Construction; Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. joint venture. 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, 20 conventional ferries, 9 fast ferries, and 2 service vessels) and 15 lines consisting of 9 sea buses, 2 conventional ferries and 4 fast ferries. The sea buses, fast ferries and conventional ferries have a total of 36,435 passengers capacity for the summer period and 30,113 passengers capacity for the winter period and 2,869 vehicles capacity for both periods as at 30 June 2016.

## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

*(Currency: Thousands of TL)*

## **2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1 Basis of Presentation**

#### **(a) Statement of compliance to TAS**

Akfen Holding and its subsidiaries maintain their books of account and prepare their statutory financial statements in TL in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in 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. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The accompanying consolidated financial statements as of 30 June 2016 are approved by the Company’s Board of Directors on 19 August 2016, General assembly and related legal institutions have right to correct these financial statements and statutory financial statements.

#### **(b) Preparation of financial statements**

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in 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. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

#### **(c) Correction of financial statements during the hyperinflationary periods**

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied to the consolidated financial statements since 1 January 2005.

#### **(d) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments and investment properties that are measured at fair value.

#### **(e) Functional and presentation currency**

Akfen Holding and its subsidiaries and joint ventures operating in Turkey prepare their accounting records and legal financial statements in accordance with the accounting principles per Turkish Uniform Chart of Accounts and present these financial statements in TL. Accounting records of subsidiaries and joint ventures established abroad are subject to regulations and accounting principles that are applied in the countries in which they operate. The accompanying consolidated financial statements are presented in TL, which is the reporting currency and converted from legal basis to TAS basis by a series of adjustments and reclassifications. The functional currency of the subsidiaries and joint ventures are as follows.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

**(e) Functional and presentation currency (continued)**

As at 30 June 2016, valid functional and presentation currency of subsidiaries and joint ventures as below:

<u>Company</u>	<u>Functional Currency</u>
Akfen REIT	TL
Akfen Thermal Energy	TL
Akfen Renewable	TL
Akfen Energy Distribution	TL
TAV Airports	Euro
TAV Investment	US Dollar
MIP	US Dollar
PSA Akfen Liman İşletme ve Yönetim Danışmanlığı A.Ş.	TL
Akfen Water	TL
İDO	TL

As at 31 December 2015, valid functional and presentation currency of subsidiaries and joint ventures as below:

<u>Company</u>	<u>Functional Currency</u>
Akfen Construction (*)	TL
Akfen REIT	TL
Akfen Thermal Energy	TL
Akfen HEPP	TL
Akfen WPP	TL
Akfen Energy Distribution	TL
Akfen Electricity Wholesale	TL
TAV Airports	Euro
TAV Investment	US Dollar
MIP	US Dollar
PSA Akfen Liman İşletme ve Yönetim Danışmanlığı A.Ş.	TL
Akfen Water	TL
İDO	TL

(\*) Until 30 October 2015 Akfen Construction is presented in profit or loss from discontinued operations.

**(f) Basis of consolidation**

The accompanying financial statements include the accounts of the parent company Akfen Holding, its subsidiaries and its investments in equity accounted investees. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements. Subsidiaries and joint ventures are consolidated based on the methods described below:

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

**(i) Subsidiaries**

When preparing the consolidated financial statements, subsidiaries that the Group has control power on its financial and activity policy are determined as 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 2016 and 31 December 2015, ownership and voting rights rates of subsidiaries included in the consolidated financial statements are as follows:

	Akfen Holding's ownership		Akfen Holding's direct or indirect voting rights		Voting rights of Akin Family		Total voting right		Principal Activity
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	
Akfen REIT	56.88	56.88	56.88	56.88	16.41	16.41	73.29	73.29	Realestate investment
HEPP Group (*)	--	100.00	--	100.00	--	--	--	100.00	Hydroelectric, electricity production
Akfen Energy Distribution	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	Energy
Akfen Electricity Wholesale (*)	--	100.00	--	100.00	--	--	--	100.00	Electricity sales
Akfen Thermal Energy	99.64	70.25	99.64	70.25	0.36	29.75	100.00	100.00	Energy
Akfen WPP (*)	--	100.00	--	100.00	--	--	--	100.00	Energy
Akfen Renewable	100.00	--	100.00	--	--	--	100.00	--	Energy
Akfen Costruction (**)	--	--	--	--	--	100	--	--	Construction

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

(\*) Transferred to Akfen Renewable as of 25 March 2016.

(\*\*)According to the Board Decision dated 13 July 2015, shares of Akfen Costruction were transferred to Company's related party Akfen Altyapı at an amount of USD 58,911,500,

**(ii) Joint arrangements**

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:

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

**(f) Basis of consolidation (continued)**

**(ii) Joint arrangements (continued)**

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 2016 and 31 December 2015, the detail of joint ventures is as follows.

	30 June 2016		31 December 2015		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Airports	8.12	8.12	8.12	8.12	Operation of airports Investment, construction and operation in aviation industry
TAV Investment MIP	21.68	21.68	21.68	21.68	Port operation
PSA Liman	50.00	50.00	50.00	50.00	Consultancy Water Treatment Construction and Management
Akfen Water İDO	50.00	50.00	49.98	49.98	Management
	30.00	30.00	30.00	30.00	Marine transportation

**(iii) Acquisitions of entities under common control**

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 recognized 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 recognized 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.

**(v) Business combinations**

Acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

**(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. Except for the differences arising from cash flow hedging instruments accounted under other comprehensive income, foreign exchange differences arising on translation are recognized in the consolidated statement of profit or loss.

The Group entities use USD, Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of 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.

For the period ending 30 June 2016 and 31 December 2015, year end changes and average changes are as follows:

	Average Rate		Period End Rate	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
US Dollar	2.9181	2.5606	2.8936	2.9076
Euro	3.2558	2.8585	3.2044	3.1776
Georgian Lari ("GEL")	1.2564	1.1751	1.2337	1.2142
Macedonian Denar ("MKD")	0.0527	0.0463	0.0519	0.0515
Tunisian Dinar ("TND")	1.4215	1.3212	1.3080	1.4321
Swedish Krona ("SEK")	0.3503	0.3059	0.3403	0.3479
Saudi Riyal ("SAR")	0.7781	0.6823	0.7716	0.7753
Croatian Kuna ("HRK")	0.4304	0.3745	0.4278	0.4140
Russian Ruble ("RUB")	0.0416	0.0443	0.0451	0.0396



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

*(Currency: Thousands of TL)*

**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 in the related periods.

Assets and liabilities of subsidiaries, that have functional currencies other than the Group's functional currency, are translated to TL at exchange rates at the reporting date. The income and expenses of these foreign operations are translated to TL at average exchange rates in the related periods.

**(iii) Comparative information and restatement of prior period financial statements**

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. When the presentation or classification of consolidated financial statements has changed, in order to conform the changes in the presentation of the current period consolidated financial statements comparative figures are reclassified and related explanations are made.

*The arrangements made in the financial statements 2015*

Reclassification and arrangements which are made on Group's balance sheets of 31 December 2015 and 1 January 2015 and income statement of 30 June 2015 explained in Note 3.

**2.2 Summary of Significant Accounting Policies**

The condensed interim consolidated financial statements of the Group for the six months period ended 30 June 2016 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 2015 summarized below, accounting policies taken into account for preparation of condensed interim consolidated financial statements as at 30 June 2016 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 2015.

**Changes In Turkish Financial Reporting Standarts**

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2016 are consistent with those of the previous financial year, except for the adoption of new and mended IFRS and IFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

**2.2 Summary of Significant Accounting Policies (continued)**

*The new standards, amendments and interpretations which are effective as at 1 January 2016 are as follows:*

IFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

AS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

AS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendment)–Bearer Plants

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

IAS 1 Disclosure Initiative (Amendments to IAS 1)

TFRS 14 Regulatory Deferral Accounts

Annual Improvements to TFRSs – 2012–2014 Cycle

These amendments don't have significant impact on the financial position or performance of the Group.

*Standards issued but not yet effective and not early adopted:*

TFRS 9 - Financial Instruments – Classification and measurement

These amendment evaluating for impact on the financial position or performance of the Group.

*The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”):*

Annual Improvements to IFRSs - 2010 - 2012 Cycle

Annual Improvements to IFRSs - 2011 - 2013 Cycle

IFRS 15 Revenue from Contracts with Customers

Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)

FRS 9 Financial Instruments - Final standard (2014)

IFRS 16 Leases

AS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

IAS 7 Statement of Cash Flows (Amendments)

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

These amendment evaluating for impact on the financial position or performance of the Group.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**

**Effect of combination**

The Company purchased 100% of Karine SPP from Selim Akın, member of Board of Directors of Company, with a price of USD 24,000,000 on February 22, 2016 (Note 4). Additionally, merger process was completed as of March 9, 2016 through the merger of Karina SPP to Akfen Renewable without liquidation as a whole. The aforementioned acquisition transaction is considered as "Common control business combination" and recognized with "Pooling of interest" method. Therefore, balance sheet dated December 31, 2015 and January 1, 2015 and statement of profit or loss for the period end June 30, 2015 are rearranged. Effect of combination is recognized under same items since the renewable energy section, including Karine SPP, is classified as asset and liability held for sale on June 30, 2016 and December 31, 2015.

**Reclassifications of previous period**

TL 47,664 reclassified in "long term financial investments" under "non-current assets" in balance sheet as shown Note 6 which classified "restricted cash balances" under "current assets" in balance sheet of 31 December 2015.

<b>ASSETS</b>	<u>Previously reported 31 December 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>Restated 31 December 2015</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	22,424	--	--	22,424
Trade Receivables	17,867	--	--	17,867
-Trade Receivables Due From Unrelated Parties	17,867	--	--	17,867
Other Receivables	99,734	--	--	99,734
-Other Receivables Due From Related Parties	99,587	--	--	99,587
-Other Receivables Due From Unrelated Parties	147	--	--	147
Restricted Bank Balances	47,664	(47,664)	--	--
Prepayments	8,119	--	--	8,119
Current Tax Assets	886	--	--	886
Other current assets	24	--	--	24
<b>SUB-TOTAL</b>	<b>196,718</b>	<b>(47,664)</b>	<b>--</b>	<b>149,054</b>
<b>Disposal Groups Classified as Held for Sale</b>	<b>1,071,328</b>	<b>--</b>	<b>42,242</b>	<b>1,113,570</b>
<b>Total current assets</b>	<b>1,268,046</b>	<b>(47,664)</b>	<b>42,242</b>	<b>1,262,624</b>
<b>NON-CURRENT ASSETS</b>				
Financial Investments	--	47,664	--	47,664
Other Receivables	448,730	--	--	448,730
-Other Receivables Due From Related Parties	431,387	--	--	431,387
-Other Receivables Due From Unrelated Parties	17,343	--	--	17,343
Investments accounted for using equity method	864,249	--	--	864,249
Investment property	1,428,361	--	--	1,428,361
Property, plant and equipment	64,624	--	--	64,624
Intangible assets and goodwill	33,649	--	--	33,649
-Goodwill	3,309	--	--	3,309
-Other intangible assets	30,340	--	--	30,340
Prepayments	11,797	--	--	11,797
Deferred Tax Asset	6,364	--	--	6,364
Other Non-current Assets	44,445	--	--	44,445
<b>Total non-current assets</b>	<b>2,902,219</b>	<b>47,664</b>	<b>--</b>	<b>2,949,883</b>
<b>Total assets</b>	<b>4,170,265</b>	<b>--</b>	<b>42,242</b>	<b>4,212,507</b>

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**

(continued)

*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
**Notes to the Consolidated Financial Statements**  
**As at and For the Six Month Period Ended 30 June 2016**  
*(Currency: Thousands of TL)*

<b>LIABILITIES AND EQUITY</b>	<u>Previously reported</u> <u>31 December</u> <u>2015</u>	<u>Reclassifications of</u> <u>previous period</u>	<u>Restated</u> <u>31 December</u> <u>2015</u>
<b>CURRENT LIABILITIES</b>			
Current Borrowings	42,728	--	42,728
Current Portion of Non-current Borrowings	224,119	--	224,119
Trade Payables	19,316	--	19,316
-Trade Payables to Related Parties	3,783	--	3,783
-Trade Payables to Unrelated Parties	15,533	--	15,533
Other Payables	10,022	--	10,022
-Other Payables to Related Parties	1,603	--	1,603
-Other Payables to Unrelated Parties	8,419	--	8,419
Employee Benefit Obligations	548	--	548
Deferred Income	402	--	402
Current provisions	2,053	--	2,053
-Current provisions for employee benefits	2,053	--	2,053
<b>SUB-TOTAL</b>	<b>299,188</b>	<b>--</b>	<b>299,188</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>788,562</b>	<b>35,582</b>	<b>824,144</b>
<b>Total current liabilities</b>	<b>1,087,750</b>	<b>35,582</b>	<b>1,123,332</b>
<b>NON-CURRENT LIABILITIES</b>		<b>--</b>	
Long Term Borrowings	1,262,779	--	1,262,779
Other Payables	12,687	--	12,687
-Other Payables to Related Parties	9,066	--	9,066
-Other Payables to Unrelated parties	3,621	--	3,621
Deferred Tax Liabilities	69,795	--	69,795
Non-current provisions	1,441	--	1,441
-Non-current provisions for employee benefits	1,441	--	1,441
<b>Total non-current liabilities</b>	<b>1,346,702</b>	<b>--</b>	<b>1,346,702</b>
<b>Total liabilities</b>	<b>1,735,813</b>	<b>6,660</b>	<b>1,742,473</b>
<b>EQUITY</b>	<b>1,388,191</b>	<b>6,915</b>	<b>1,395,106</b>
Issued capital	261,900	--	261,900
Inflation Adjustments on Capital	(7,257)	--	(7,257)
Share Premium (Discount)	157,694	--	157,694
Treasury Shares (-)	(76,029)	--	(76,029)
Effects of Business Combinations Under Common Control	6,236	12,841	19,077
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	133,279	--	133,279
Gains (Losses) on Revaluation and Remeasurement	133,279	--	133,279
-Increases (Decreases) on Revaluation of Property, Plant and Equipment	137,068	--	137,068
-Gains (Losses) on Remeasurements of Defined Benefit Plans	(3,789)	--	(3,789)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	177,894	--	177,894
-Exchange Differences on Translation	199,899	--	199,899
-Gains (Losses) on Hedge	(22,005)	--	(22,005)
Restricted Reserves Appropriated From Profits	96,508	--	96,508
Prior Years' Profits or Losses	600,501	--	600,501
Current Period Net Profit Or Loss	37,465	(5,926)	31,539
<b>Non-controlling interests</b>	<b>347,622</b>	<b>(255)</b>	<b>347,367</b>
<b>Total Liabilities and Equity</b>	<b>4,170,265</b>	<b>42,242</b>	<b>4,212,507</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**  
(continued)

