

**Akfen Holding Anonim Őirketi
Consolidated Condensed Interim
Financial Statements As at and for the
Period Ended 30 September 2013**

AKFEN HOLDİNG ANONİM ŞİRKETİ
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 1 JANUARY-30 SEPTEMBER 2013

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Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Financial Position as at 30 September 2013
(Currency: Thousands of TL)

		<i>Not Audited</i>	<i>Audited</i>
	<i>Notes</i>	<i>30 September 2013</i>	<i>(Restated)(*) 31 December 2012</i>
ASSETS			
Current Assets			
Cash and cash equivalents	4	447.219	614.312
Trade receivables		189.537	142.514
- Due from related parties		19.705	26.250
- Trade receivables from third parties	8	27	--
Other receivables		19.678	26.250
-Due from related parties	9-30	7.248	3.429
-Other receivables from third parties	9	448	239
Financial investments	5	6.800	3.190
Restricted cash	10	--	158.179
Inventories	11	--	133.695
Prepaid expenses	20	165.650	99.238
Current tax assets		10.979	13.266
Other current assets	19	6.021	11.288
		48.079	26.453
Non-Current Assets			
Trade receivables		2.624.048	2.528.884
-Trade receivables from third parties		14.359	--
Other receivables		14.359	--
-Due from related parties	9-31	25.397	56.082
-Other receivables from third parties	9	11.250	45.541
Equity accounted investees	12	14.147	10.541
Investment property	13	416.542	322.085
Property, plant and equipment	14	1.178.086	1.090.345
Intangible assets	15	770.995	809.377
Goodwill	16	55.573	65.624
Deferred tax assets	29	3.309	3.309
Prepaid expenses	20	40.086	34.708
Other non-current assets	19	19.215	15.921
		100.486	131.433
TOTAL ASSETS		3.071.267	3.143.196

Interim consolidated financial statements prepared as at and for the period ended 30 September 2013 is approved on 11 November 2013 in board of directors' meeting.

(*)For restatement please refer to Note 2.2.

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Financial Position as at 30 September 2013

(Currency: Thousands of TL)

LIABILITIES	<i>Notes</i>	<i>Not Audited</i> 30 September 2013	<i>Audited</i> (Restated)(*) 31 December 2012
Current Liabilities		564.853	398.405
Short term loans and borrowings	6	115.551	70.609
Short term portion of long term loans and borrowings	6	405.109	280.616
Trade payables		21.302	25.093
- <i>Due to related parties</i>	8-31	491	955
- <i>Trade payables to third parties</i>	8	20.811	24.138
Other payables		14.907	16.326
- <i>Due to related parties</i>	9-31	193	100
- <i>Other payables to related parties</i>	9	14.714	16.226
Employee benefit obligations		473	1.760
Short term provisions		3.454	3.206
- <i>Provision for employee benefits</i>		1.676	1.465
- <i>Other provisions</i>		1.778	1.741
Deferred revenue	20	4.057	795
Non-Current Liabilities		870.217	1.052.373
Long term loans and borrowings	6	770.309	940.808
Derivative instruments	7	4.655	9.704
Trade payables		24.627	32.737
- <i>Trade payables to third parties</i>	8	24.627	32.737
Other payables		13.120	15.364
- <i>Due to related parties</i>	9-31	7.544	7.499
- <i>Other payables to third parties</i>	9	5.576	7.865
Deferred tax liability	29	54.987	51.488
Long term provisions		2.519	2.272
- <i>Provision for employee benefits</i>		1.989	1.764
- <i>Other long term provisions</i>		530	508
EQUITY		1.636.197	1.692.418
Total Equity Attributable to Equity Holders of the Parent		1.305.705	1.303.738
Paid in capital	21	291.000	145.500
Adjustments to share capital		(7.257)	(7.257)
Share premium	21	309.282	454.782
Treasury shares (-)		(25.757)	(23.866)
Repurchased shares (-)		(29.984)	(13.885)
Business combination of entities under common control		6.236	6.236
Other comprehensive income/expense not to be reclassified to profit or loss		(1.712)	(3.133)
- <i>Revaluation reserve</i>		52	108
- <i>Actuarial gain/loss arising from defined benefit plans</i>		(1.764)	(3.241)
Other comprehensive income/expense to be reclassified to profit or loss		65.160	(47.994)
- <i>Foreign currency translation reserve</i>	21	83.596	37.229
- <i>Cash flow hedge reserves</i>	21	(18.436)	(84.473)
- <i>Revaluation reserve for securities</i>		--	(750)
Other reserves		(98.291)	(104.900)
Restricted reserves allocated from profit		19.188	--
Retained earnings		854.481	235.495
Net (loss)/profit for the period		(76.641)	662.760
Non-controlling interests		330.492	388.680
TOTAL EQUITY AND LIABILITIES		3.071.267	3.143.196

(*)For restatement please refer to Note 2.2.

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Profit and Loss for the Nine Month Period Ended
30 September 2013

(Currency: Thousands of TL)