<b>ASSETS</b>	<u>Previously reported</u> <u>1 January 2015</u>	<u>Effect of</u> <u>combination</u>	<u>Restated</u> <u>1 January 2015</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	63,736	10,574	74,310
Trade Receivables	115,043	66	115,109
-Trade Receivables Due From Related Parties	822	66	888
-Trade Receivables Due From Unrelated Parties	114,221	--	114,221
Other Receivables	2,190	--	2,190
-Other Receivables Due From Related Parties	652	--	652
-Other Receivables Due From Unrelated Parties	1,538	--	1,538
Inventories	252,387	--	252,387
Prepayments	7,805	369	8,174
Current Tax Assets	7,729	--	7,729
Other current assets	115,958	16	115,974
<b>SUB-TOTAL</b>	<b>564,848</b>	<b>11,025</b>	<b>575,873</b>
<b>Disposal Groups Classified as Held for Sale</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total current assets</b>	<b>564,848</b>	<b>11,025</b>	<b>575,873</b>
<b>NON-CURRENT ASSETS</b>			
Financial Investments	--	--	--
Trade Receivables	135,624	--	135,624
-Trade Receivables Due From Unrelated Parties	135,624	--	135,624
Other Receivables	66,726	(444)	66,282
-Other Receivables Due From Related Parties	51,690	--	51,690
-Other Receivables Due From Related Parties	15,036	(444)	14,592
Investments accounted for using equity method	631,082	--	631,082
Investment property	1,351,891	--	1,351,891
Property, plant and equipment	875,349	3,896	879,245
Intangible assets and goodwill	86,869	2,414	89,283
-Goodwill	3,309	--	3,309
-Other intangible assets	83,560	2,414	85,974
Prepayments	14,333	--	14,333
Deferred Tax Asset	77,457	--	77,457
Other Non-current Assets	103,248	337	103,585
<b>Total non-current assets</b>	<b>3,342,579</b>	<b>6,203</b>	<b>3,348,782</b>
<b>Total assets</b>	<b>3,907,427</b>	<b>17,228</b>	<b>3,924,655</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**  
(continued)

<b>LIABILITIES AND EQUITY</b>	<u>Previously reported</u> <u>1 January 2015</u>	<u>Effect of combination</u>	<u>Restated</u> <u>1 January 2015</u>
<b>CURRENT LIABILITIES</b>			
Current Borrowings	31,809	--	31,809
Current Portion of Non-current Borrowings	331,706	13	331,719
Trade Payables	30,815	356	31,171
-Trade Payables to Related Parties	1,530	--	1,530
-Trade Payables to Unrelated Parties	29,285	356	29,641
Other Payables	41,820	8,433	50,253
-Other Payables to Related Parties	25,911	8,433	34,344
-Other Payables to Unrelated Parties	15,909	--	15,909
Employee Benefit Obligations	571	--	571
Deferred Income	278,772	--	278,772
Current provisions	3,655	--	3,655
-Current provisions for employee benefits	3,655	--	3,655
Other Current Liabilities	1,453	23	1,476
<b>SUB-TOTAL</b>	<b>720,601</b>	<b>8,825</b>	<b>729,426</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total current liabilities</b>	<b>720,601</b>	<b>8,825</b>	<b>729,426</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	1,414,551	8,998	1,423,549
Trade Payables	8,414	17	8,431
-Trade Payables to Related Parties	39	--	39
-Trade Payables to Unrelated Parties	8,375	17	8,392
Other Payables	12,408	--	12,408
-Other Payables to Related Parties	7,737	--	7,737
-Other Payables to Unrelated parties	4,671	--	4,671
Deferred Tax Liabilities	76,828	--	76,828
Non-current provisions	2,919	--	2,919
-Non-current provisions for employee benefits	2,919	--	2,919
<b>Total non-current liabilities</b>	<b>1,515,120</b>	<b>9,015</b>	<b>1,524,135</b>
<b>Total liabilities</b>	<b>1,671,706</b>	<b>(612)</b>	<b>1,671,094</b>
<b>EQUITY</b>	<b>1,296,841</b>	<b>(649)</b>	<b>1,296,192</b>
Issued capital	291,000	--	291,000
Inflation Adjustments on Capital	(7,257)	--	(7,257)
Share Premium (Discount)	211,695	--	211,695
Treasury Shares (-)	(167,264)	--	(167,264)
Effects of Business Combinations Under Common Control	6,236	(649)	5,587
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	78,697	--	78,697
Gains (Losses) on Revaluation and Remeasurement	78,697	--	78,697
-Increases (Decreases) on Revaluation of Property, Plant and Equipment	81,192	--	81,192
-Gains (Losses) on Remeasurements of Defined Benefit Plans	(2,495)	--	(2,495)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	63,102	--	63,102
-Exchange Differences on Translation	81,675	--	81,675
-Gains (Losses) on Hedge	(18,573)	--	(18,573)
Restricted Reserves Appropriated From Profits	187,743	--	187,743
Prior Years' Profits or Losses	632,889	--	632,889
<b>Non-controlling interests</b>	<b>374,865</b>	<b>37</b>	<b>374,902</b>
<b>Total Liabilities and Equity</b>	<b>3,907,427</b>	<b>17,228</b>	<b>3,924,655</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**

(continued)

**Reclassifications of previous period**

As at 30 October 2015 after the transfer of Akfen Construction shares to Akfen Altyapı, Akfen Construction and all of its subsidiaries and affiliates were subtracted from the consolidation and the gain and loss of 1 January - 30 October 2015 for Akfen Construction is restated as profit/(loss) from discontinued operations in other segment. In this direction the gain and loss of 1 January - 30 June 2015 for Akfen Construction is reclassified as profit/(loss) from discontinued operations in other segment.

	<u>Previously reported</u>			<u>Restated</u>
	<u>1 January – 30 June 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>1 January – 30 June 2015</u>
Revenue	200,295	(81,065)	161	119,391
Cost of sales	(111,599)	75,518	(503)	(36,584)
<b>GROSS PROFIT (LOSS)</b>	<b>88,696</b>	<b>(5,547)</b>	<b>(342)</b>	<b>82,807</b>
General Administrative Expenses	(38,994)	17,111	(1,119)	(23,002)
Other Income from Operating Activities	33,128	(9,409)	0	23,719
Other Expenses from Operating Activities	(4,837)	2,062	--	(2,775)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	15,314	4,209	--	19,523
<b>PROFIT (LOSS) FROM OPERATING</b>	<b>93,307</b>	<b>8,426</b>	<b>(1,461)</b>	<b>100,272</b>
Investment Activity Income	313	(151)	--	162
Investment Activity Expenses	--	--	--	--
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>93,620</b>	<b>8,275</b>	<b>(1,461)</b>	<b>100,434</b>
Finance income	19,349	(5,479)	53	13,923
Finance costs	(231,510)	34,505	(422)	(197,427)
<b>PROFIT (LOSS) FROM CONTINUING</b>	<b>(118,541)</b>	<b>37,301</b>	<b>(1,830)</b>	<b>(83,070)</b>
<b>Tax (Expense) Income, Continuing</b>	<b>14,464</b>	<b>(305)</b>	<b>--</b>	<b>14,159</b>
Current Period Tax (Expense) Income	(1,700)	--	--	(1,700)
Deferred Tax (Expense) Income	16,164	(305)	--	15,859
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(104,077)</b>	<b>36,996</b>	<b>(1,830)</b>	<b>(68,911)</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit (Loss) From Discontinued Operation	--	(36,996)	--	(36,996)
<b>PROFIT (LOSS)</b>	<b>(104,077)</b>	<b>--</b>	<b>(1,830)</b>	<b>(105,907)</b>
<b>Profit (loss), attributable to</b>				
Non-controlling Interests	2,589	--	3	2,592
Owners of Parent	(106,666)	--	(1,833)	(108,499)
<b>Profit (loss) for period</b>	<b>(104,077)</b>	<b>--</b>	<b>(1,830)</b>	<b>(105,907)</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**  
(continued)

	<u>Previously reported</u>			<u>Restated</u>
	<u>1 April – 30 June 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>1 April – 30 June 2015</u>
Revenue	149,854	(81,065)	101	68,890
Cost of sales	(92,233)	75,087	(452)	(17,598)
<b>GROSS PROFIT (LOSS)</b>	<b>57,621</b>	<b>(5,978)</b>	<b>(351)</b>	<b>51,292</b>
General Administrative Expenses	(21,187)	10,023	(560)	(11,724)
Other Income from Operating Activities	9,567	(3,753)	--	5,814
Other Expenses from Operating Activities	(2,023)	(84)	--	(2,107)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	10,475	1,432	--	11,907
<b>PROFIT (LOSS) FROM OPERATING</b>	<b>54,453</b>	<b>1,640</b>	<b>(911)</b>	<b>55,182</b>
Investment Activity Income	245	(113)	--	132
Investment Activity Expenses	--	--	--	--
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>54,698</b>	<b>1,527</b>	<b>(911)</b>	<b>55,314</b>
Finance income	7,951	(4,206)	(169)	3,576
Finance costs	(101,271)	26,131	(404)	(75,542)
<b>PROFIT (LOSS) FROM CONTINUING</b>	<b>(38,622)</b>	<b>23,452</b>	<b>(1,484)</b>	<b>(16,652)</b>
<b>Tax (Expense) Income, Continuing</b>	<b>15,443</b>	<b>(6,491)</b>	<b>--</b>	<b>8,952</b>
Current Period Tax (Expense) Income	(701)	--	--	(701)
Deferred Tax (Expense) Income	16,144	(6,491)	--	9,653
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(23,179)</b>	<b>16,961</b>	<b>(1,484)</b>	<b>(7,700)</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit (Loss) From Discontinued Operation	--	(16,962)	--	(16,962)
<b>PROFIT (LOSS)</b>	<b>(23,179)</b>	<b>(1)</b>	<b>(1,484)</b>	<b>(24,662)</b>
<b>Profit (loss), attributable to</b>				
Non-controlling Interests	3,319	(1)	8	3,327
Owners of Parent	(26,498)	--	(1,492)	(27,989)
<b>Profit (loss) for period</b>	<b>(23,179)</b>	<b>(1)</b>	<b>(1,484)</b>	<b>(24,662)</b>



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**3 RESTATEMENT OF PREVIOUS YEAR'S FINANCIAL STATEMENTS**

(continued)

	<u>Previously reported 30 June 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>Restated 30 June 2015</u>
Profit (Loss) from Continuing Operations	(104,077)	36,996	(1,830)	(68,911)
Profit (Loss) from Discontinued Operations	--	(36,996)	--	(36,996)
Adjustments to Reconcile Profit (Loss)	181,262	--	2,902	184,164
<b>Cash flow from operating activities before changes in working capital</b>	<b>77,185</b>	<b>--</b>	<b>1,072</b>	<b>78,257</b>
Changes in Working Capital	(84,728)	--	9,615	(75,113)
<b>Cash Flows From (used in) Operational Activities</b>	<b>(7,543)</b>	<b>--</b>	<b>10,687</b>	<b>3,144</b>
Cash Flows From (used in) Operational Activities	48,203	--	10,687	58,890
Cash Flows From (used in) Investing Activities	(99,064)	--	(29,289)	(128,353)
Cash Flows From (used in) Financing Activities	85,303	--	10,099	95,402
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>34,442</b>	<b>--</b>	<b>(8,503)</b>	<b>25,939</b>
Cash and Cash Equivalents at the Beginning of the Period	48,139	--	10,574	58,713
Cash and Cash Equivalents at the End of the Period	82,581	--	2,071	84,652

**4 BUSINESS COMBINATIONS**

Acquisition transaction regarding shares of Selim Akın, Member of Board of Directors of the Company, representing 100% of Karine SPP capital, with a price of USD 24,000,000, has been completed on February 22, 2016. This transaction, having the nature of common control business combination, is recognized with "Pooling of interest" method in accordance with resolution of POA numbered 2013-2. As a result, assets and liabilities of Karine SPP have been recorded with their cost values and difference between paid amount and net asset amount has been recognized under "Effect of Combination including businesses subject to joint control. In addition the merger of Akfen Renewable and Karine SPP, without liquidation as a whole, has been completed and registered on 09 March 2016.

	<b>Net Book Value</b>
<b>Acquired net assets</b>	
Total current assests	6,394
Total noncurrent assests	35,848
Current liabilities	(12,218)
Current liabilities	(23,364)
<b>Total of net assets</b>	<b>6,660</b>
Non-controlling interests (-)	(255)
<b>Acquired net assets</b>	<b>6,915</b>
Acquiring value	(71,179)
<b>Effects of Business Combinations Under Common Control</b>	<b>(64,264)</b>

**5 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 REIT and Akfen Renewable. As at 30 October 2015 after the transfer of Akfen Construction shares to Akfen Altyapı, Akfen Construction and all of its subsidiaries and affiliates weres subtracted from the consolidation.

*Other*

Subsidiaries in other operations segment are Akfen Thermal Energy, Akfen Energy Distribution and WPP Group. Akfen Holding is included in the other segment.

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

As at and For the Six Month Period Ended 30 June 2016

(Currency: Thousands of TL)

#### 5 SEGMENT REPORTING (continued)

<u>1 January-30 June 2016</u>	<u>Akfen REIT</u>	<u>Akfen Renewable</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	26,137	131,024	--	--	--	157,161
Inter segment revenue	--	26	--	--	(26)	--
<b>Total revenue</b>	<b>26,137</b>	<b>131,050</b>	<b>--</b>	<b>--</b>	<b>(26)</b>	<b>157,161</b>
Cost of sales	(4,193)	(65,226)	--	--	577	(68,842)
<b>Gross profit</b>	<b>21,944</b>	<b>65,824</b>	<b>--</b>	<b>--</b>	<b>551</b>	<b>88,319</b>
General administrative expenses	(4,277)	(5,563)	(36,734)	--	26	(46,548)
Other operating income	85	733	80,165	--	(76,470)	4,513
Other operating expense	(1,115)	(119)	(2)	--	(175)	(1,411)
Investment in equity accounted investees	--	--	--	66,178	--	66,178
<b>Operating profit/ (loss)</b>	<b>16,637</b>	<b>60,875</b>	<b>43,429</b>	<b>66,178</b>	<b>(76,068)</b>	<b>111,051</b>
Income from investment activities	--	0	498	--	--	498
Expense from investment activities	--	--	(29,947)	--	--	(29,947)
Financial income	14,248	6,600	51,834	--	(8,603)	64,079
Financial expense	(19,089)	(39,919)	(47,875)	--	9,839	(97,044)
<b>Profit / (loss) of continuing operations before tax</b>	<b>11,796</b>	<b>27,556</b>	<b>17,939</b>	<b>66,178</b>	<b>(74,832)</b>	<b>48,637</b>
Tax income/(expense) for the period	(5,649)	(4,963)	3,454	--	377	(6,781)
<b>Profit/(loss) of period</b>	<b>6,147</b>	<b>22,593</b>	<b>21,393</b>	<b>66,178</b>	<b>(74,455)</b>	<b>41,856</b>
Profit (loss) for the period attributable to the parent of the Company	6,123	22,615	21,144	66,178	(76,981)	39,079
Depreciation and amortization expenses	14	16,803	257	--	(578)	16,496
Investments of tangible and intangible assets, investment properties and other investments (*)	15,857	--	2,415	--	--	18,272
<b>30 June 2016</b>						
Segment assets	1,620,576	1,186,718	2,248,638	848,589	(1,658,113)	4,246,407
Segment liabilities	796,740	906,447	970,187	--	(147,174)	2,526,200

(\*) As at 30 June 2016 investments amounting to TL 15,828 were made for investment property, TL 2,540 for plant and equipment and TL 270 for intangible assets.