		<i>Not Audited</i>	<i>Not Audited</i>	<i>Restated(*) Not Audited</i>	<i>Restated(*) Not Audited</i>
	<i>Notes</i>	<i>1 January-30 September 2013</i>	<i>1 June-30 September 2013</i>	<i>1 January-30 September 2012</i>	<i>1 June-30 September 2012</i>
CONTINUED OPERATIONS					
Revenue	22	90.403	20.408	71.159	18.328
Cost of sales (-)	22	(34.686)	(12.400)	(28.890)	(9.913)
GROSS PROFIT		55.717	8.008	42.269	8.415
General administrative expenses(-)	23	(41.480)	(11.947)	(37.887)	(10.639)
Other operating income	24	14.475	3.377	11.528	2.523
Other operating expense		(4.544)	(1.421)	(10.600)	(5.108)
Share on profit of equity-accounted investees, net of tax	12	(4.585)	(12.178)	112.621	37.676
OPERATING PROFIT		19.583	(14.161)	117.931	32.867
Income from investment activities	25	40.879	1.599	571.284	5.205
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		60.462	(12.562)	689.215	38.072
Financial income	26	93.574	23.520	161.618	38.598
Financial expense	27	(253.820)	(101.229)	(163.803)	(62.036)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		(99.784)	(90.271)	687.030	14.634
Tax income/(expense) of continued operations		7.579	5.865	(30.657)	(2.924)
Tax expense	29	(1.903)	(1.903)	(4.570)	(606)
Deferred tax income/(expense)	29	9.482	7.768	(26.087)	(2.318)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS		(92.205)	(84.406)	656.373	11.710
DISCONTINUED OPERATIONS					
Profit/(loss) from discontinued operations		--	--	--	--
(LOSS)/PROFIT FOR THE PERIOD		(92.205)	(84.406)	656.373	11.710
(Loss)/Profit attributable to Non-controlling interest		(15.564)	(7.927)	7.141	314
Equity holders of the parent		(76.641)	(76.479)	649.232	11.396
(Loss)/Profit for the Period		(92.205)	(84.406)	656.373	11.710
Basic and diluted earnings / (loss)	30	(0,275)	(0,275)	2,299	0,040

(*)For restatement please refer to Note 2.2.

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Other Comprehensive Income for the Nine Month Period Ended 30 September 2013

(Currency: Thousands of TL)

	<i>Not Audited</i> <i>1 January-30</i> <i>September 2013</i>	<i>Not Audited</i> <i>1 June-30</i> <i>September 2013</i>	<i>Restated(*)</i> <i>Not Audited</i> <i>1 January-30</i> <i>September 2012</i>	<i>Restated(*)</i> <i>Not Audited</i> <i>1 June-30</i> <i>September 2012</i>
(LOSS)/PROFIT FOR THE PERIOD	(92.205)	(84.406)	656.373	11.710
Items not to be reclassified to comprehensive income in subsequent periods				
Items not to be reclassified to comprehensive income in subsequent periods from equity accounted investees	1.421	1.391	(1.516)	165
Items to be reclassified to comprehensive income in subsequent periods				
Foreign currency translation differences	26 2.626	3.016	(2.890)	4.504
(Loss)/profit from cash flow hedging	26 2.971	3.247	(3.808)	(2.447)
Items to be reclassified to comprehensive income in subsequent periods from equity accounted investees	64.638	58.888	(29.258)	(2.572)
Tax income/(expense) from items to be reclassified to comprehensive income in subsequent periods	26 (495)	(516)	762	489
OTHER COMPREHENSIVE INCOME	71.161	66.026	(36.710)	139
TOTAL COMPREHENSIVE INCOME	(21.044)	(18.380)	619.663	11.849
Total comprehensive income attributable to:				
Non-controlling interest	(13.028)	(1.927)	7.418	(30)
Equity holders of the parent	<u>(8.016)</u>	<u>(16.453)</u>	<u>612.245</u>	<u>11.879</u>
Total Comprehensive Income	<u>(21.044)</u>	<u>(18.380)</u>	<u>619.663</u>	<u>11.849</u>

(*) For restatement please refer to Note 2.2.

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statements of Changes in Equity for the Nine Month Period Ended 30 September 2013

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss			Retained Earnings				
	Paid in capital	Adjustments to share capital	Share premium	Treasury shares	Repurchased shares	Entities under common control	Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings	Profit for the period	Total	Non-controlling interest	Total equity
Balances as at 1 January 2012	145.500	(7.257)	342.670	(3.709)	(301)	20.062	101.443	(104.992)	(2.294)	--	19.699	312.819	(64.724)	758.916	392.965	1.151.881
Changes in accounting policies(*)	--	--	--	--	--	--	--	--	--	(3.189)	(19.699)	(11.577)	(1.023)	(35.488)	(57.107)	(92.595)
Balance at 1 January 2012 as restated	145.500	(7.257)	342.670	(3.709)	(301)	20.062	101.443	(104.992)	(2.294)	(3.189)	--	301.242	(65.747)	723.428	335.858	1.059.286
Total comprehensive income/(expense) for the period																
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	--	649.232	649.232	7.141	656.373
Other comprehensive income																
Foreign currency translation differences	--	--	--	--	--	--	(23.234)	--	--	--	--	--	--	(23.234)	543	(22.691)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	(63)	--	--	--	--	(63)	--	(63)
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(1.586)	--	--	--	(1.586)	--	(1.586)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(12.370)	--	--	--	--	--	(12.370)	--	(12.370)
Total other comprehensive income	--	--	--	--	--	--	(23.234)	(12.370)	(63)	(1.586)	--	--	--	(37.253)	543	(36.710)
Total comprehensive income	--	--	--	--	--	--	(23.234)	(12.370)	(63)	(1.586)	--	--	649.232	611.979	7.684	619.663
Transactions with owners, recorded directly in equity																
Transfers	--	--	--	--	--	--	--	--	--	--	--	(65.747)	65.747	--	--	--
Change in ownership rate in jointly controlled entities	--	--	(2.604)	--	--	(13.826)	(43.325)	25.908	2.483	1.438	--	--	--	(29.926)	--	(29.926)
Acquisition of own shares (**)	--	--	--	--	(2.177)	--	--	--	--	--	--	--	--	(2.177)	--	(2.177)
Total transactions with owners	--	--	(2.604)	--	(2.177)	(13.826)	(43.325)	25.908	2.483	1.438	--	(65.747)	65.747	(32.103)	--	(32.103)
Balances at 30 September 2012	145.500	(7.257)	340.066	(3.709)	(2.478)	6.236	34.884	(91.454)	126	(3.337)	--	235.495	649.232	1.303.304	343.542	1.646.846

(*)For restatement please refer to note 2.2.

(**)Explained in note 21.

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statements of Changes in Equity for the Nine Month Period Ended 30 September 2013

(Currency: Thousands of TL)

							Kar veya Zarara Sınıflandırılacak Birikmiş Diğer Kapsamlı Gelir ve Giderler			Kar veya Zarara Sınıflandırılmayacak Birikmiş Diğer Kapsamlı Gelir ve Giderler			Birikmiş Karlar				
	Paid in capital	Adjustments to share capital	Share premium	Treasury shares	Repurchased shares	Entities under common control	Revaluation reserve for securities	Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings	Profit for the period	Total	Non-controlling interest	Total equity
1 Ocak 2013 tarihi itibariyle bakiyeler	145.500	(7.257)	349.132	(23.866)	(13.885)	6.236	--	37.187	(84.473)	108	--	10.095	236.575	662.854	1.318.206	396.401	1.714.607
Muhasebe politiklarında değişiklikler (*)	--	--	--	--	--	--	--	42	--	--	(3.241)	(10.095)	(1.080)	(94)	(14.468)	(7.721)	(22.189)
1 Ocak 2013 tarihi itibariyle yeniden düzenlenmiş	145.500	(7.257)	349.132	(23.866)	(13.885)	6.236	--	37.229	(84.473)	108	(3.241)	--	235.495	662.760	1.303.738	388.680	1.692.418
Toplam kapsamlı gelir/(gider)																	
Net dönem zararı	--	--	--	--	--	--	--	--	--	--	--	--	--	(76.641)	(76.641)	(15.564)	(92.205)
Diğer kapsamlı gelir/(gider)																	
Foreign currency translation differences	--	--	--	--	--	--	--	45.922	--	--	--	--	--	--	45.922	2.536	48.458
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	(56)	--	--	--	--	--	(56)	--	(56)
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	1.477	--	--	--	--	1.477	--	1.477
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	--	21.282	--	--	--	--	--	21.282	--	21.282
Total other comprehensive income	--	--	--	--	--	--	--	45.922	21.282	(56)	1.477	--	--	--	68.625	2.536	71.161
Total comprehensive income	--	--	--	--	--	--	--	45.922	21.282	(56)	1.477	--	--	(76.641)	(8.016)	(13.028)	(21.044)
Özkaynaklarda kayıtlara alınan ortaklarla yapılan işlemler																	
Transfers	145.500	--	(145.500)	--	--	--	--	445	--	--	--	19.188	643.127	(662.760)	--	--	--
Dividend distribution	--	--	--	--	--	--	--	--	--	--	--	--	(24.141)	--	(24.141)	--	(24.141)
Transfer of hedging reserve to profit for the period	--	--	--	--	--	--	--	--	42.698	--	--	--	--	--	42.698	--	42.698
Transactions with subsidiaries	--	--	7.359	--	--	--	--	--	2.057	--	--	--	--	--	9.416	(45.160)	(35.744)
Acquisition of own shares (**)	--	--	--	(1.891)	(16.099)	--	--	--	--	--	--	--	--	--	(17.990)	--	(17.990)
Total transactions with owners	145.500	--	(138.141)	(1.891)	(16.099)	--	--	445	44.755	--	--	19.188	618.986	(662.760)	9.983	(45.160)	(35.177)
Balances at 30 September 2013	291.000	(7.257)	210.991	(25.757)	(29.984)	6.236	--	83.596	(18.436)	52	(1.764)	19.188	854.481	(76.641)	1.305.705	330.492	1.636.197

(*)For restatement please refer to Note 2.2.

(**) Explained in Note 21.

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

Akfen Holding Anonim Şirketi
Condensed Interim Consolidated Cash Flow Tables for the Nine Month Period
Ended 30 September 2013
(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not Audited</u> <u>30 September 2013</u>	<u>Not Audited</u> <u>(Restated)(*)</u> <u>30 September 2012</u>
Cash flows from operating activities:			
(Loss)/Profit for the period		(92.205)	656.373
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangibles	14-15	12.838	10.833
Provision for employee termination benefits		316	691
Unearned interest income, net		1.721	1.821
Adjustments for profit from sale of subsidiary and affiliate		(33.079)	(561.860)
Provision for claims and vacation pay		130	--
Unrealized foreign exchange differences on balance sheet items		103.596	(92.201)
Interest income and interest expense	25-26-27	29.772	75.394
Tax expense/(income)	29	(7.579)	30.657
Cash flow from operating activities before changes in working capital		15.510	121.708
<i>Changes in:</i>			
Other current trade receivables		6.572	(1.155)
Other current non-trade receivables		(3.610)	(3.974)
Other current assets		119.472	17.788
Other non-current trade receivables		(14.359)	--
Other non-current receivables		(3.606)	(200)
Inventories		(66.412)	(106.934)
Due from related parties		34.055	687
Other non-current assets		(40.127)	(11.385)
Other current trade payables		(689)	(15.573)
Other current payables		10.341	24.560
Other short term liabilities		1.218	(3.381)
Other non-current trade receivables		(8.110)	--
Other non-current receivables		(2.330)	30.350
Due to related parties		(246)	3.516
Other long term liabilities		2.643	--
Net cash provided by operating activities		50.322	56.007
Interest paid		(2.468)	--
Retirement benefit paid		(200)	(303)
Net cash provided by operating activities		47.654	55.704

(*) For restatement please refer to Note 2.2.