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**Akfen Holding Anonim Şirketi**

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**5 SEGMENT REPORTING (continued)**

<u>1 April-30 June 2016</u>	<u>Akfen REIT</u>	<u>Akfen Renewable</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	13,529	68,833	--	--	--	82,362
Inter segment revenue	--	10	--	--	(10)	--
<b>Total revenue</b>	<b>13,529</b>	<b>68,843</b>	<b>--</b>	<b>--</b>	<b>(10)</b>	<b>82,362</b>
Cost of sales	(2,198)	(33,573)	--	--	289	(35,482)
<b>Gross profit</b>	<b>11,331</b>	<b>35,270</b>	<b>--</b>	<b>--</b>	<b>279</b>	<b>46,880</b>
General administrative expenses	(2,454)	(2,364)	(10,958)	--	6	(15,770)
Other operating income	56	(1,805)	21,341	--	(18,239)	1,353
Other operating expense	(1,018)	84	(2)	--	(174)	(1,110)
Investment in equity accounted investees	--	--	--	14,057	--	14,057
<b>Operating profit/ (loss)</b>	<b>7,915</b>	<b>31,185</b>	<b>10,381</b>	<b>14,057</b>	<b>(18,128)</b>	<b>45,410</b>
Income from investment activities	--	--	72	--	--	72
Expense from investment activities	--	--	(29,947)	--	--	(29,947)
Financial income	7,556	(13,176)	19,445	--	1,773	15,598
Financial expense	(5,183)	(20,220)	(23,022)	--	(538)	(48,963)
<b>Profit / (loss) of continuing operations before tax</b>	<b>10,288</b>	<b>(2,211)</b>	<b>(23,071)</b>	<b>14,057</b>	<b>(16,893)</b>	<b>(17,830)</b>
Tax income/(expense) for the period	(2,419)	354	3,454	--	(59)	1,330
<b>Profit/(loss) of period</b>	<b>7,869</b>	<b>(1,857)</b>	<b>(19,617)</b>	<b>14,057</b>	<b>(16,952)</b>	<b>(16,500)</b>
Profit (loss) for the period attributable to the parent of the Company	7,527	(1,837)	(19,865)	14,057	(18,525)	(18,643)
Depreciation and amortization expenses	8	8,951	2	--	(289)	8,672
Investments of tangible and intangible assets, investment properties and other investments	7,726	--	983	--	--	8,709

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## Akfen Holding Anonim Şirketi

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#### 5 SEGMENT REPORTING (continued)

<u>1 January-30 June 2015</u>	<u>Akfen Construction</u>	<u>Akfen REIT</u>	<u>HEPP Group</u>	<u>Akfen Electricity Wholesale(*)</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	--	24,051	73,418	21,762	160	--	--	119,391
Inter segment revenue	--	--	14,338	85	--	--	(14,423)	--
<b>Total revenue</b>	--	<b>24,051</b>	<b>87,756</b>	<b>21,847</b>	<b>160</b>	--	<b>(14,423)</b>	<b>119,391</b>
Cost of sales	--	(3,230)	(26,854)	(23,212)	(502)	--	17,214	(36,584)
<b>Gross profit</b>	--	<b>20,821</b>	<b>60,902</b>	<b>(1,365)</b>	<b>(342)</b>	--	<b>2,791</b>	<b>82,807</b>
General administrative expenses	--	(3,584)	(2,237)	(171)	(17,048)	--	38	(23,002)
Other operating income	--	243	15,394	2	56,694	--	(48,614)	23,719
Other operating expense	--	(491)	(2,226)	--	(58)	--	--	(2,775)
Investment in equity accounted investees	--	--	--	--	--	19,523	--	19,523
<b>Operating profit/ (loss)</b>	--	<b>16,989</b>	<b>71,833</b>	<b>(1,534)</b>	<b>39,246</b>	<b>19,523</b>	<b>(45,785)</b>	<b>100,272</b>
Income from investment activities	--	--	--	11	151	--	--	162
Financial income	--	18,003	61	8	30,406	--	(34,555)	13,923
Financial expense	--	(38,722)	(129,716)	(11)	(47,499)	--	18,521	(197,427)
<b>Profit / (loss) of continuing operations before tax</b>	--	<b>(3,730)</b>	<b>(57,822)</b>	<b>(1,526)</b>	<b>22,304</b>	<b>19,523</b>	<b>(61,819)</b>	<b>(83,070)</b>
Tax income/(expense) for the period	--	(4,991)	11,173	301	(1,713)	--	9,389	14,159
<b>Profit/(loss) of continuing operations after tax</b>	--	<b>(8,721)</b>	<b>(46,649)</b>	<b>(1,225)</b>	<b>20,591</b>	<b>19,523</b>	<b>(52,430)</b>	<b>(68,911)</b>
Profit/(loss) of discontinuing operations after tax	(50,898)	--	--	--	--	--	13,902	(36,996)
<b>Profit/(loss) of period</b>	<b>(50,898)</b>	<b>(8,721)</b>	<b>(46,649)</b>	<b>(1,225)</b>	<b>20,592</b>	<b>19,523</b>	<b>(38,529)</b>	<b>(105,907)</b>
Profit (loss) for the period attributable to the parent of the Company	(50,898)	(7,927)	(46,451)	(1,225)	20,265	19,523	(41,786)	(108,499)
Depreciation and amortization expenses	727	17	15,024	24	697	--	(2,854)	13,635
Investments of tangible and intangible assets, investment properties and other investments (**)	125,636	45,484	13,004	6	32,459	--	--	216,589
<b>31 December 2015</b>								
Segment assets	--	1,585,858	1,063,990	9,629	2,137,056	864,249	(1,448,275)	4,212,507
Segment liabilities	--	781,751	923,528	10,194	1,071,607	--	(317,046)	2,470,034

(\*) Akfen Electricity Wholesale, which was consolidated under Energy Group as of 30 June 2014, was fully transferred to Akfen Holding as of 31 December 2014 and hence Akfen Electricity Whole, which was recorded under Other as of 30 June 2014 was shown as a separate segment as of 30 June 2015.

(\*\*) As at 30 June 2015 investments amounting to TL 81,066 is comprised of investments for Isparta City Hospital project, TL 44,136 for İncek Loft project, TL 45,479 for investment property, TL 15,882 for plant and equipment and TL 303 for intangible assets.

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## Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

#### 5 SEGMENT REPORTING (continued)

<u>1 April-30 June 2015</u>	<u>Akfen Construction</u>	<u>Akfen REIT</u>	<u>HEPP Group</u>	<u>Akfen Electricity Wholesale (*)</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	--	13,284	44,852	10,652	102	--	--	68,890
Inter segment revenue	--	--	7,738	37	--	--	(7,775)	--
<b>Total revenue</b>	--	<b>13,284</b>	<b>52,590</b>	<b>10,689</b>	<b>102</b>	--	<b>(7,775)</b>	<b>68,890</b>
Cost of sales	--	(1,710)	(13,041)	(12,995)	(452)	--	10,600	(17,598)
<b>Gross profit</b>	--	<b>11,574</b>	<b>39,549</b>	<b>(2,306)</b>	<b>(350)</b>	--	<b>2,825</b>	<b>51,292</b>
General administrative expenses	--	(2,099)	(988)	(76)	(8,574)	--	13	(11,724)
Other operating income	--	(1,976)	176	2	56,225	--	(48,613)	5,814
Other operating expense	--	(133)	(1,941)	--	(33)	--	--	(2,107)
Investment in equity accounted investees	--	--	--	--	--	11,907	--	11,907
<b>Operating profit/ (loss)</b>	--	<b>7,366</b>	<b>36,796</b>	<b>(2,380)</b>	<b>47,268</b>	<b>11,907</b>	<b>(45,775)</b>	<b>55,182</b>
Income from investment activities	--	--	--	6	126	--	--	132
Expense from investment activities	--	--	--	--	--	--	--	--
Financial income	--	7,359	17	(1)	15,946	--	(19,745)	3,576
Financial expense	--	(24,165)	(38,897)	25	(23,374)	--	10,869	(75,542)
<b>Profit / (loss) of continuing operations before tax</b>	--	<b>(9,440)</b>	<b>(2,084)</b>	<b>(2,350)</b>	<b>39,966</b>	<b>11,907</b>	<b>(54,651)</b>	<b>(16,652)</b>
Tax income/(expense) for the period	--	(1,840)	2,659	300	(1,557)	--	9,390	8,952
Profit/(loss) of continuing operations after tax	--	(11,280)	575	(2,050)	38,410	11,907	(45,262)	(7,700)
Profit/(loss) of discontinuing operations after tax	(24,001)	--	--	--	--	--	7,039	(16,962)
Profit (loss) for the period attributable to the parent of the Company	(24,001)	(11,280)	575	(2,050)	38,410	11,907	(38,223)	(24,662)
Depreciation and amortization expenses	359	5	7,561	4	456	--	(2,853)	5,532
Investments of tangible and intangible assets, investment properties and other investments	58,210	19,935	5,511	--	14,444	--	--	98,100

**Akfen Holding Anonim Şirketi**

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**6 CASH AND CASH EQUIVALENTS**

As at 30 June 2016 and 31 December 2015, cash and cash equivalents comprise the following:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Cash on hand	142	66
Cash at banks	15,827	22,337
-Demand deposits	2,267	3,365
-Time deposits	13,560	18,972
Other cash and cash equivalents(*)	--	21
<b>Cash and cash equivalents</b>	<b>15,969</b>	<b>22,424</b>

(\*) As at 31 December 2015 the whole amount of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding.

As at 30 June 2016 and 31 December 2015 the distribution of the cash and cash equivalents of the Group on company basis is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Akfen REIT	12,415	16,239
Akfen Holding	2,525	5,229
Other	1,029	956
<b>Total</b>	<b>15,969</b>	<b>22,424</b>

As at 30 June 2016 and 31 December 2015 the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

<b>Currency</b>	<u>30 June 2016</u>	<u>31 December 2015</u>
TL	1,034	1,901
US Dollar	766	255
Euro	424	1,103
Other	43	106
	<b>2,267</b>	<b>3,365</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**6 CASH AND CASH EQUIVALENTS (continued)**

The details of the time deposits, due dates and interest rates of the Group as at 30 June 2016 and 31 December 2015 are as follows:

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>30 June 2016</u>
TL	October 2016	0.41-10.80	2,990
Euro	July 2016	0.02 – 1.80	10,570
			<b>13,560</b>

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 December 2015</u>
TL	January 2016	10.00	2,050
Euro	January 2016	1.25 – 7.20	16,185
Other	January 2016	11.50	737
			<b>18,972</b>

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 33. As at 30 June 2016 and 31 December 2015, there is no blokage except project reserve bank balances mentioned in Note 7.

**7 FINANCIAL INVESTMENTS**

**Restricted bank balances**

The details of the restricted cash balances of the Group as at 30 June 2016 is as follows (31 December 2015: None):

<u>Currency</u>	<u>30 June 2016</u>
US Dollar	50,106
	<b>50,106</b>

**Long term financial investments**

The details of long term financial investments of the Group as at 30 June 2016 and 31 December 2015 are as follows:

<u>Banka</u>	<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>30 June 2016</u>
Credit Europe Bank <sup>(1)</sup>	Euro	July 2025	% 7.20	48,066
<b>Total</b>				<b>48,066</b>

<u>Banka</u>	<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2015</u>
Credit Europe Bank <sup>(1)</sup>	Euro	July 2025	% 7.20	47,664
<b>Total</b>				<b>47,664</b>

<sup>(1)</sup> As at 30 June 2016 and 31 December 2015, time deposit on Credit Europe Bank is portion - in amount of Euro 15,000,000 in time blockage deposit- of Euro 30,000,000 loan obtained from Credit EuropeBank – details are disclosed in Note 16- as guarantee of the loans used by HDI and RPI from the same bank. The time deposit has the same interest rate with the loans and as the principal payments are made by HDI and RPI, the guarantee amount in the blockage will be deducted in the same portion with the loans paid. The acquired interest income is net off with the interest expense.

**Akfen Holding Anonim Şirketi**

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**8 SHORT TERM AND LONG TERM 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 33.

The detail of Group's financial liabilities as at 30 June 2016 is as follows:

<b>Current financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Short term secured bank loans	5,000	5,023
	<b>5,000</b>	<b>5,023</b>

<b>Current portion of long term financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Current portion of long term secured bank loans	153,378	201,641
Current portion of long term issued bonds	340,000	351,653
	<b>493,378</b>	<b>553,293</b>

<b>Non-current financial liabilities</b>		
Long term secured bank loans	1,044,767	1,007,732
Long-term issued bonds	60,000	60,000
	<b>1,104,767</b>	<b>1,067,732</b>

The details of Group's financial liabilities as at 31 December 2015 is as follows:

<b>Current financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying</u></b>
Short term secured bank loans	42,506	42,728
	<b>42,506</b>	<b>42,728</b>

<b>Current portion of long term financial liabilities</b>		
Current portion of long term secured bank loans	157,591	211,884
Current portion of long term issued bonds	--	12,235
	<b>157,591</b>	<b>224,119</b>

<b>Non-current financial liabilities</b>		
Long term secured bank loans	908,159	862,779
Long-term issued bonds	400,000	400,000
	<b>1,308,159</b>	<b>1,262,779</b>



**Akfen Holding Anonim Şirketi**

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**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

As at 30 June 2016, Group's total bank loans, issued bonds and leasing liabilities are as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1,203,145	1,214,396
Bonds	400,000	411,652
	<b>1,603,145</b>	<b>1,626,048</b>

As at 31 December 2015, Group's total bank loans and issued bonds liabilities are as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1,108,256	1,117,391
Bonds	400,000	412,235
	<b>1,508,256</b>	<b>1,529,626</b>

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 30 June 2015 are as follows:

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	509,688	402,468	912,156
Akfen REIT	48,628	665,264	713,892
	<b>558,316</b>	<b>1,067,732</b>	<b>1,626,048</b>

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	486,851	406,326	893,177
Akfen REIT	11,528	698,440	709,968
	<b>498,379</b>	<b>1,104,766</b>	<b>1,603,145</b>

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2015 are as follows:

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	222,116	603,493	825,609
Akfen REIT	44,730	659,287	704,017
	<b>266,846</b>	<b>1,262,780</b>	<b>1,529,626</b>

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	200,097	609,087	809,184
Akfen REIT	--	699,072	699,072
	<b>200,097</b>	<b>1,308,159</b>	<b>1,508,256</b>

**Akfen Holding Anonim Şirketi**

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**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**  
**Conditions and repayment schedules**

The repayment schedules of the bank loans and issued bonds of the Group as at 30 June 2016 and 31 December 2015 according to the original maturities are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2016</u>	<u>31 December 2015</u>
Within 1 year	498,378	200,097	558,316	266,847
1 – 2 years	421,239	548,228	447,990	579,585
2 – 3 years	49,690	110,284	71,346	130,394
3 – 4 years	45,076	43,046	60,491	58,877
5 years and more	588,763	606,601	487,905	493,923
	<b>1,603,145</b>	<b>1,508,256</b>	<b>1,626,048</b>	<b>1,529,626</b>

30 June 2016 ve 31 December 2015 tarihleri itibarıyla banka kredilerinin ve ihraç edilen tahvillerin yabancı para bazında dağılımı aşağıdaki şekildedir:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2016</u>	<u>31 December 2015</u>
TL	405,000	442,506	416,676	454,963
US Dollar	277,970	142,658	282,581	144,469
Euro	920,175	923,092	926,791	930,194
	<b>1,603,145</b>	<b>1,508,256</b>	<b>1,626,047</b>	<b>1,529,626</b>

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 2016 and 31 December 2015 the lowest and highest interest rates of loans that the Company used are as follows:

	<u>30 June 2016<sup>(*)</sup></u>			<u>31 December 2015<sup>(*)</sup></u>		
	<u>TL</u>	<u>US Dollar</u>	<u>Euro</u>	<u>TL</u>	<u>US Dollar</u>	<u>Euro</u>
<b>Fixed rate loans</b>						
The Lowest	14.00%	3.75%	3.85%	The Lowest	14.00%	3.75%
The Highest	14.45%	6.00%	7.20%	The Highest	14.00%	6.00%
<b>Fixed rate loans</b>						
The Lowest	3.00%	5.25%	5.50%	The Lowest	2.15%	5.25%
The Highest	3.50%	5.25%	5.50%	The Highest	3.50%	5.25%

(\*)For the floating interest rate loans, additional interest rate is added to Euribor, Libor and Base Interest rates of 30 June 2016 and 31 December 2015.