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Akfen Holding Anonim Şirketi
Condensed Interim Consolidated Cash Flow Tables for the Nine Month Period
Ended 30 September 2013
(Currency: Thousands of TL)

	<i>Notes</i>	<i>Not Audited 30 September 2013</i>	<i>Not Audited (Restated)(*) 30 September 2012</i>
Cash flows from investing activities			
Interest received		22.639	20.141
Acquisition of property, plant and equipment and intangible assets	14-15	(101.531)	(187.344)
Proceeds from sale of property, plant and equipment and intangible assets		162	60
Purchases of investment property	13	(74.889)	(27.203)
Increase/(decrease) in financial investments		158.179	(175.164)
Sale of subsidiary and entity under common control		86.370	764.582
Net cash provided by operating activities		90.930	395.072
Cash flows from financing activities			
Proceeds from borrowings		336.021	448.647
Repayment of borrowings		(329.338)	(654.402)
Interest paid		(52.411)	(95.535)
Change in project reserve accounts	4	(42.169)	(25.496)
Purchase of own shares		(17.990)	(2.177)
Change in non-controlling interests		(3.259)	7.141
Dividend paid		(24.586)	--
Net cash (used in)/ provided by financing		(133.732)	(321.822)
Net increase in cash and cash equivalents		4.852	128.954
Cash and cash equivalents at 1January	4	136.653	83.496
Cash and cash equivalents at period end	4	141.505	212.450

(*)For restatement please refer to Note 2.2.

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY

Akfen Holding A.Ş. (“Akfen Holding”, “Group” or “Company”) was founded in Turkey in 1999. The activity fields of Akfen Holding, which founded its first company in 1976, are to make investment and provide the coordination and management to the affiliate partners, which deal with the industrial branches such as the management and operation of airports, construction, maritime and port authority, marine transportation, water distribution and waste water services, energy and real estate.

Akfen Holding extended its construction activities, since its foundation, through Atatürk Airport Build-Operate-Transfer Model (‘BOT’) in 1997 and implemented the investment planning models in airports in many infrastructure projects in Turkey as the executor and became one of the most important infrastructure holdings of Turkey.

As at 30 September 2013, Akfen Holding has 5 (31 December 2012: 9) subsidiaries and 6 (31 December 2012: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 30 September 2013 and concluded in the same period include the shares of Akfen Holding and its affiliates and the Group’s stakes in the participations and investments in equity accounted investees. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through its shares. The Company has joint management rights on TAV Havalimanları Holding A.Ş. (“TAV Havalimanları”), Tav Yatırım Holding A.Ş. (“TAV Yatırım”), Mersin Uluslararası Liman İşletmeciliği A.Ş. (“MIP”), PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. (“PSA Liman”), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Su”) and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (“İDO”).

Group manages the partnerships together with the nationally and internationally recognized companies such as Grup Tepe İnşaat Sanayi A.Ş. (“Tepe” or “Tepe İnşaat”), PSA International (“PSA”), Souter Investments LLP (“Souter”), Kardan N.V. and Aéroports de Paris Management. There is also a Memorandum of Understanding (“MoU”) between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, based on Novotel and Ibis Hotel to be constructed in Turkey.

Akfen Holding is registered on the Capital Markets Board (“CMB”) and its shares are traded on the Borsa İstanbul A.Ş. (‘BİAŞ’) under ‘AKFEN’ code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 30 September 2013 are as follows (Note: 21)

	<u>30 September 2013</u>		<u>31 December 2012</u>	
	<u>Share</u>	<u>Ownership</u>	<u>Share</u>	<u>Ownership</u>
	<u>Amount</u>	<u>Rate %</u>	<u>Amount</u>	<u>Rate %</u>
Hamdi Akın(*)	198.500	68,21	99.250	68,21
Akfen İnşaat Turizm ve Ticaret A.Ş.(**)	7.990	2,75	3.995	2,75
Other partners	2.278	0,78	1.139	0,78
Public shares(***)	82.232	28,26	41.116	28,26
Paid in capital (nominal)	291.000	100	145.500	100

* 109.074 of public in nature belong to Hamdi Akın.

** Public in nature.

*** There are 4.957.441 shares of Akfen İnşaat which are public in nature

As at 30 September 2013, as a result of buy back program 7.079.513 shares were purchased by Akfen Holding.

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>

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 30 September 2013 is 350 (31 December 2012: 340) and 31.651 (31 December 2012: 27.654), respectively.

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

i) Subsidiaries

Akfen İnşaat Turizm ve Ticaret A.Ş.

Akfen Holding owns 99.85% of Akfen İnşaat Turizm ve Ticaret A.Ş. (“Akfen İnşaat”), which is one of the core segments of the company. The company, which was initially established to produce feasibility and engineering services of the industrial facilities, has expanded its range of services to include manufacturing, installation and assembly work. The company has successfully completed the construction of superstructure, infrastructure, environmental protection and integrated airport building projects.

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

The major projects include airport terminals plus associated infrastructure, natural gas pipe lines/distribution systems, hospitals, schools, residences, industrial plants, energy projects in hydroelectric / thermal sectors, water distribution, sewage systems and waste water treatment facilities. Akfen İnşaat obtained construction licence for the real estate project, İncek Loft, in Ankara İncek in a construction area of 272 thousand m² and contracting agreement for the project was made.

The reverse auction for the tender concerning the “Construction works and the provision of products and services for Isparta City Hospital through Public Private Partnership Model” of Republic of Turkey Ministry of Health, Department of Public Private Partnership (“Administration”) took place on 22 February, 2013. The best “all inclusive yearly price” was submitted by Akfen Holding’s wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. with TL 52.250. As a result of the meetings held with the Turkey Ministry of Health, Department of Public Private Partnership, last offer submitted by Akfen İnşaat was sent for approval of Higher Planning Council (“HPC”) on 4 September 2013. Following the approval of HPC, contract process will start.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.(continued)

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

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

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

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

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

Akfen Ticaret and Eastern European Property Investment Ltd. ("EEPI Ltd.") formed joint ventures in the Netherlands under the name of Russian Hotel Investment BV ("Russian Hotel" or "RHI") and Russian Property Investments BV ("Russian Property" or "RPI") on 21 September 2007 and 3 January 2008, respectively. EEPI Ltd assigned its 45% shares in RHI and RPI to Kasa Investments ("Kasa BV"), and 5% shares to Cüneyt Baltaoğlu in December 2010. On 29 July 2011, Akfen Ticaret, has taken over 45% shares of RHI and RPI previously owned by Kasa Investments BV. The main objective of Russian Hotel is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A., while the main objective of Russian Property is to develop office projects in Russia. The capital structures of the joint ventures are both designated as 95% of participation for the Company and 5% participation of Cüneyt Baltaoğlu as at 30 September 2013.

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

Akfen GYO established a subsidiary named Hotel Development and Investment BV in the Netherlands on 18 March 2011 in order to develop hotel projects in Russia.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

HEPP Group

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

Akfen Holding, planning to be active in the energy sector including energy generation and distribution, grouped the hydroelectric power plants under AkfenHes Yatırımları ve Enerji Üretim A.Ş. ("HES I" or "AkfenHES").

In order to ease monitoring of investors, enable the uniformity and ease of management, decrease general expenses and costs, hydroelectrical power plant companies within Akfen Holding are consolidated under AkfenHES. Within the context of 136-138 articles of law 6102 of Turkish Commercial Code and 5520 numbered Corporate Tax Law Akfen Hidroelektrik Santrali Yatırımları A.Ş. ("HES II"), Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ("HES III") and Saraçbendi Enerji Üretimi ve Ticaret A.Ş. ("HES V"), which have the same ownership structure with AkfenHES, were merged with AkfenHES on 28 March 2013.

A total of 16 projects are included in AkfenHES and total electricity generation capacity is 344,2 MW. 8 power plants having 142,2 MW installed power capacity and 588,3 GWs electricity generation capacity are operated for energy generation and the construction in 5 power plant with 85,6 MW installed power capacity and 332,5 GWs electricity generation capacity is in progress. Construction of Sekiyaka HES, Doruk HES and Doğançay HES projects are in final phase. Preliminary constructions preparations continues in Çalıkobası HES project of HHK Enerji Elektrik Üretim A.Ş. ("HHK") and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. ("Kurtal"). In addition, there are 3 hydroelectrical power plants with total of 116,3 MW installed power capacity and 317,4 GWs annual electricity generation capacity in planning phase. After completion of all projects, expected installed power capacity is 344,2 MW and electricity generation capacity is 1.238,3 GWs/year for 16 power plants..

Except for one of 16 projects under AkfenHES ('Laleli Dam Project'), all projects are subject to Law Regarding Use of Renewable Energy Resources for the Purpose of Electricity Production. In case of obtaining Renewable Energy Resources Certificates have been obtained and all investments have been completed until 31 December 2015, these projects will be able to benefit from the Government's purchase guarantee for 10 years of 7,3 US Dollar cent/kWh.

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

Akfen Enerji Yatırımları Holding A.Ş.

In addition to hydroelectrical power plant investments, Group plans other investments in energy sector under Akfen Enerji Yatırımları Holding A.Ş. ("Akfen Enerji").

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

Akfen Enerji Yatırımları Holding A.Ş. (continued)

In order to increase the total installed power capacity to 570 MW, license modification appeal was made on 23 March 2012. Modification appeal was approved by 3961-12 numbered resolution of Energy Market Regulatory Board on 9 August 2012 and as at 17 December 2012 license capacity was modified as 570 MW by Energy Market Regulatory Board ('EMRB'). In addition, on 18 December 2012 Akfen Enerji Üretim made an appeal for modification to Energy Market Regulatory Board to increase the installed power of Mersin Combined Natural Gas Plant to 1.148,4 MW and EMRB's favorable decision notice was received. Environmental Impact Assessment ('EIA') Report for the project has been analyzed by Ministry of Environment and Urban Planning Inspection and Analyzing Commission and the report was accepted as decisive and analysis are completed. In addition for Engineering-Procurement-Construction ("EPC") bidding process, turnkey EPC offers were obtained from different turbine producers and the process is in the final phase. It is planned that EPC contract will be signed and construction will start following the decision of the EPC company.

ii) Joint Ventures

TAV Havalimanları Holding A.Ş.

TAV Havalimanları was founded in Turkey in 1997 under the title of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. for the purpose of reconstruction of Istanbul Atatürk Airport (International Terminal). The foundation aim of TAV Havalimanları is to reconstruct the Terminal Building of İstanbul Atatürk International Airport ("AUHT") and to operate it for 66 months. The main work of TAV Havalimanları is the construction of terminal buildings and operation of terminal buildings or airport. TAV İstanbul Terminal İşletmeciliği A.Ş. ("Tav İstanbul") 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.

In Turkey, for Ankara Esenboğa Airport, İzmir Adnan Menderes International Terminal and Antalya Gazipaşa Airport TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa"), TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) companies made Build – Operate – Transfer Agreements with Turkish State Airport Operations ("DHMI"). TAV Urban Georgia LLC ("TAV Tbilisi") signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations ("JSC"); TAV Batumi Operations LLC ("TAV Batumi") signed a Build – Operate – Transfer Agreement with Georgia Ministry of Economic Development ("GMED"); TAV Tunisia SA ("TAV Tunisia") signed a Build – Operate – Transfer Agreement with Tunisia State Airports Operations ("OACA") for Monastir and Enfidha Airports; TAV Macedonia Dooel Petrovec ("TAV Macedonia") signed a Build – Operate – Transfer Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports. Tibah Airport Development Company ("Tibah Development"), established by TAV Havalimanları, Al Rajhi Holding Group and Saudi Oger Ltd., signed a Build – Operate – Transfer Agreement with Saudi Arabia State Airport Operations ("GACA") for Medinah Airport. For renewal of domestic terminal of İzmir Adnan Menderes Airport, TAV Ege Terminal Yat. Yap. ve İşl. A.Ş. ("TAV Ege") signed a concession agreement with DHMI. According to these agreements, TAV Havalimanları constructs, renews and operates airports within the durations determined and obtains right to operate for the predetermined periods. At the end of agreement period, TAV Havalimanları will transfer the property of built airport to respective institution (DHMI, JSC, GMED, OACA, MOTC and GACA).