Group has obtained project loans for refinancing of hotel projects that will be built within the scope of MoU signed with Accor.

As at 30 June 2016, total amount of project loans is TL 708,869 (31 December 2015: TL 704,017) and its share on total loans is 44% (31 December 2015: 46%).

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

**Akfen Holding Anonim Şirketi**

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**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

**Akfen Holding**

The breakdown of bank loans as at 30 June 2016 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	6.00	2016	41,563	41,881
Secured bank loans <sup>(2)</sup>	USD	4.85	2016	28,068	29,060
Secured bank loans <sup>(2)</sup>	USD	3.75	2017	144,680	147,115
Secured bank loans <sup>(2)</sup>	USD	4.50	2017	20,255	20,258
Secured bank loans <sup>(1)</sup>	USD	Libor+5.25	2017	26,042	26,607
Secured bank loans <sup>(1)</sup>	USD	5.60	2017	17,362	17,660
Secured bank loans <sup>(2)</sup>	Euro	3.85	2016	28,840	29,982
Secured bank loans <sup>(2)</sup>	Euro	Euribor+5.50	2017	28,840	28,951
Secured bank loans <sup>(2)</sup>	Euro	4.60	2017	48,066	48,566
Secured bank loans <sup>(2)</sup>	Euro	4.15	2018	56,077	56,863
Secured bank loans <sup>(2)</sup>	Euro	4.00	2018	21,341	21,447
Secured bank loans <sup>(2)</sup>	Euro	4.70	2018	32,043	32,115
Bond <sup>(3)</sup>	TL	GDS (*) + 3.25	2017	140,000	143,974
Bond <sup>(4)</sup>	TL	GDS (*) + 3.50	2017	200,000	207,250
Bond <sup>(5)</sup>	TL	GDS (*) + 3.00	2017	60,000	60,427
				<b>893,177</b>	<b>912,156</b>

<sup>(1)</sup> Sureties are Akfen Holding shares belonging to Hamdi Akın.

<sup>(2)</sup> Sureties are given by Akfen Construction.

<sup>(3)</sup> Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140,000. The 10<sup>th</sup> period coupon payment date is 11 July 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 9<sup>th</sup> period coupon payment is 3.19%.

<sup>(4)</sup> Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000, The 5<sup>th</sup> period coupon payment date is 22 September 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 5<sup>th</sup> period coupon payment is 6.66%.

<sup>(5)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000, The 7<sup>th</sup> period coupon payment date is 8 September 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 7<sup>th</sup> period coupon payment is 2.95%

<sup>(\*)</sup> Benchmark 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 three working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted benchmark of the furthest future dated treasury bills issued by the Undersecretariat of Treasury.

**Akfen Holding Anonim Şirketi**

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**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

**Akfen Holding (continued)**

The breakdown of bank loans as at 31 December 2015 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	6.00	2016	41,764	42,089
Secured bank loans <sup>(2)</sup>	USD	3.75	2016	20,353	20,553
Secured bank loans <sup>(2)</sup>	USD	4.85	2016	28,204	28,477
Secured bank loans <sup>(3)</sup>	USD	Libor+5.25	2017	34,891	35,604
Secured bank loans <sup>(3)</sup>	USD	5.60	2017	17,446	17,746
Secured bank loans <sup>(2)</sup>	Euro	3.85	2016	28,598	29,142
Secured bank loans <sup>(2)</sup>	Euro	Euribor+5.50	2017	28,598	28,713
Secured bank loans <sup>(2)</sup>	Euro	4.60	2017	47,664	48,166
Secured bank loans <sup>(2)</sup>	Euro	4.15	2018	55,608	56,413
Secured bank loans <sup>(2)</sup>	Euro	4.00	2018	31,776	31,885
Secured bank loans <sup>(2)</sup>	Euro	4.70	2018	31,776	31,859
Secured bank loans <sup>(4)</sup>	TL	14.00	2017	29,998	30,214
Secured bank loans <sup>(5)</sup>	TL	16.80(*)	2017	12,508	12,513
Bond <sup>(6)</sup>	TL	GDS(**) + 3.25	2017	140,000	144,249
Bond <sup>(7)</sup>	TL	GDS(**) + 3.50	2017	200,000	207,503
Bond <sup>(8)</sup>	TL	GDS(**) + 3.00	2017	60,000	60,483
				<b>809,184</b>	<b>825,609</b>

<sup>(1)</sup> Sureties are Akfen Holding shares belonging to Hamdi Akın.

<sup>(2)</sup> Sureties are given by Akfen Construction.

<sup>(3)</sup> Sureties are Akfen Holding shares belonging to Hamdi Akın and Akfen Holding.

<sup>(4)</sup> Represents the share purchase loan, 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.

<sup>(5)</sup> Represents the share purchase loan, Akfen Holding and Akfen REIT 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.

<sup>(6)</sup> Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140,000. The 8<sup>th</sup> period coupon payment date is 11 January 2016, According to the determined additional rate of return, coupon interest rate that will be valid for the 8<sup>th</sup> period coupon payment is 3.41%.

<sup>(7)</sup> Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000. The 4<sup>th</sup> period coupon payment date is 24 March 2015. According to the determined additional rate of return, coupon interest rate that will be valid for the 4<sup>th</sup> period coupon payment is 7.19%.

<sup>(8)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000. The 5<sup>th</sup> period coupon payment date is 10 March 2016, According to the determined additional rate of return, coupon interest rate that will be valid for the 5<sup>th</sup> period coupon payment is 3.33%.

(\*\*) Benchmark 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 three working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted benchmark of the furthest future dated treasury bills issued by the Undersecretariat of Treasury.

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

**Akfen Holding (continued)**

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2016</u>	<u>31 December 2015</u>
Within 1 year	486,851	200,097	509,688	222,117
1 – 2 years	395,688	532,380	392,767	532,214
2 – 3 years	10,639	76,707	9,701	71,278
	<b>893,178</b>	<b>809,184</b>	<b>912,156</b>	<b>825,609</b>

**Akfen REIT:**

As at 30 June 2016, the detail of loans and borrowings is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	Euro	7.20	2025	371,710	373,833
Secured bank loans <sup>(2)</sup>	Euro	7.20	2025	96,132	96,943
Secured bank loans <sup>(3)</sup>	Euro	7.20	2025	48,066	48,555
Secured bank loans <sup>(4)</sup>	Euro	7.20	2025	189,060	189,538
Secured bank loans <sup>(5)</sup>	TL	14.45	2016	5,000	5,023
				<b>709,968</b>	<b>713,892</b>

(1) On February 19, 2015 between Akfen REIT and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116,000,000 with 10 years maturity having a 2 year grace period has been signed for the refinancing of Akfen REIT's current loans and financing of the investments of ongoing projects. The loan has been used on 18 March 2015 and all loans of Akfen REIT have been refinanced.

Bank borrowings obtained with this agreement is secured by the following:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipments of Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditors,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditors,
- Sureties of Akfen Construction is given for the completion guarantee of Tuzla Ibis Hotel project,
- Some portion of the shares, which are not publicly open, of Akfen REIT held by the shareholder Akfen Holding have been pledged to the favor of creditors.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

**Akfen REIT (continued)**

(2) The loan agreement in the amount of Euro 30,000,000, having 2 years grace period and a 10 years maturity, has been signed for the refinancing of all loans related to Akfen GT – subsidiary of Akfen REIT- and the loan has been used on 6 November 2015. Euro 15,000,000 portion of the loan has been used as guarantee of the loans used by HDI and RPI from the same bank. This portion is kept in time blockage deposit with the same interest rate of the loan and the guarantee amount in the blockage will be deducted in the same portion with the loans paid by HDI and RPI.

Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares, which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding, has been pledged to the favor of creditors,
- Shares of Akfen REIT on Akfen GT has been pledged to the favor of creditor,
- All shares on Akfen Karaköy have been pledged to the favor of creditor,
- Akfen Construction has corporate guarantee in amount of the loan,
- Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
- Right of tenancy of Merit Park Hotel is pledged in favor of the creditors in the 1<sup>st</sup> degree.

(3) The loan agreement in the amount of Euro 15,000,000, having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to Akfen Karaköy – subsidiary of Akfen REIT- and the loan has been used on 6 November 2015. Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares, which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding, has been pledged to the favor of creditor,
- Right of tenancy of Merit Park Hotel are pledged in favor of the creditors in the 2<sup>nd</sup> degree,
- Rent revenue of Novotel Karaköy is alienated in favor of the creditor,
- Sureties of Akfen Construction is given for the completion guarantee of Novotel Karaköy project,
- Akfen Construction has corporate guarantee in amount of the loan.

(4) The loan agreement in the amount of Euro 59.000.000 having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to HDI – subsidiary of Akfen REIT- and RHI and RPI – subsidiaries of Akfen GT- and the loan has been used on 6 November 2015 and 17 November 2015. Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding has been pledged to the favor of creditor,
- All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
- Akfen GT has corporate guarantee in amount of the loans used by RHI and RPI,
- Akfen REIT has corporate guarantee in amount of the loans used by HDI,
- Euro 15.000.000 portion of the loan used by Akfen GT is kept as guarantee,
- Right of tenancies of Yaroslavl Ibis Hotel, Samara Ibis Hotel, Samara Office, Kaliningrad Ibis Hotel and Moscow Ibis Hotel are pledged in favor of the creditors,
- Rent revenues of the projects are alienated in favor of the creditor.

(5) Sureties are given by Akfen Holding.

As at 31 December 2015, the detail of loans and borrowings is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	Euro	7.20	2025	368,602	371,970
Secured bank loans <sup>(2)</sup>	Euro	7.20	2025	95,328	96,315
Secured bank loans <sup>(3)</sup>	Euro	7.20	2025	47,664	48,134
Secured bank loans <sup>(4)</sup>	Euro	7.20	2025	187,478	187,598
				<b>699,072</b>	<b>704,017</b>

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

**Akfen REIT (continued)**

(1) On February 19, 2015 between Akfen REIT and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116,000,000 with 10 years maturity having a 2 year grace period has been signed for the refinancing of Akfen REIT's current loans and financing of the investments of ongoing projects. The loan has been used on 18 March 2015 and all loans of Akfen REIT have been refinanced.

Bank borrowings obtained with this agreement is secured by the following:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipments of Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditors,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditors,
- Sureties of Akfen Construction is given for the completion guarantee of Tuzla Ibis Hotel project,
- Some portion of the shares, which are not publicly open, of Akfen REIT held by the shareholder Akfen Holding have been pledged to the favor of creditors.

(2) The loan agreement in the amount of Euro 30,000,000, having 2 years grace period and a 10 years maturity, has been signed for the refinancing of all loans related to Akfen GT – subsidiary of Akfen REIT- and the loan has been used on 6 November 2015. Euro 15,000,000 portion of the loan has been used as guarantee of the loans used by HDI and RPI from the same bank. This portion is kept in time blockage deposit with the same interest rate of the loan and the guarantee amount in the blockage will be deducted in the same portion with the loans paid by HDI and RPI.

Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares, which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding, has been pledged to the favor of creditors,
- Shares of Akfen REIT on Akfen GT has been pledged to the favor of creditor,
- All shares on Akfen Karaköy have been pledged to the favor of creditor,
- Akfen Construction has corporate guarantee in amount of the loan,
- Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
- Right of tenancy of Merit Park Hotel is pledged in favor of the creditors in the 1<sup>st</sup> degree.

(3) The loan agreement in the amount of Euro 15,000,000, having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to Akfen Karaköy – subsidiary of Akfen REIT- and the loan has been used on 6 November 2015. Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares, which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding, has been pledged to the favor of creditor,
- Right of tenancy of Merit Park Hotel are pledged in favor of the creditors in the 2<sup>nd</sup> degree,
- Rent revenue of Novotel Karaköy is alienated in favor of the creditor,
- Sureties of Akfen Construction is given for the completion guarantee of Novotel Karaköy project,
- Akfen Construction has corporate guarantee in amount of the loan.

(4) The loan agreement in the amount of Euro 59.000.000 having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to HDI – subsidiary of Akfen REIT- and RHI and RPI – subsidiaries of Akfen GT- and the loan has been used on 6 November 2015 and 17 November 2015. Bank borrowings obtained with this agreement is secured by the followings:

**Akfen Holding Anonim Şirketi**

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**8 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**

**Akfen REIT (continued)**

- Some portion of the shares which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding has been pledged to the favor of creditor,
- All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
- Akfen GT has corporate guarantee in amount of the loans used by RHI and RPI,
- Akfen REIT has corporate guarantee in amount of the loans used by HDI,
- Euro 15.000.000 portion of the loan used by Akfen GT is kept as guarantee,
- Right of tenancies of Yaroslavl Ibis Hotel, Samara Ibis Hotel, Samara Office, Kaliningrad Ibis Hotel and Moscow Ibis Hotel are pledged in favor of the creditors,
- Rent revenues of the projects are alienated in favor of the creditor.

The repayment schedule of loans and borrowings is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2016</u>	<u>31 December 2015</u>
Within 1 year	11,528	--	48,628	44,730
1 – 2 years	25,551	15,848	55,223	47,370
2 – 3 years	39,051	33,577	61,645	59,116
3 – 4 years	45,076	43,046	60,491	58,877
5 years and more	588,762	606,601	487,905	493,924
	<b>709,968</b>	<b>699,072</b>	<b>713,892</b>	<b>704,017</b>

**9 TRADE RECEIVABLES AND PAYABLES**

**Current trade receivables**

As at 30 June 2016 and 31 December 2015, short term trade receivables of the Group comprised the following:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Due from related parties (Note 32)	2,760	--
Trade receivables from third parties	8,974	17,867
	<b>11,734</b>	<b>17,867</b>

As at 30 June 2016 and 31 December 2015 trade receivables from third parties comprised the following:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Account receivable	8,821	17,179
Income accruals	153	688
	<b>8,974</b>	<b>17,867</b>

As at 30 June 2016 and 31 December 2015, the distribution of the trade receivables per Group companies are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Akfen REIT	8,821	17,867
Other	153	--
	<b>8,974</b>	<b>17,867</b>



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**9 TRADE RECEIVABLES AND PAYABLES (continued)**

**Current trade receivables (continued)**

As at 30 June 2016 and 31 December 2015, HEPP Group's account receivables is included in asset classified as held for sale.

As at 30 June 2016 Akfen REIT'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 706 and TL 7,543 respectively (31 December 2015: TL 5,601 and TL 11,397).

The movement of allowance for doubtful trade receivables as at 30 June 2016 and 31 December 2015 is as follows:

	<b><u>30 June 2016</u></b>	<b><u>30 June 2015</u></b>
Opening balance	--	(1,034)
Currency differences	--	(20)
<b>Closing balance</b>	<b>--</b>	<b>(1,054)</b>

**Current trade payables**

As at 30 June 2016 and 31 December 2015, current trade payables of the Group comprised the following:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 32)	3,063	3,783
Trade payables to third parties	5,386	15,533
	<b><u>8,449</u></b>	<b><u>19,316</u></b>

As at 30 June 2016 and 31 December 2015, current trade payables to third parties comprised the following:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Trade payables	3,771	14,060
Expense accruals	1,615	1,473
	<b><u>5,386</u></b>	<b><u>15,533</u></b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**9 TRADE RECEIVABLES AND PAYABLES (continued)**

**Current trade payables (continued)**

As at 30 June 2016 and 31 December 2015, the distribution of trade payables per Group companies is as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen REIT	3,574	3,436
Akfen Holding	1,809	3,187
Akfen Thermal Energy	3	8,910
Other	--	--
	<b><u>5,386</u></b>	<b><u>15,533</u></b>

As at 30 June 2016, TL 1,793 of Akfen REIT's payables are comprised of payables to contractors (31 December 2015: TL 1,232).