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

ii) İş Ortaklıkları (continued)

TAV Havalimanları Holding A.Ş.(continued)

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

TAV Havalimanları shares have been trading on BİAŞ under the code of ‘TAVHL’ since 23 February 2007.

TAV Yatırım Holding A.Ş.

TAV Yatırım Holding A.Ş. (“TAV Yatırım”) was established on 1 July 2005 in order to make investments in aviation and construction sectors. The main activity fields of the Group are construction, aviation and parking operation. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. (“TAV İnşaat”) and TAV Havacılık A.Ş. are subsidiaries of TAV Yatırım. TAV İnşaat has branches in Egypt Cairo, The United Arab Emirates, Sharjah and Abu Dhabi, Qatari Doha, Libya and Bahrain, Macedonia, Georgia and Saudi Arabia. TAV İnşaat has also subsidiaries called TAV G Otopark Yatırım Yapım ve İşletme A.Ş., TAV İnşaat Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction LLC and TAV – Alrajhi Construction Co. with 49,99%, 70%, 99,99%, 49% and 50% stakes, respectively.

Mersin Uluslararası Liman İşletmeciliği A.Ş.

MIP was founded on 4 May 2007 by PSA and Akfen Ortak Girişim Grubu, who were awarded the transfer of operation right of Mersin Port for 36 years belonging to TCDD upon bidding the highest offer by T.R. Directorate of Privatization Administration (‘PA’). MIP took over Mersin Port from TCDD upon a Concession Agreement signed with T.R. Directorate of Privatization Administration and TCDD on 11 May 2007 in order to operate it for 36 years. Mersin International Port is one of the most important ports of Turkey, Middle East and East Mediterranean with its geographical status, capacity, wide hinterland and advantages with multimode connection characteristics.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.

Akfen Su was established on 26 April 2005 in order to establish facilities to supply drinking and utility water from surface and ground water resources, collect domestic and industrial waste water and provide waste water treatment services. Akfen Holding and TASK Water BV have joint administration rights in Akfen Su with 50% shares. The subsidiaries of Akfen Su provide water and waste water services to Güllük Municipality and waste water treatment services to Dilovası Organized Industrial Zone.

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Su Güllük”) has started operating on 24 August 2006. Akfen Su Güllük, having completed all of its investments, served 5.980 subscribers as at 30 September 2013.

Akfen-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.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

ii) Joint Ventures (continued)

Akfen Su (continued)

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

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

İDO was sold to TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ('TASS'), belonging to Tepe İnşaat Sanayi A.Ş., Akfen Holding, Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly Controlled Entity Group by the Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. TASS was transferred to İDO on 26 December 2011 with all of its rights and liabilities according to the merger general rules in accordance with TTK and related regulations and TASS was dissolved without liquidation. 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 54 sea vehicles (25 sea buses, 19 vehicle ferries and 10 fast ferryboats) and 17 lines consisted of 11 sea buses, 2 vehicle ferries and 4 ferryboats. The sea buses, fast ferryboats and vehicle ferries have a total of 37.824 passengers capacity for summer period and 31.680 passengers capacity for winter period and 2.842 vehicles capacity for both periods as at 30 September 2013.

2 BASIS OF PREPARATION

2.1 Basis of Presentation

(a) Statement of compliance

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

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

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

In accordance with 5. clause of the Communiqué, Group implements Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS/TFRS) and related appendixes and interpretations issued by Public Oversight Accounting and Auditing standards Authority of Turkey("POA").

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION *(continued)*

2.1 Basis of Presentation *(continued)*

(a) Statement of compliance *(continued)*

Group prepared the condensed interim consolidated financial statements for the period ending 30 September 2013 in accordance with TAS:34 “Interim Financial Reporting”.

The accompanying consolidated interim financial statements as at 30 September 2013 have been approved by the Board of Directors of the Company on 11 November 2013. The General Assembly and the related legal authorities have the authority to revise the statutory and the reported consolidated financial statements.

(b) Preparation of the financial statements

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

(c) Accounting in hyperinflationary periods

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

(d) Basis of measurement

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(e) Functional and presentation currency

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

<u>Company</u>	<u>Functional Currency</u>
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Enerji	TL
AkfenHES	TL
Sim-Er Enerji Üretim Sanayi Ticaret Ltd.Şti. ("Sim-Er")	TL
TAV Havalimanları	EUR
TAV Yatırım	USD
MIP	USD
PSA Liman	TL
Akfen Su	TL
İDO	TL

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(f) Basis of consolidation

The accompanying condensed interim consolidated financial statements as at 30 September 2013 include the accounts of the parent company, Akfen Holding, its subsidiaries, investments in equity accounted investees, prepared in accordance with the basis of preparation stated in those financial statements.

Subsidiaries and joint ventures are consolidated through following methods.

(i) Subsidiaries

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

The companies have been consolidated, if the Group directly or indirectly owns the shares of the companies providing the Group to have voting right more than 50 % in the Company or the Group has power to control the operational and financial policies in line with the interests of the Company even if The Group does not have more than 50% voting right.