Currency and liquidity risks for Group's trade payables are given in Note 33.

As at 30 June 2016 and 31 December 2015, the aging of the trade payables are as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
0 - 3 months	3,621	4,958
3 months - 1 year	150	9,102
	<b><u>3,771</u></b>	<b><u>14,060</u></b>

**10 OTHER RECEIVABLES AND PAYABLES**

**Other current receivables**

As at 30 June 2016 and 31 December 2015, other short term receivables are comprised of following:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 32)	--	99,587
Other receivables from third parties	191	147
	<b><u>191</u></b>	<b><u>99,734</u></b>

**Other non-current receivables**

As at 30 June 2016 and 31 December 2015, other non-current receivables comprised the following:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Due from related parties (Note 30)	476,154	431,387
Other receivables from third parties	18,087	17,343
	<b><u>494,241</u></b>	<b><u>448,730</u></b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**10 OTHER RECEIVABLES AND PAYABLES (continued)**

**Other non-current receivables (continued)**

As at 30 June 2016 and 31 December 2015, the distribution of other non-current receivables per Group companies is as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen REIT	17,815	17,075
Other	272	268
	<b>18,087</b>	<b>17,343</b>

As at 30 June 2016, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 15,402 and TL 2,279, respectively (31 December 2015: TL 14,652 and TL 2,260).

**Other current payables**

As at 30 June 2016 and 31 December 2015, Group's other current payables are as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 32)	3,402	1,603
Other payables to third parties	6,364	8,419
	<b>9,766</b>	<b>10,022</b>

As at 30 June 2016 and 31 December 2015, the distribution of other current payables per Group companies is as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen Holding	2,650	4,383
Akfen REIT	1,307	2,062
Akfen Thermal Energy	2,189	1,974
Other	218	--
	<b>6,364</b>	<b>8,419</b>

As at 30 June 2016 and 31 December 2015, other current payables are comprised of the following:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Taxes and duties payable	5,845	6,834
Other payables	519	1,585
	<b>6,364</b>	<b>8,419</b>

As at 30 June 2016, TL 2,649 and TL 2,189 of taxes and duties payables arises from tax payables by Akfen Holding and Akfen Energy Production, respectively.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**10 OTHER RECEIVABLES AND PAYABLES (continued)**

**Other non-current payables**

As at 30 June 2016 and 31 December 2015, Group's other non-current payables are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Due to related parties (Note 32)	9,836	9,066
Other payables to third parties	3,542	3,621
	<u>13,378</u>	<u>12,687</u>

As at 30 June 2016, TL 3,520 of Akfen REIT's other payables to third parties are comprised of rent accruals (31 December 2015: TL 3,601).

**11 INVENTORIES**

As at 30 June 2016, Akfen Holding has no inventories.

**12 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS**

On 15 December 2015, a partnership agreement was signed between Akfen Holding and EBRD. Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine SPP and Akfen HEPP would be consolidated under one roof, a renewable energy company would be structured and EBRD would participate in this company with a 20% stake, paying USD 100 million. On 23 June 2016 the agreement with EBRD was revised, and an agreement was signed for both EBRD&IFC to participate in Akfen Renewable Energy, with 16.667% stake each, paying USD100 million, respectively.

Since due to this agreement, there is a change of control on these subsidiaries and they will be recognized as joint ventures and accounted for as investment in equity accounted investees; as at 30 June 2016, HPP Group, WPP Group, SPP Group and Akfen Electricity Wholesale are included in assets classified as held for sale and liabilities classified as held for sale.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**12 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**

**Assets classified as held for sale**

As at 30 June 2016, assets classified as held for sale of the Group are as follows:

	<b>Renewable Energy Group</b>
<b>Current Assets</b>	<b>92,630</b>
Cash and cash equivalents	47,761
Trade receivables	24,532
- Due from related parties	222
- Trade receivables from third parties	24,310
Other receivables	492
- Other receivables from third parties	492
Prepaid expenses	15,011
Current tax assets	4
Other current assets	4,830
<b>Non-Current Assets</b>	<b>1,057,588</b>
Trade receivables	51,819
- Trade receivables from related parties	40,811
- Trade receivables from third parties	11,008
Other receivables	2,678
- Other receivables from third parties	2,678
Financial investments	100
Property, plant and equipment	824,519
Intangible assets	50,014
Deferred tax assets	58,811
Prepaid expenses	5,657
Other non-current assets	63,990
<b>Total Assets</b>	<b>1,150,218</b>

As at 31 December 2015, assets classified as held for sale of the Group are as follows:

	<b>HEPP Group</b>	<b>WPP Group</b>	<b>Akfen Electricity Wholesale</b>	<b>SPP Group</b>	<b>Total</b>
<b>Current Assets</b>	<b>49,407</b>	<b>1,075</b>	<b>4,927</b>	<b>6,394</b>	<b>61,803</b>
Cash and cash equivalents	9,235	295	2,250	5,111	16,891
Trade receivables	12,680	--	2,545	719	15,944
- Due from related parties	--	--	1,859	--	1,859
- Trade receivables from third parties	12,680	--	686	719	14,085
Other receivables	179	--	--	260	439
- Other receivables from third parties	179	--	--	260	439
Prepaid expenses	7,841	--	123	294	8,258
Current tax assets	60	--	9	10	79
Other current assets	19,412	780	--	--	20,192
<b>Non-Current Assets</b>	<b>976,880</b>	<b>38,104</b>	<b>935</b>	<b>35,848</b>	<b>1,051,767</b>
Trade receivables	17,175	32,898	--	--	50,073
- Trade receivables from related parties	5,685	32,898	--	--	38,583
- Trade receivables from third parties	11,490	--	--	--	11,490
Other receivables	2,399	11	277	--	2,687
- Other receivables from third parties	2,399	11	277	--	2,687
Financial investments	--	--	100	--	100
Property, plant and equipment	782,840	5,161	2	32,229	820,232
Intangible assets	51,270	20	217	2,158	53,665
Deferred tax assets	62,805	13	339	--	63,157
Prepaid expenses	5,105	1	0	--	5,106
Other non-current assets	55,286	--	--	1,461	56,747
<b>Total Assets</b>	<b>1,026,287</b>	<b>39,179</b>	<b>5,862</b>	<b>42,242</b>	<b>1,113,570</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**12 ASSET CLASSIFIED AS HELD FOR SALE AND DISCOUNTED OPERATIONS (continued)**

As at 30 June 2016, liabilities classified as held for sale of the Group are as follows:

	<b>Renewable Energy Group</b>
<b>Current Liabilities</b>	<b>138,137</b>
Short term loans and borrowings	116,933
Trade payables	16,738
- <i>Due to related parties</i>	632
- <i>Trade payables to third parties</i>	16,106
Other payables	1,962
- <i>Other payables to third parties</i>	1,962
Employee benefit obligations	329
Deferred income	0
Short term provisions	387
Other current liabilities	1,788
<b>Non-Current Liabilities</b>	<b>655,472</b>
Long term loans and borrowings	642,169
Trade payables	3,310
- <i>Due to related parties</i>	2,043
- <i>Trade payables to third parties</i>	1,267
Other payables	375
- <i>Other payables to third parties</i>	375
Long term provisions	0
Provision for employee benefits	1,046
Deferred tax liability	8,572
<b>Total Liabilities</b>	<b>793,609</b>

As at 31 December 2015, liabilities classified as held for sale of the Group are as follows:

	<b>HEPP Group</b>	<b>WPP Group</b>	<b>Akfen Electricity Wholesale</b>	<b>SPP Group</b>	<b>Total</b>
<b>Current Liabilities</b>	<b>126,189</b>	<b>3,330</b>	<b>3,040</b>	<b>12,218</b>	<b>144,777</b>
Short term loans and borrowings	112,043	--	--	1,127	113,170
Trade payables	11,232	3,092	2,493	4,479	21,296
- <i>Due to related parties</i>	4,895	--	--	--	4,895
- <i>Trade payables to third parties</i>	6,337	3,092	2,493	4,479	16,401
Other payables	2,085	238	542	6,594	9,459
- <i>Due to parties</i>	--	--	--	6,550	6,550
- <i>Other payables to third parties</i>	2,085	238	542	44	2,909
Employee benefit obligations	270	--	3	--	273
Deferred income	280	--	--	--	280
Short term provisions	279	--	2	18	299
<b>Non-Current Liabilities</b>	<b>655,984</b>	<b>--</b>	<b>19</b>	<b>23,364</b>	<b>679,367</b>
Long term loans and borrowings	642,647	--	--	23,313	665,960
Trade payables	1,411	--	--	51	1,462
- <i>Due to related parties</i>	1,411	--	--	--	1,411
- <i>Trade payables to third parties</i>	--	--	--	51	51
Other payables	1,373	--	--	--	1,373
- <i>Other payables to third parties</i>	1,373	--	--	--	1,373
Long term provisions	375	--	--	--	375
Provision for employee benefits	983	--	19	--	1,002
Deferred tax liability	9,195	--	--	--	9,195
<b>Total Liabilities</b>	<b>782,173</b>	<b>3,330</b>	<b>3,059</b>	<b>35,582</b>	<b>824,144</b>

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**12 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**

**Discontinued operations**

According to the Board Decision dated 13 July 2015, 99.85% stake in Akfen Construction were transferred to Company's related party Akfen Altyapı on 30 October 2015.

Income and expenses of Akfen Construction till 30 June 2015 are included in profit/loss after tax from discontinued operations. For the period ended 30 June, details of profit/loss after tax from discontinued operations as follows:

	<u>1 January - 30 June 2015</u>	<u>1 April - 30 June 2015</u>
Revenue	81,066	81,066
Cost of sales	(75,518)	(75,087)
<b>Gross Profit</b>	<b>5,548</b>	<b>5,979</b>
General administrative expenses	(17,111)	(10,024)
Other operating income	6,265	946
Other operating expense	(2,063)	(1,851)
Share on profit/(loss) of equity-accounted investees	(4,209)	(1,432)
<b>Operating Profit</b>	<b>(11,570)</b>	<b>(6,382)</b>
Income from investment activities	150	111
Financial income	390	(2,275)
Financial expense	(26,272)	(14,908)
<b>Profit/(Loss) Before Tax</b>	<b>(37,302)</b>	<b>(23,454)</b>
Tax Income/(Expense)	<b>306</b>	6,492
Profit/(Loss) For The Period	306	6,492
<b>Profit/(Loss) After Discontinuing Operations For The Period</b>	<b>(36,996)</b>	<b>(16,962)</b>

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

As at 30 June 2016 and 31 December 2015, Group's share in net asset value of equity accounted investees is as follows:

	<b>Ownership Rate (%)</b>	<b>30 June 2016</b>	<b>Ownership Rate (%)</b>	<b>31 December 2015</b>
MIP	50.00	551,838	50.00	536,906
TAV Airports	8.12	178,302	8.12	199,634
TAV Investment	21.68	58,710	21.68	76,021
İDO	30.00	45,312	30.00	37,851
Akfen Water	50.00	14,427	50.00	13,837
		<b>848,589</b>		<b>864,249</b>

As at 30 June 2016 and 2015, Group's share in profit or loss of equity accounted investees for six months period is as follows:

	<b>1 January-30 June 2016</b>	<b>1 April-30 June 2016</b>	<b>1 January-30 June 2015</b>	<b>1 April-30 June 2015</b>
MIP	68,112	31,514	57,504	31,800
TAV Airports	8,340	4,486	20,527	13,633
TAV Investment	(17,559)	(17,713)	4,381	3,080
İDO	6,901	(4,590)	(61,017)	(34,803)
Akfen Water	384	360	(1,872)	(1,803)
	<b>66,178</b>	<b>14,057</b>	<b>19,523</b>	<b>11,907</b>

As at 30 June 2016, the movement of investments in equity accounted investees is as follows:

	<b>1 January 2016</b>	<b>Profit for the period</b>	<b>Other equity transactions</b>	<b>Profit distribution</b>	<b>30 June 2016</b>
MIP	536,906	68,112	(3,318)	(49,862)	551,838
TAV Airports	199,634	8,340	(1,453)	(28,219)	178,302
TAV Investment	76,021	(17,559)	248	--	58,710
İDO	37,851	6,901	560	--	45,312
Akfen Water	13,837	384	206	--	14,427
	<b>864,249</b>	<b>66,178</b>	<b>(3,757)</b>	<b>(78,081)</b>	<b>848,589</b>



**Akfen Holding Anonim Şirketi**

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**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)**

As at 30 June 2015, the movement of investments in equity accounted investees is as follows:

	<u>31 December</u> <u>2014</u>	<u>Profit for</u> <u>the period</u>	<u>Capital</u> <u>increase</u>	<u>Other equity</u> <u>transactions</u>	<u>Profit</u> <u>distribution</u>	<u>30 June</u> <u>2015</u>
MIP	354,423	57,504	--	57,986	(31,346)	438,567
TAV Airports	158,129	20,527	--	14,590	(24,849)	168,397
TAV Investment	52,838	4,381	--	9,226	--	66,445
İDO	26,310	(61,017)	36,756	36,709	--	38,758
Akfen Water	13,984	(1,872)	--	700	--	12,812
Hacettepe Teknokent	25,398	(4,209)	--	(1)	--	21,188
	<b>631,082</b>	<b>15,314</b>	<b>36,756</b>	<b>119,210</b>	<b>(56,195)</b>	<b>746,167</b>

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

**MIP:**

The summary of financials of MIP is as follow:

		<u>30 June 2016</u>	<u>31 December 2015</u>
Total Assets		2,789,156	2,768,195
Total Liabilities		1,685,479	1,694,384
Net Assets		1,103,677	1,073,812
<b>Group's share on net assets of MIP</b>		<b>551,838</b>	<b>536,906</b>
	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>
Revenue	395,431	190,357	366,409
Gross profit/(loss)	233,891	108,781	220,500
General administrative expenses	(30,657)	(15,373)	(27,975)
Operating profit	203,234	93,407	192,525
Profit before tax	164,116	72,905	151,436
Profit after tax	136,224	63,028	115,008
Profit attributable to equity holders of parent	136,224	63,028	115,008
<b>Group's share on MIP's profit</b>	<b>68,112</b>	<b>31,514</b>	<b>57,504</b>
Amortization and depreciation expenses	46,509	23,201	40,081

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)**

**TAV Airports:**

The summary of financials of TAV Airports is as follows:

	<b><u>30 June 2016</u></b>		<b><u>31 December 2015</u></b>
Total Assets	9,895,743		10,506,371
Total Liabilities	7,592,328		7,940,218
Net Assets (*)	2,303,415		2,566,153
<b>Group's share on net assets of TAV Airports</b>	<b><u>187,018</u></b>		<b><u>208,350</u></b>
	<b><u>1 January-30</u></b>	<b><u>1 April-30</u></b>	<b><u>1 January-30</u></b>
	<b><u>June 2016</u></b>	<b><u>June 2016</u></b>	<b><u>June 2015</u></b>
	<b><u>June 2016</u></b>	<b><u>June 2016</u></b>	<b><u>June 2015</u></b>
Revenue	1,506,721	821,984	1,335,551
Gross profit/(loss)	590,241	349,718	581,999
General administrative expenses	(275,948)	(138,508)	(215,810)
Other operating income/(loss), net	172,156	88,497	98,023
Equity accounted investees	27,757	16,760	27,740
Operating profit/(loss)	514,206	316,467	491,952
Profit/(loss) before tax	226,705	153,936	343,716
Profit/(loss) after tax	69,962	30,431	236,120
Profit/(loss) attributable to equity holders of parent	102,728	55,257	252,819
<b>Group's share on TAV Airports's profit</b>	<b><u>8,340</u></b>	<b><u>4,486</u></b>	<b><u>20,527</u></b>
Amortization and depreciation expenses	161,379	82,688	120,961
	<b><u>61,745</u></b>		<b><u>61,745</u></b>

(\*) As at 30 June 2016, Group's share on TAV Airports's net asset includes goodwill amounting to TL 8,716 (31 December 2015: TL 8,716). In addition, non-controlling interest amounting to TL (820) is included in net assets of TAV Airports (31 December 2015: TL 1,514).