As at 30 September 2013 and 31 December 2012, ownership and voting right rates of subsidiaries subject to consolidation are as follows:

	Akfen Holding's ownership		Akfen Holding's direct or indirect voting rights		Voting rights of Akın Family		Total voting right		Principal activity
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>	
Akfen İnşaat	99,85	99,85	99,85	99,85	0,15	0,15	100,00	100,00	Construction
Akfen GYO	56,77	56,09	56,77	56,09	16,41	16,41	73,18	72,50	Real-estate investment
HES I	100,00	100,00	100,00	100,00	--	--	100,00	100,00	Hydroelectric, electricity production
HES II	--	99,58	--	100,00	--	--	--	100,00	Hydroelectric, electricity production
HES III	--	99,72	--	100,00	--	--	--	100,00	Hydroelectric, electricity production
HES IV	--	59,82	--	60,00	--	--	--	60,00	Hydroelectric, electricity production
HES V	--	99,71	--	100,00	--	--	--	100,00	Hydroelectric, electricity production
Akfen Enerji	69,50	69,50	69,75	69,75	29,75	29,75	99,50	99,50	Energy
Sim-Er	98,50	98,50	99,00	99,00	--	--	99,00	99,00	Energy

As at 30 September 2013, HES II, HES III and HES V companies are consolidated under HES I.

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(f) Basis of consolidation

(ii) Joint arrangements

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

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

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

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

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

	30 September 2013		31 December 2012		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Havalimanları	8,12	8,12	8,12	8,12	Operation of airports
TAV Yatırım	21,68	21,68	21,68	21,68	Investment, construction and operation in aviation industry
MIP	50,00	50,00	50,00	50,00	Port operation
PSA Liman	50,00	50,00	50,00	50,00	Port operation
Akfen Su	49,99	49,99	49,98	49,98	Consultancy Water Treatment Construction and Management
İDO	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 recognised at the carrying amounts recognized previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investee.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(f) Basis of consolidation (continued)

(v) Business combinations for acquisition from third parties

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

(g) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in the consolidated statement of comprehensive income.

The Group entities use USD, Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21, *The effect of changes in foreign exchange rates*. The Group uses TL as the reporting currency.

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

As at 30 September 2013 and 31 December 2012 yearly changes for period ends and as at 30 September 2013 and 30 September 2012 six month average changes are as follows:

	Average Rates		Period End Rates	
	30 September 2013	30 September 2012	30 September 2013	31 December 2012
US Dollar	1,8628	1,7942	2,0342	1,7826
Euro	2,4532	2,2996	2,7484	2,3517
Georgian Lari ("GEL")	1,1248	1,0882	1,2229	1,0775
Macedonian Dinar ("MKD")	0,0397	0,0373	0,0447	0,0382
Tunisian Dinar ("TND")	1,1533	1,1509	1,2336	1,1485
Swedish Krona ("SEK")	0,2861	0,2633	0,3168	0,2729
Saudi Riyal ("SAR")	0,4968	0,4783	0,5419	0,4753

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(g) Foreign currency (continued)

(ii) Foreign operations

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

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

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Periods' Financial Statements

The Group adopted IAS 19 *Employee Benefits* (2011) with a date of initial application of 1 January 2012 and changed its basis for determining the expense related to defined benefit obligations.

The Group has adopted IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, as well as the consequential amendments to IAS 28 *Investments in Associates and Joint Ventures* (2011), with a date of initial application of 1 January 2012.

a) Defined benefit obligation

As a result of the adoption of IAS 19 (2011), all actuarial differences are recognised immediately in other comprehensive income.

Actuarial differences were recognised in profit or loss before this change accounting policy. The change in accounting policy has been applied retrospectively. It reduced the employee severance indemnity expense recognised in profit or loss and correspondingly increased the defined benefit obligation actuarial differences recognised in other comprehensive income by TL 2,122 for the year ended 31 December 2012.

b) Joint arrangements

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements. As a result, Group's joint arrangements were classified as joint ventures. According to this classification, the joint ventures are recognised by applying the equity method starting from 1 January 2012.

The following table summarizes the adjustments made to the Group's consolidated statements of financial position at 31 December 2012, and its consolidated interim statements of comprehensive income for the period ended 30 September 2012.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.2 Changes in Accounting Policies (continued)

<u>VARLIKLAR</u>	31 December 2012			
	As previously reported	Reclassifications(*)	Adjustments	As restated
Current Assets	1.158.650	--	(544.338)	614.312
Cash and cash equivalents	426.276	--	(283.762)	142.514
Trade receivables	177.042	6.988	(157.780)	26.250
- Due from related parties	13.687	--	(13.687)	--
- Trade receivables from third parties	163.355	6.988	(144.093)	26.250
Other receivables	13.014	--	(9.585)	3.429
- Due from related parties	8.789	--	(8.550)	239
- Other receivables from third parties	4.225	--	(1.035)	3.190
Financial investments	158.179	--	--	158.179
Derivative financial instruments	58	--	(58)	--
Restricted cash	135.042	--	(1.347)	133.695
Inventories	115.451	--	(16.213)	99.238
Prepaid expenses	--	13.266	--	13.266
Current tax assets	--	11.288	--	11.288
Other current assets	133.588	(31.542)	(75.593)	26.453
Non-Current Assets	3.656.207	--	(1.127.323)	2.528.884
Trade receivables	56.213	--	(56.213)	--
-Due from related parties	2.391	--	(2.391)	--
-Trade receivables from third parties	53.822	--	(53.822)	--
Other receivables	54.392	--	1.690	56.082
-Due from related parties	43.211	--	2.330	45.541
-Other receivables from third parties	11.181	--	(640)	10.541
Financial investments	91	--	(91)	--
Equity accounted investees	1.621	--	320.464	322.085
Investment property	1.098.761	--	(8.416)	1.090.345
Property, plant and equipment	1.038.143	--	(228.766)	809.377
Intangible assets	1.132.062	--	(1.066.438)	65.624
Goodwill	41.072	--	(37.763)	3.309
Deferred tax asset	54.465	--	(19.757)	34.708
Prepaid expenses	--	15.921	--	15.921
Other non-current assets	179.387	(15.921)	(32.033)	131.433
TOTAL ASSETS	4.814.857	--	(1.671.661)	3.143.196