As at 30 June 2016, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Doel, 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 and ZAIC-A companies, are included in investment in equity accounted investees in the financials of TAV Airports.

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)**

**TAV Investment:**

The summary of financials of TAV Investment is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>		
Total Assets	3,112,896	3,032,811		
Total Liabilities	2,842,030	2,682,082		
Net Assets	270,865	350,729		
<b>Group's share on net assets of TAV Investment</b>	<b>58,710</b>	<b>76,021</b>		
	<u>1 January-30</u>	<u>1 April-30</u>	<u>1 January-30</u>	<u>1 April-30</u>
	<u>June 2016</u>	<u>June 2016</u>	<u>June 2015</u>	<u>June 2015</u>
Revenue	1,286,039	640,821	1,312,603	741,599
Gross profit/(loss)	(45,236)	(65,631)	61,702	38,996
General administrative expenses	(29,367)	(16,185)	(28,530)	(14,042)
Other operating income/(loss), net	1,649	977	(1,281)	(2,690)
Operating profit/(loss)	(72,954)	(80,839)	31,891	22,264
Profit/(loss) before tax	(89,659)	(90,891)	17,076	19,289
Profit/(loss) after tax	(81,012)	(81,719)	20,210	14,210
Profit/(loss) attributable to equity holders of parent	(81,012)	(81,719)	20,212	14,211
<b>Group's share on TAV Investment's profit</b>	<b>(17,559)</b>	<b>(17,713)</b>	<b>4,381</b>	<b>3,080</b>
Amortization and depreciation expenses	19,057	7,570	14,654	6,479
Commission expenses of letter of guarantee included in cost of sales	11,647	5,438	9,520	6,083

**İDO:**

The summary of financials of İDO is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>		
Total Assets	1,774,213	1,785,292		
Total Liabilities	1,623,173	1,659,121		
Net Assets	151,040	126,171		
<b>Group's share on net assets of İDO</b>	<b>45,312</b>	<b>37,851</b>		
	<u>1 January-30</u>	<u>1 April-30</u>	<u>1 January-30</u>	<u>1 April-30</u>
	<u>June 2016</u>	<u>June 2016</u>	<u>June 2015</u>	<u>June 2015</u>
Revenue	277,593	158,308	249,699	147,215
Gross profit/(loss)	107,476	66,181	94,802	64,633
General administrative expenses	(30,887)	(20,824)	(20,979)	(11,233)
Other operating income/(loss), net	1,220	(173)	(2,680)	(3,801)
Equity accounted investees	1,387	1,781	43	499
Operating profit/(loss)	79,196	46,965	71,186	50,098
Profit/(loss) before tax	23,670	(15,502)	(204,085)	(24,516)
Profit/(loss) after tax	23,004	(15,298)	(203,391)	(23,675)
Profit/(loss) attributable to equity	23,004	(15,298)	(203,391)	(23,675)
<b>Group's share on İDO's profit</b>	<b>6,901</b>	<b>(4,590)</b>	<b>(61,017)</b>	<b>(34,803)</b>
Amortization and depreciation expenses	41,741	21,050	35,680	17,930

As at 30 June 2016, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. are included in consolidated financials of İDO as investments in equity accounted investees.

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**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)**

**Akfen Water:**

The summary of financials of Akfen Water is as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>		
Total Assets	90,923	87,774		
Total Liabilities	62,069	60,101		
Net Assets	28,854	27,673		
<b>Group's share on net assets of Akfen Water</b>	<b><u>14,427</u></b>	<b><u>13,837</u></b>		
	<b><u>1 January-30</u></b>	<b><u>1 April-30</u></b>	<b><u>1 January-30</u></b>	<b><u>1 April-30</u></b>
	<b><u>June 2016</u></b>	<b><u>June 2016</u></b>	<b><u>June 2015</u></b>	<b><u>June 2015</u></b>
Revenue	7,437	4,194	5,974	3,303
Gross profit/(loss)	3,883	2,055	2,916	1,558
General administrative expenses	(1,657)	(763)	(1,593)	(924)
Other operating income/(loss), net	(226)	26	(3,836)	(3,759)
Operating profit/(loss)	2,000	1,318	(2,513)	(3,125)
Profit/(loss) before tax	2,229	1,441	(2,570)	(3,155)
Profit/(loss) after tax	1,481	1,062	(3,167)	(3,306)
Profit/(loss) attributable to equity holders of parent	767	716	(3,744)	(3,608)
<b>Group's share on Akfen Water's profit</b>	<b><u>384</u></b>	<b><u>360</u></b>	<b><u>(1,872)</u></b>	<b><u>(1,803)</u></b>
Amortization and depreciation expenses	222	87	252	127
Guaranteed revenue	2,087	1,584	1,878	1,118
Construction revenue(*)	532	484	259	197
Construction cost(*)	(484)	(440)	(236)	(180)

As at 30 June 2016, non-controlling interest amounting to TL 5,404 is included in net assets of Akfen Water (31 December 2015: TL 5,013).

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

**Hacettepe Teknokent:**

The summary of financials of Hacettepe Teknokent is as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>		
Total Assets	--	--		
Total Liabilities	--	--		
Net Assets	--	--		
<b>Group's share on net assets of Hacettepe Teknokent</b>	<b><u>--</u></b>	<b><u>--</u></b>		
	<b><u>1 January-30</u></b>	<b><u>1 April-30</u></b>	<b><u>1 January-30</u></b>	<b><u>1 April-30</u></b>
	<b><u>June 2016</u></b>	<b><u>June 2016</u></b>	<b><u>June 2015</u></b>	<b><u>June 2015</u></b>
Revenue	--	--	--	--
Gross profit/(loss)	--	--	(775)	(373)
General administrative expenses	--	--	(1,365)	(701)
Operation loss	--	--	(2,124)	(1,066)
(Loss) before tax	--	--	(9,450)	(3,205)
(Loss) after tax	--	--	(9,353)	(3,182)
(Loss) attributable to equity holders of parent	--	--	(9,353)	(3,182)
<b>Group's share on Hacettepe Teknokent's loss</b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>(4,209)</u></b>	<b><u>(1,431)</u></b>
Amortization and depreciation	--	--	743	367

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**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)**

**Hacettepe Teknokent (continued):**

Associate of Akfen Construction, Hacettepe Teknokent was not included in equity accounted investments after the sale of shares of Akfen Construction on 30 October 2015 and included in discontinued operations.

**14 INVESTMENT PROPERTY**

As at 30 June 2016 and 31 December 2015, investment property is comprised of following:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Operating investment properties	1,413,046	1,195,378
Investment property under development	64,559	232,983
<b>Total</b>	<b><u>1,477,605</u></b>	<b><u>1,428,361</u></b>

As at 30 June 2016 and 31 December 2015, the movement of investment property is as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Opening balance – 1 January	1,428,361	1,351,891
Additions	15,828	45,479
Foreign currency translation difference	33,416	47,853
Change in fair value	--	--
<b>Closing balance – 30 June</b>	<b><u>1,477,605</u></b>	<b><u>1,445,223</u></b>

**Additions**

As at 30 June 2016 and 31 December 2015, additions are made by Akfen REIT. TL 2,659 of additions arises from additions to operating investment properties and TL 13,169 arises from additions to investment property under development.

**Pledges and Insurance Amounts**

As at 30 June 2016 total insurance amount on investment property is TL 1,221,836 (31 December 2015: TL 1,216,324).

As at 30 June 2016 the amount of pledge on investment property is TL 951,308 (31 December 2015: TL 943,351).

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

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**15 PROPERTY, PLANT AND EQUIPMENT**

As at 30 June 2016, 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
<b>Costs</b>								
Balance at 1 January 2016	212	170	197	2,721	--	63,583	650	67,533
Additions	--	--	--	131	--	2,051	--	2,182
Transfers (*)	--	--	--	--	--	3,513	--	3,513
Disposals	--	--	--	(3)	--	--	--	(3)
Balance at 30 June 2016	212	170	197	2,849	--	69,147	650	73,225
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2016	(22)	(163)	(117)	(2,233)	--	--	(374)	(2,909)
Depreciation charge for the period	(2)	(2)	(1)	(95)	--	--	(53)	(153)
Disposals	--	--	--	1	--	--	--	1
Balance at 30 June 2016	(24)	(165)	(118)	(2,327)	--	--	(427)	(3,061)
<b>Net book value</b>								
Net book value at 31 December 2015	190	7	80	488	--	63,583	276	64,624
Net book value at 30 June 2016	188	5	79	522	--	69,147	223	70,164

(\*) Effect of transferring Laleli to Akfen Thermal Energy, which was consolidated under HEPP Group as at 31 December 2015.

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

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#### 15 PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2015, 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
<b>Costs</b>								
Balance at 1 January 2015	160,402	683,484	2,732	11,392	62	83,523	3,102	944,697
Changing in group structure (Reclassification of SPP Group)	368	29,083	--	16	--	(178)	--	29,289
Additions (*)	502	1,347	--	195	--	13,640	198	15,882
Disposals	--	(4,168)	(87)	(1)	--	--	--	(4,256)
Balance at 30 June 2015	161,272	709,746	2,645	11,602	62	96,985	3,300	985,612
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2015	(4,910)	(48,751)	(774)	(10,063)	(62)	--	(892)	(65,452)
Changing in group structure (Reclassification of SPP Group)	--	(211)	--	(91)	--	--	--	(302)
Depreciation charge for the period	(77)	(11,569)	(198)	(193)	--	--	(316)	(12,353)
Disposals	--	73	87	--	--	--	--	160
Balance at 30 June 2015	(4,987)	(60,459)	(885)	(10,347)	(62)	--	(1,208)	(77,947)
<b>Net book value</b>								
Net book value at 31 December 2014	155,492	634,733	1,958	1,329	--	83,523	2,210	879,245
Net book value at 30 June 2015	156,285	649,288	1,760	1,255	--	96,985	2,092	907,665

(\*) As at 30 June 2015, TL 11,165 of additions, which corresponds to 70% of additions, arises from construction in progress additions of HEPP projects.

As at 30 June 2015, capitalized finance expense amounting TL 987, which corresponds to 84% arises from HEPP projects (31 December 2014: TL 16,036).

As at 30 June 2015, costs for property, plant and equipment acquired by financial leasing amounted to TL 1,994 (Net book value: TL 1,676).

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**16 INTANGIBLE ASSETS**

As at and 30 June 2016 and 30 June 2015, movement of cost of intangible fixed assets is as follows:

	<b>Licenses</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Costs</b>			
<b>Balance at 1 January 2015</b>	62,177	34,657	96,834
Additions	--	303	303
<b>Balance at 30 June 2015</b>	62,177	34,960	97,137
<b>Balance at 1 January 2016</b>	745	30,852	31,597
Transfers (*)	2,872	--	2,872
Additions	3	257	260
Immaterial asset impairment	(98)	(29,468)	(29,566)
<b>Balance at 30 June 2016</b>	3,522	1,641	5,163
<b>Accumulated amortization</b>			
<b>Balance at 1 January 2015</b>	(8,755)	(2,105)	(10,860)
Amortization charge for the period	(659)	(191)	(850)
Changing in group structure (Reclassification of SPP Group)	--	(128)	(128)
<b>Balance at 30 June 2015</b>	(9,414)	(2,424)	(11,838)
<b>Balance at 1 January 2016</b>	(140)	(1,117)	(1,257)
Transfers (*)	(287)	--	(287)
Amortization charge for the period	(10)	(108)	(118)
<b>Balance at 30 June 2016</b>	(437)	(1,225)	(1,662)
<b>Net book value</b>			
<b>Net book value at 30 June 2015</b>	52,763	32,536	85,299
<b>Net book value at 30 June 2016</b>	3,085	416	3,501

(\*) Effect of transferring Laleli to Akfen Thermal Energy, which was consolidated under HEPP Group as at 31 December 2015.



**Akfen Holding Anonim Şirketi**

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**17 GOVERNMENT GRANTS**

According to the Investment Incentive Code No.47/2000. Akfen REIT, has a 100% investment incentive, without a time limitation, on any investments made until 31 December 2008 in the Turkish Republic of Northern Cyprus.

Based on the decree dated 1 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 2 December 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 exempt 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 31 December 2015 and 2014, TAV Esenboğa and TAV İzmir have investment grants.

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

In addition to, based on the decree dated 15 June 2012 and numbered 2012/3305 of the Cabinet, SPP projects have VAT and customs duty exemptions.

**18 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Current provisions**

As at 30 June 2016 and 31 December 2015, the short term debt provisions are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Employee benefits (Note 20)	2,007	2,053
	<b>2,007</b>	<b>2,053</b>

**Non-current provisions**

	<u>30 June 2016</u>	<u>31 December 2015</u>
Provision for employee benefits (Note 21)	1,314	1,441
	<b>1,314</b>	<b>1,441</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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**19 COMMITMENTS AND CONTINGENCIES**

**(a) Commitments, pledges and mortgages**

As at 30 June 2016 and 31 December 2015, the group's position related to letter of guarantees given, pledges and mortgages are as follows:

<b><u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u></b>	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
A. Total amount of CPM is given on behalf of own legal personality	1,137,868	1,133,896
B. Total amount of CPM is given in favor of subsidiaries, which are fully consolidated	1,341,327	1,330,923
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	16,538	16,400
i. Total amount of CPM given in favor of parent company	--	--
ii. Total amount of CPM given in favor of other group companies, which articles B and C don't include	16,538	16,400
iii. Total amount of CPM given to the third parties not included in the article C	--	--
<b>Total</b>	<b>2,495,733</b>	<b>2,481,219</b>

As at 30 June 2016, the ratio of total amount of other CPM given by the Group to the Group's equity is 1% (31 December 2015: 1%).

The distribution of CPM given per Group companies is as follows:

	<b><u>30 June 2016<sup>(*)</sup></u></b>			<b><u>31 December 2015<sup>(*)</sup></u></b>		
	<b>TL</b>	<b>Euro</b>	<b>US Dollar</b>	<b>TL</b>	<b>Euro</b>	<b>US Dollar</b>
Total amount of CPM given on behalf of own legal personality	89,099	970,177	78,592	127,531	954,319	52,046
Total amount of CPM given in favor of subsidiaries which are fully consolidated	245,233	359,753	736,341	240,233	349,536	741,154
Other CPMs given	--	16,538	--	--	16,400	--
	<b>334,332</b>	<b>1,346,468</b>	<b>814,933</b>	<b>367,764</b>	<b>1,320,255</b>	<b>793,200</b>

(\*) All amounts are expressed by TL equivalents.

**(b) Letter of guarantees received**

As at 30 June 2016, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have nature of letter of guarantees amounting to TL 64,947 (31 December 2015: TL 52,755) from subcontractors. As at 30 June 2016 TL 6,291 (31 December 2015: TL 5,404) of notes were given to constructions companies of Akfen Holding and WPP companies, TL 3,554 were given to other Energy Group companies.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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**20 EMPLOYEE BENEFITS**

As at 30 June 2016 and 31 December 2015, employee benefits are comprised of vacation pay liabilities and reserve for employee severance indemnity. As at 30 June 2016 and 31 December 2015 employee benefits are as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
Vacation pay liability – short term	2,007	2,053
Employee severance indemnity – long term	1,314	1,441
	<b>3,321</b>	<b>3,494</b>

**21 OTHER ASSETS AND LIABILITIES**

**Other current assets**

As at 30 June 2016 and 31 December 2015, other current assets comprised the following:

	<b><u>30 June 2016</u></b>	<b><u>31 December</u></b>
VAT carried forward	44,417	42,295
Advances given to sub-contractors	--	1,478
Other	870	672
	<b>45,287</b>	<b>44,445</b>

As at 30 June 2016, Akfen REIT has VAT carried forward amounting TL 37,685 (31 December 2015: TL 37,291). According to new corporate tax law real estate investment trusts have tax exemption for their income. However, they should bear up 18% of VAT from construction.

**22 PREPAID EXPENSES AND INCOMES**

**Prepaid Expenses**

As at 30 June 2016 and 31 December 2015, current prepaid expenses are as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December</u></b>
Advances given	8,725	6,640
Prepaid expenses (*)	1,762	1,021
Advances given to personnel	120	134
Job advances	77	324
	<b>10,684</b>	<b>8,119</b>

As at 30 June 2016 and 31 December 2015, non-current prepaid expenses are as follows:

	<b><u>30 June 2016</u></b>	<b><u>31 December</u></b>
Prepaid expenses (*)	11,561	11,597
Advances given	--	200
	<b>11,561</b>	<b>11,797</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**22 PREPAID EXPENSES AND INCOMES (continued)**

**Prepaid Expenses (continued)**

(\*) 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, Rihtim 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 2016 the amount of expenses paid in advance for short and long-term is TL 182 (31 December 2015: TL 182) and TL 7,498 (31 December 2015: TL 7,589), respectively. As at 30 June 2016, balance in amount of TL 4,057 (current partion: TL 519) is non-current prepaid expenses related to loan usage commissions and advocate expenses for the Group’s loan with 10 years maturity used from CEB (31 December 2015: non-current partion: TL 3,846. current partion: TL 472).

**Deferred income**

As at 30 June 2016, TL 2,548 of advances received arises from advances taken from Voyager which is rental income for administrating of Merit Park Hotel.

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

## 23 EQUITY

As at 30 June 2016, Akfen Holding had 667,080,686 shares, each has full TL 1 of nominal value. As at 30 June 2016, the whole of TL 667,081 capital was paid

	<u>30 June 2016</u>	<u>31 December 2015</u>
Registered equity ceiling	--	1,000,000
Paid in capital	667,081	261,900

155,129,946 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 511,950,740 B Group shares are wholly bearer shares.

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	<u>Share Amount</u>	<u>Ownership Rate</u>	<u>Share Amount</u>	<u>Ownership Rate</u>
Hamdi Akın(*)	572,365	85.80	198,500	68.21
Selim Akın	23,174	3.47	-	-
Akfen Altyapı	65,829	9.87	-	-
Akfen Holding A.Ş.(**)	-	-	7,990	2.75
Other partners	5,713	0.86	2,278	0.78
Public shares(***)	-	-	53,132	28.26
<b>Paid in Capital (nominal)</b>	<b>667,081</b>	<b>100</b>	<b>261,900</b>	<b>100</b>

\* As at 31 December 2015, Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on the BİAŞ.

\*\* As at 31 December 2015, publicly owned.

\*\*\* As at 31 December 2015 there are 6,829,508 shares of Akfen Holding, 2.61% of the paid-in capital, which are public in nature and so 14,819,314 shares in total are being held by Akfen Holding, which make up 5.66% of the paid-in capital of the Company.

The necessary approval for Akfen Holding's share capital reduction through cancellation of the shares acquired within repurchase was obtained by letter of the CMB dated at 5 December 2014. Akfen Holding share capital reduction from TL 291,000 to TL 261,900 through cancellation of shares with a nominal value of TL 29,100 was approved at the Extraordinary General Assembly held on 15 January 2015 and the paid-in capital reduction was carried out as of 22 January 2015.

The decrease of Akfen Holding's paid-in capital via cancellation of share buyback programme has approved by CMB on 18 December 2015. Revision in paid-in capital, which amounts to TL 261,900,000. will be reduced by TL 14,819,314 to TL 247,080,686 was approved in Extraordinary General Shareholders' Meeting on 20 January 2016. Mentioned paid-in capital reduction was completed as of 28 January 2016.

Paid-in capital, which amounted to TL 247,080,686 was raised by TL 420,000,000 through a bonus share issue to TL 667,080,686 as of 27 May 2016.

Privileges related with 155,129,946 shares in Group A are as follows:

In General Assemblies there are three voting rights for each shares of Group A and these have also voting session

As at 31 December 2015, 22,245,490 Akfen Holding shares owned by Hamdi Akın has been presented as sureties for the loans used by Akfen Holding.

### Dividend Payments

As a result of the General Assembly held on 16 April 2015, Company decided to distribute dividend from the profit of 2014 and previous years with a gross amount of TL 20,000 (full TL 0.076365 gross per share, which is full TL 1 nominal value) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 28 April 2015 and completed on 30 April 2015 (30 June 2016: None).

**Akfen Holding Anonim Şirketi**

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**23 EQUITY (continued)**

***Treasury shares***

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized 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 recognized as an increase in equity, and resulting surplus or deficit on the transaction is transferred to/from retained earnings.

In the framework of the Buy Back Programme approved at the General Assembly of the Company on 15 January 2015, as at 31 December 2015, 6,829,508 Akfen Holding A.Ş. shares were purchased by Akfen Holding amounting to TL 42,506. The Company holds 7,989,806 Akfen Holding shares, acquired within the previous share buyback program. As at 31 December 2015 in total share purchases have reached 14,819,314 shares, making up 5.66% of the Company's paid-in capital. As at 31 December 2015, total share purchases amounted to TL 76,029. As at 28 January 2016, these shares were cancelled by capital reduction.

***Translation reserve***

As at 30 June 2016, the translation reserve amounting to TL 206,199 (31 December 2015: TL 199,899) is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, Akfen Water, TAV Investment, Akfen REIT, Akfen Construction and TAV Airports from their functional currency of USD and EUR to the presentation currency TL and is recognized in equity.

***Restricted reserves allocated from profit***

Article 520 of Law No. 6102 foresees reserves equaling to the acquisition value for bought back shares. As at 31 December 2015 the Group allocated reserves in consolidated financial statements that includes the amount of restricted reserves for bought back shares allocated from profit amounting to TL 76,029, As at 28 January 2016, this reserve cancelled by capital reduction.

***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 2016 the total hedging reserves for TAV Airports, Isparta Şehir Hastanesi Yatırım İşletmeleri A.Ş. and İDO amounting to TL 22,297 (TAV Airports: TL 10,638 and İDO: TL 11,658) is recognized in equity and it is related to the interest rate and cross currency swap contracts made by TAV Airports and İDO (31 December 2015: TL 22,005 (TAV Airports TL 9,692. İDO: TL 12,313)).

***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.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

23

**EQUITY (continued)**

**Revaluation surplus**

Vessels owned by İDO have been revaluated in 2015 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 2016 and 31 December 2015.

**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.

The Company increased its paid in capital from TL247,081 to TL667,081 through a bonus share issue. This increase was funded by TL120,810 from special funds, by TL299,190 from emission premiums.

All gain or loss realized on sale and purchase of non-controlling interest in a subsidiary is also included in share premium. Akfen REIT 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 REIT shares with TL 54,118 nominal value and 8,117,500 shares of Akfen REIT 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 REIT 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.

Group's share on Akfen REIT's total share has reached 56.88% as at 31 December 2015, 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 2016, Akfen Thermal Energy (0.36%) and Akfen REIT (43.12%) calculated under non-controlling interest, which are Akfen Holding subsidiaries.

As at 30 June 2016 and 31 December 2015, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 352,648 and TL 347,367 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 30 June 2016 and 2015 are TL 2,777 and TL 2,592, respectively.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**24 REVENUE AND COST OF SALES**

**24.1 Revenue**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Revenue from electricity sales	131,024	68,835	95,340	55,606
Rent income from investment property	26,112	13,515	23,917	13,230
Other	25	12	134	54
	<b>157,161</b>	<b>82,362</b>	<b>119,391</b>	<b>68,890</b>

**24.2 Cost of sales**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Outsourcing expenses	37,446	16,693	11,466	6,709
Depreciation and amortization	16,126	11,187	12,561	5,103
Personnel expenses	5,060	2,219	4,202	1,824
Insurance expenses	2,918	1,424	2,343	1,018
Rent expenses	2,544	1,273	2,416	1,238
Other	4,748	2,686	3,596	1,706
	<b>68,842</b>	<b>35,482</b>	<b>36,584</b>	<b>17,598</b>

**25 GENERAL ADMINISTRATIVE EXPENSES**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Personnel expenses	29,173	5,928	13,287	6,226
Consultancy expenses	6,150	3,464	1,877	1,215
Rent expenses	2,180	1,084	1,988	1,029
Taxes and duties	2,124	1,882	822	503
Outsourcing expenses	1,473	1,117	779	685
Travel expenses	921	430	1,088	628
General office expenses	634	346	526	260
Office supplies expenses	416	209	450	284
Grant and charities	375	165	500	181
Depreciation and amortization	370	87	330	168
Representation expenses	224	104	256	144
Insurance expenses	111	49	75	31
Advertisement expenses	91	11	66	59
Other expense	2,306	894	958	311
	<b>46,548</b>	<b>15,770</b>	<b>23,002</b>	<b>11,724</b>



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**26 OTHER INCOME**

**Other operating income:**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Rent income	1,088	536	--	--
Insurance compensation income	681	580	14,243	--
Other	2,744	237	9,476	5,814
	<b>4,513</b>	<b>1,353</b>	<b>23,719</b>	<b>5,814</b>

As at 30 June 2016 and 2015, insurance compensation income arises from the income obtained from the insurance company as a result of damage occurred in HEPP projects.

**27 EXPENSE FROM INVESTMENT ACTIVITIES**

For the periods ended 30 June, the detail of expense from investment activities is as follows:

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Impairment of intangible fixed assets	(29,418)	(29,418)	--	--
Other	(529)	(529)	--	--
	<b>(29,947)</b>	<b>(29,947)</b>	<b>--</b>	<b>--</b>

**28 FINANCIAL INCOME**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Foreign exchange gain	31,851	--	12,660	3,129
Interest income	32,228	15,598	1,263	447
	<b>64,079</b>	<b>15,598</b>	<b>13,923</b>	<b>3,576</b>

**29 FINANCIAL EXPENSE**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Interest expenses	84,731	42,083	70,352	35,251
Foreign exchange loss	10,956	6,418	122,642	38,469
Other	1,357	462	4,433	1,822
	<b>97,044</b>	<b>48,963</b>	<b>197,427</b>	<b>75,542</b>

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**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 2016, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

<b>Country</b>	<b>Tax Rate</b>
Tunisia	25
Georgia	15
Egypt	25
Macedonia	10
Latvia	15
Libya	20
Qatari	10
Oman	12
Cyprus	23.5
Saudi Arabia	20
Russia	20
Holland	20

The corporate tax is not applied in Dubai and Abu Dhabi.

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 Commerce and Akfen Construction 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 25% 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%. 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.

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**30 TAXATION (continued)**

**Corporate tax (continued)**

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation. If a 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.

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 is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

**Income withholding tax:**

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends, who are resident companies in Turkey. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006 this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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**30 TAXATION (continued)**

Transfer pricing regulations:

In Turkey, transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

**30.1 Taxation income/(expense)**

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

	<u>1 January-30</u> <u>June 2016</u>	<u>1 April-30</u> <u>June 2016</u>	<u>1 January-30</u> <u>June 2015</u>	<u>1 April-30</u> <u>June 2015</u>
Corporate tax expense	(2,950)	(1,980)	(1,700)	(701)
Deferred tax benefit/(expense)	(3,831)	3,310	15,859	9,653
<b>Tax income recognized in profit/loss from continuing operations</b>	<b>(6,781)</b>	<b>1,330</b>	<b>14,159</b>	<b>8,952</b>
Tax income recognized in profit/loss from discontinuing operations	--	--	306	6,492
<b>Tax income recognized in profit / loss</b>	<b>(6,781)</b>	<b>1,330</b>	<b>14,465</b>	<b>15,444</b>

**30.2 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 2016 and 31 December 2015 were attributable to the items detailed in the table below:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>30 June</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>	<u>30 June</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>	<u>30 June</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>
Tangible and intangible fixed assets	478	294	(2,250)	(7,401)	(1,772)	(7,107)
Investment incentives	9,880	11,104	--	--	9,880	11,104
Investment properties	--	--	(77,051)	(71,588)	(77,051)	(71,588)
Tax losses carried forward	4,839	5,676	--	--	4,839	5,676
Other temporary differences	--	35	(782)	(1,551)	(782)	(1,516)
<b>Subtotal</b>	<b>15,197</b>	<b>17,109</b>	<b>(80,083)</b>	<b>(80,540)</b>	<b>(64,886)</b>	<b>(63,431)</b>
Net-off tax	(11,299)	(10,745)	11,299	10,745	--	--
<b>Total deferred tax assets/(liabilities)</b>	<b>3,898</b>	<b>6,364</b>	<b>(68,784)</b>	<b>(69,795)</b>	<b>(64,886)</b>	<b>(63,431)</b>

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**30 TAXATION (continued)**

**30.2 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 2016 has reflected TL 4,839 (31 December 2015: TL 5,676) 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 280,916 (31 December 2015: TL 243,021) available for offset against future profits that is unused. TL 56,183 deferred tax asset (31 December 2015: TL 48,604) 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

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
2016	37,071	36,521
2017	3,521	3,521
2018	47,558	47,558
2019	57,701	57,701
2020	93,764	97,720
2021	41,301	--
	<b><u>280,916</u></b>	<b><u>243,021</u></b>

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.

**31 EARNINGS PER SHARE**

Since the Company's paid in capital increase through a bonus share issue was completed within the period ending on 30 June 2016 when calculating the earnings per month these bonus shares were counted as issued shares. Hence, the weighted average share number used in the calculation of the earnings per share was obtained through a retrospective inclusion of the issued bonus shares.

	<b><u>1 January-30 June 2016</u></b>	<b><u>1 April-30 June 2016</u></b>	<b><u>1 January-30 June 2015</u></b>	<b><u>1 April-30 June 2015</u></b>
Profit/(loss) for the period from continuing operations attributable to equity holders of the parent	39,079	(18,643)	(71,502)	(11,028)
Profit/(loss) for the period from discontinued operations attributable to equity holders of the parent	--	--	(36,996)	(16,962)
Profit/(loss) attributable to owners of parent	39,079	(18,643)	(108,499)	(27,989)
The weighted average number of shares outstanding during the period	667,080,686	667,080,686	667,080,686	667,080,686
(Loss)/Gains per share from continuing operations (full TL)	0.06	(0.03)	(0.11)	(0.02)
(Loss)/Gains per share from discontinued operations (full TL)	--	--	(0.05)	(0.02)
<b>(Loss)/Gains per share from operations (full TL)</b>	<b>0.06</b>	<b>(0.03)</b>	<b>(0.16)</b>	<b>(0.04)</b>

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**32 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.

**32.1 Related party balances**

As at 30 June 2016 and 31 December 2015, short term receivables and payables balances are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Trade receivables	2,760	--
Non-trade receivables	--	99,587
	<u>2,760</u>	<u>99,587</u>
Trade payables	3,063	3,783
Non-trade payables	3,402	1,603
	<u>6,465</u>	<u>5,386</u>

As at 30 June 2016 and 31 December 2015, long term receivables and payables balances are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Non-trade receivables	476,154	431,387
	<u>476,154</u>	<u>431,387</u>
Trade payables	91	--
Non-trade payables	9,836	9,066
	<u>9,927</u>	<u>9,066</u>

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 2016 and 31 December 2015, the Group had the following short term non trade receivables from its related parties:

<i>Due from related parties (short term-non trade):</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Akfen Altyapı	--	99,308
Other	--	279
	<u>--</u>	<u>99,587</u>

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**32 RELATED PARTY DISCLOSURES (continued)**

**32.1 Related party balances (continued)**

As at 30 June 2016 and 31 December 2015, the Group had the following long term non trade receivables from its related parties:

<i>Due from related parties (long term-non trade):</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Akfen Construction	458,005	425,334
Akfen Mühendislik A.Ş.	11,685	--
Akfen Water	5,796	5,455
İDO	66	66
Other	603	532
	<b>476.155</b>	<b>431.387</b>

As at 30 June 2016 and 31 December 2015, the Group had the following short term non trade payables to its related parties:

<i>Due to related parties (short term-non trade):</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Adana İpekyolu (*)	3,402	1,575
Other	--	28
	<b>3,402</b>	<b>1,603</b>

(\*) Short term-non trade payables comprise of Akfen Thermal Energy's payables to Adana İpekyolu.

**Long term non trade due to related parties:**

As at 30 June 2016 and 31 December 2015, the Group had all long term non trade payables to its related party with TAV Investment.

**32.2 Related party transactions**

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

<i>Services rendered to related parties:</i>	<b>30 June 2016</b>		<b>30 June 2015</b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>
Akfen Construction	16,515	Financial Income	--	Financial Income
Akfen Construction	233	Electric Sales Revenue	--	Electric Sales Revenue
TAV Airports	10,517	Electric Sales Revenue	11,152	Electric Sales Revenue
MIP	3,099	Electric Sales Revenue	3,580	Electric Sales Revenue
İDO	1,533	Electric Sales Revenue	1,571	Electric Sales Revenue
İDO	--	Financial Income	733	Financial Income
Akfen Water	376	Financial Income	134	Financial Income
Akfen Water	469	Electric Sales Revenue	349	Electric Sales Revenue
Other	--	Financial Income	485	Financial Income
	<b>32,742</b>		<b>18,004</b>	

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

<i>Services obtained from related parties:</i>	<b>30 June 2016</b>		<b>30 June 2015</b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>
İbs Sigorta ve Reasürans Brokerliği A.Ş.	1,900	Buyings	2,015	Buyings
	<b>1,900</b>		<b>2,015</b>	

**32.3 Key management personnel compensation**

As at 30 June 2016, total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 12,727 (30 June 2015: TL 2,879).

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**33 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				Deposits on Banks (*)
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>30 June 2016</b>					
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>2,760</b>	<b>8,974</b>	<b>476,154</b>	<b>18,278</b>	<b>113,999</b>
- Portion of maximum risk covered any guarantee	--	--	--	--	--
<b>A. Net carrying value of financial assets which are not impaired or overdue (2)</b>	2,760	8,974	476,154	18,278	113,999
<b>B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)</b>	--	--	--	--	--
<b>C. Net carrying value of financial assets which are overdue but not impaired (6)</b>	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--
<b>D. Net carrying value of impaired assets (4)</b>	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
<b>E. Off balance sheet items with credit risks</b>	--	--	--	--	--
<b>30 June 2016</b>	Receivables				
	Trade Receivables	Other Receivables			
Past due 1-30 days	--	--			
Past due 1-3 months	--	--			
Past due 3-12 months	--	--			
Past due 1-5 years	--	--			
More than 5 years	--	--			
Total undue receivables	--	--			
Total allowances	--	--			

(\*) As at 30 June 2016, TL 50,106 of restricted cash balances and TL 48,066 of long term financial investments are shown in bank deposits.



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

**Credit risk (continued)**

31 December 2015	Receivables				Deposits on Banks (*)
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	--	17,867	530,974	17,490	70,022
- Portion of maximum risk covered any guarantee (*)	--	--	--	--	--
<b>A. Net carrying value of financial assets which are not impaired or overdue (2)</b>	--	17,867	530,974	17,490	70,022
<b>B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)</b>	--	--	--	--	--
<b>C. Net carrying value of financial assets which are overdue but not impaired (6)</b>	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--
<b>D. Net carrying value of impaired assets (4)</b>	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
<b>E. Off balance sheet items with credit risks</b>	--	--	--	--	--
31 December 2015	Receivables				
	Trade Receivables	Other Receivables			
Past due 1-30 days	--	--			
Past due 1-3 months	--	--			
Past due 3-12 months	--	--			
Past due 1-5 years	--	--			
More than 5 years	--	--			
Total undue receivables	--	--			
Total allowances	--	--			

(\*) As at 31 December 2015, TL 47,664 of restricted cash balances is shown in bank deposits.

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

**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 2016:

30 June 2016							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
<b>Financial liabilities</b>							
Loans and borrowings	8	1,214,396	(1,555,330)	(60,550)	(165,815)	(683,297)	(645,668)
Bonds	8	411,652	(450,674)	(19,564)	(367,570)	(63,540)	--
Trade payables	9	5,386	(5,386)	(4,732)	(654)	--	--
Due from related parties	9-10-32	16,392	(16,392)	(48)	(6,508)	(9,836)	--
Other payables (*)		9,897	(9,897)	(4,916)	(1,439)	(3,542)	--
<b>Total</b>		<b>1,657,723</b>	<b>(2,037,679)</b>	<b>(89,810)</b>	<b>(541,986)</b>	<b>(760,215)</b>	<b>(645,668)</b>

(\*) The non-financial instruments such as deposits and advances received, deferred income are not included in 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 2015:

31 December 2015							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
<b>Financial liabilities</b>							
Loans and borrowings	7	1,117,391	(1,478,294)	(67,098)	(200,200)	(531,000)	(679,996)
Bonds	7	412,235	(482,974)	(21,146)	(34,689)	(427,139)	--
Trade payables	8	15,533	(15,533)	(5,477)	(10,056)	--	--
Due from related parties	8-9-36	14,452	(14,452)	(24)	(5,362)	(9,066)	--
Other payables (*)		12,020	(12,020)	(7,234)	(1,185)	(3,601)	--
<b>Total</b>		<b>1,571,631</b>	<b>(2,003,273)</b>	<b>(100,979)</b>	<b>(251,492)</b>	<b>(970,806)</b>	<b>(679,996)</b>

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

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

**Currency risk**

**Exposure to currency risk**

As at 30 June 2016, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	<b>30 June 2016</b>			
	<u>TL</u> <u>Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
1. Trade receivables	7,773	--	--	7,773
2a. Monetary Financial Assets (including Cash)	62,247	17,688	3,439	45
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	51,208	19	15,646	1,017
<b>4. Current Assets (1+2+3)</b>	<b>121,228</b>	<b>17,707</b>	<b>19,085</b>	<b>8,835</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-monetary Financial Assets	--	--	--	--
7. Other	27,528	4,024	4,956	--
<b>8. Non-current Assets (5+6+7)</b>	<b>27,528</b>	<b>4,024</b>	<b>4,956</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>148,756</b>	<b>21,731</b>	<b>24,041</b>	<b>8,835</b>
10. Trade Payables	14,030	4,002	549	690
11. Financial Liabilities	201,641	31,386	34,585	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-monetary Liabilities	1,406	--	29	1,311
<b>13. Short Term Liabilities (10+11+12)</b>	<b>217,077</b>	<b>35,388</b>	<b>35,163</b>	<b>2,001</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	1,007,731	66,272	254,640	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	3,711	1,282	--	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,011,442</b>	<b>67,554</b>	<b>254,640</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,228,519</b>	<b>102,942</b>	<b>289,803</b>	<b>2,001</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(1,079,763)</b>	<b>(81,211)</b>	<b>(265,762)</b>	<b>6,834</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,153,382)</b>	<b>(83,972)</b>	<b>(286,335)</b>	<b>7,128</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

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

**Currency risk**

**Exposure to currency risk**

As at 31 December 2015, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	<b>31 December 2015</b>			
	<u>TL</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
	<u>Equivalent</u>			
1. Trade receivables	11,475	--	--	11,475
2a. Monetary Financial Assets (including Cash	64,977	93	20,331	106
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	539	1	62	337
<b>4. Current Assets (1+2+3)</b>	<b>76,991</b>	<b>94</b>	<b>20,393</b>	<b>11,918</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	16,616	23	5,208	--
<b>8. Non-current Assets (5+6+7)</b>	<b>16,616</b>	<b>23</b>	<b>5,208</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>93,607</b>	<b>117</b>	<b>25,601</b>	<b>11,918</b>
10. Trade Payables	3,659	301	875	5
11. Financial Liabilities	211,884	37,933	31,971	--
12a. Other Monetary Liabilities	105	36	--	--
12b. Other Non-monetary Liabilities	1,808	--	94	1,510
<b>13. Short Term Liabilities (10+11+12)</b>	<b>217,456</b>	<b>38,270</b>	<b>32,940</b>	<b>1,515</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	862,779	11,754	260,764	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	3,517	1,209	--	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>866,296</b>	<b>12,963</b>	<b>260,764</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,083,752</b>	<b>51,233</b>	<b>293,704</b>	<b>1,515</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(990,145)</b>	<b>(51,116)</b>	<b>(268,103)</b>	<b>10,403</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,001,975)</b>	<b>(49,931)</b>	<b>(273,279)</b>	<b>11,576</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**33 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.

<b>Currency Sensitivity Analysis</b>				
<b>30 June 2016</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	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	(23,499)	23,499	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	(23,499)	23,499	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(85,161)	85,161	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	(85,161)	85,161	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	683	(683)
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	--	--	683	(683)
<b>TOTAL (3+6+9)</b>	(108,660)	108,660	683	(683)

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

**Currency risk (continued)**

**Sensitivity analysis (continued)**

<b>Currency Sensitivity Analysis</b>				
<b>31 December 2015</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	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	(14,862)	14,862	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	(14,862)	14,862	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(85,192)	85,192	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	(85,192)	85,192	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	1,040	(1,040)
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	--	--	1,040	(1,040)
<b>TOTAL (3+6+9)</b>	(100,054)	100,054	1,040	(1,040)

**Interest rate risk**

**Profile**

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

	<b><u>30 June 2016</u></b>	<b><u>31 December 2015</u></b>
<b>Fixed rate instruments</b>		
Financial assets	111,732	66,657
Financial liabilities	1,158,839	1,040,561
<b>Variable rate instruments</b>		
Financial assets	--	--
Financial liabilities	467,209	489,065

**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.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

**33 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 Benchmark Interest Rate, Euribor or Libor rate, caused an approximately TL 4,672 (31 December 2015: TL 4,891) increase in the annual interest costs of floating interest rate liabilities of the Group.

As at 30 June 2016 and 31 December 2015, 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

<b>Interest Rate Profile</b>		<b>30 June 2016</b>	<b>31 December 2015</b>
<b>Fixed Rate Financial Instruments</b>			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
<b>Variable Rate Financial Instruments</b>		--	--
Financial Assets		--	--
Financial Liabilities		(4,672)	(4,891)

**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 indebtedness 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 2016 and 31 December 2015, net financial liabilities/equity ratios are as follows:

	<b>30 June 2016</b>	<b>31 December 2015</b>
Total financial liabilities	1,626,048	1,529,626
Cash and banks (*)	(114,141)	(70,088)
Net financial liabilities	1,511,907	1,459,538
Equity	1,720,207	1,742,473
Net financial liability/equity ratio	0.88	0.86

(\*) As at 30 June 2016, in addition to cash and cash equivalents, TL 98,172 of restricted cash balances included in cash and bank balances (31 December 2015: TL 48,664)

As at 31 December 2015, Akfen Holding shares purchased within the "Buy Back Programme" by Akfen Holding amounting to TL 76,029 was not included in cash and banks.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Six Month Period Ended 30 June 2016**

(Currency: Thousands of TL)

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

With the board decision dated 01 June 2016 and 20 June 2016 it was decided to determine whether the spin-off of the shares of; Akfen Thermal Energy., İDO, Akfen Water, Tav Investment, Akfen REIT, Adana İpekyolu, Akfen Enerji Gaz, Akfen Enerji Üretim, Akfen Rüzgar Enerji, Akfen Karaköy, Akfen Su Güllük, Akfensu-Arbiogaz Dilovası, Akfen Güneş Enerji and Batı Karadeniz Elk.Dağ.Ve Sis.A.Ş. and to contribute these to Akfen Mühendislik AŞ., as capital in kind, is appropriate.

**35 SUBSEQUENT EVENTS**

**Akfen Holding and Its Subsidiaries:**

**Akfen Renewable**

The conditions of the closing were met and at the initial stage, the paid in capital of Akfen Renewable was raised from TL 634,500 to TL 705,000. EBRD and IFC have participated in Akfen Renewable with a 5% stake each, paying USD44,444,444, The rise in the paid-in capital was registered on 12 July 2016.

**Akfen REIT**

In its announcement dated 29 July 2016, Akfen REIT announced that its shareholder Hamdi Akın and Chairman of the Board İ. Süha Güçsav have applied to the MKK to turn their bearer shares in Akfen REIT into tradable shares and to avoid any misunderstanding its was disclosed to the investors that this application was not made in order to sell these shares.

**Equity Accounted Investees**

**TAV Airports**

On February 12, 2016 TAV Airports had disclosed their financial and operational expectations for 2016, under normal conditions. Because of security related incidents TAV Airports have experienced both in Turkey and globally since then, passenger numbers and passenger mix is affected and hence guidance is revised. Due to this, while Istanbul international passengers was flat in the first half of 2016, Origin and Destination (O&D) passengers decreased 14%. In 2016, TAV Airports expect: 20 percent decrease in Istanbul Ataturk Origin & Destination (O&D) Passengers, stable revenue, 8-10 percent decrease in EBITDAR, significant decrease in net profit all measures are taken to limit the decline in operational metrics and strict cost control measures are being implemented in response to the new situation have been announced on July 27, 2016.

TAV Airports Holding's subsidiary, BTA Yiyecek İçecek Hizmetleri A.Ş., will start operating the food and beverages areas and provide inflight catering services at Zagreb International Airport in Croatia as of August 01, 2016. The operating period is 13 years. The project covers the operation right of 16 of service points of food and beverage areas and inflight catering services for around 90 airlines including Croatia Airlines, flag carrier of Croatia. TAV Airports has 15% share in the consortium which has been operating the airport since 2013. Zagreb Airport served around 2.6 million passengers in 2015. Passenger capacity of the airport will reach to 8 million per year by completion of new terminal building in 2017.

TAV Airports announced on 5 August 2016, that in partnership with its 38% shareholder Groupe ADP and with Bouygues Bâtiment International, they entered into exclusive talks with Cuban authorities, concerning the development of José Martí International Airport, Havana, under a concession contract. The Havana International Airport development project comprises the renovation, extension and operation of the existing international terminals. The project also includes the development of the San Antonio de los Baños Airport, located to the West of the capital.