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued))

2.2 Changes in Accounting Policies (continued)

31 December 2012

<u>LIABILITIES</u>	<u>As previously reported</u>	<u>Reclassifications(*)</u>	<u>Adjustments</u>	<u>As restated</u>
Current Liabilities	921.113	--	(522.708)	398.405
Short term loans and borrowings	613.589	(376.232)	(166.748)	70.609
Short term portion of long term loans and borrowings	--	376.232	(95.616)	280.616
Derivative financial instruments	38.643	--	(38.643)	--
Trade payables	107.665	2.638	(85.210)	25.093
- Due to related parties	14.889	--	(13.934)	955
- Trade payables to third parties	92.776	2.638	(71.276)	24.138
Other payables	105.376	(1.760)	(87.290)	16.326
- Due to related parties	30.441	--	(30.341)	100
- Other payables to third parties	74.935	(1.760)	(56.949)	16.226
Employee benefit obligations	--	1.760	--	1.760
Provisions	13.780	(1.741)	(10.574)	1.465
Employee benefits	--	1.741	--	1.741
Deferred revenue	--	795	--	795
Other current liabilities	42.060	(3.433)	(38.627)	--
Non-Current Liabilities	2.179.137	--	(1.126.764)	1.052.373
Long term loans and borrowings	1.917.631	--	(976.823)	940.808
Derivative financial instruments	81.486	--	(71.782)	9.704
Trade payables	42.316	--	(9.579)	32.737
-Due to related parties	621	--	(621)	--
-Trade payables to third parties	41.695	--	(8.958)	32.737
Other payables	59.929	--	(44.565)	15.364
-Due to related parties	17.103	--	(9.604)	7.499
-Other payables to third parties	42.826	--	(34.961)	7.865
Deferred tax liability	56.237	--	(4.749)	51.488
Employee benefits	15.366	--	(13.602)	1.764
Provisions	1.105	--	(597)	508
Other non-current liabilities	5.067	--	(5.067)	--
EQUITY	1.714.607	--	(22.189)	1.692.418
Total Equity Attributable to Equity Holders of the Parent	1.318.206	--	(14.468)	1.303.738
Paid in capital	145.500	--	--	145.500
Adjustments to share capital	(7.257)	--	--	(7.257)
Treasury shares (-)	(37.751)	13.885	--	(23.866)
Repurchased shares (-)	--	(13.885)	--	(13.885)
Business combination of entities under common control	6.236	--	--	6.236
Revaluation reserve	108	--	--	108
Actuarial gain/loss arising from defined benefit plans	--	(3.241)	--	(3.241)
Cash flow hedge reserves	(84.473)	--	--	(84.473)
Foreign currency translation reserve	37.187	--	42	37.229
Restricted reserves allocated from profit	10.095	--	(10.095)	--
Other reserves	(104.900)	--	--	(104.900)
Revaluation reserve for securities	(750)	--	--	(750)
Share premium	454.782	--	--	454.782
Retained earnings	236.575	3.241	(4.321)	235.495
Profit/(loss) for the period	662.854	--	(94)	662.760
Non-controlling interest	396.401	--	(7.721)	388.680
TOTAL LIABILITIES AND EQUITY	4.814.857	--	(1.671.661)	3.143.196

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.2 Changes in Accounting Policies (continued)

	1 January -30 September 2012			
	As previously reported	Reclassifications (*)	Adjustments	As restated
Revenue	862.699	537	(792.077)	71.159
Cost of sales (-)	(592.644)	--	563.754	(28.890)
GROSS PROFIT	270.055	537	(228.323)	42.269
General administrative expenses (-)	(118.246)	--	80.359	(37.887)
Other operating income	594.244	(565.684)	(17.032)	11.528
Other operating expense	(11.370)	(1.366)	2.136	(10.600)
Share on profit of equity-accounted investees, net of tax	--	--	112.621	112.621
OPERATING PROFIT	734.683	(566.513)	(50.239)	117.931
Income from investment activities	--	571.284	--	571.284
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	734.683	10.424	(50.239)	689.215
Financial income	215.785	(6.137)	(48.030)	155.559
Financial expense (-)	(244.756)	1.366	79.587	(163.803)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS	705.712	--	(18.682)	687.030
Tax income/(expense) of continued operations	(49.345)	--	18.688	(30.657)
Tax expense	(27.522)	--	22.952	(4.570)
Deferred tax income/(expense)	(21.823)	--	(4.264)	(26.087)
PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS	656.367	--	6	656.373
Profit attributable to:				
Non-controlling interest	6.485	--	656	7.141
Equity holders of the parent	649.882	--	(650)	649.232
Profit for the period	656.367	--	6	656.373
Earnings per share (full TL)	4,604	--	(2,305)	2,299

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.2 Changes in Accounting Policies (continued)

	1 January - 30 September 2012			
	As previously reported	Reclassifications	Adjustments	As restated
Profit for the period	656.367	--	6	656.373
Net cash provided by operating activities	(96.327)	95.535	54.496	55.704
Net cash provided by investing activities	326.003	--	69.069	395.072
Net cash provided by financing activities	(87.680)	(95.535)	(138.607)	(321.822)
NET CHANGE IN CASH AND CASH EQUIVALENTS	141.996	--	(13.042)	128.954
CASH AND CASH EQUIVALENTS AT 1 JANUARY	218.425	--	(134.929)	83.496
CASH AND CASH EQUIVALENTS AT PERIOD END	360.421	--	(147.971)	212.450

(*Reclasses made on financial statements as at 31 December 2012

According to the decision taken in the meeting dated in 7 June 2013 and with numbered 20/670, for the capital market institutions in scope of Communiqué of the Principals Related to Financial Reporting in Capital Market, financial statement models and guidance to be valid for the periods after 31 March 2013 was issued. In accordance with aforesaid models, various reclassifications were made in the financial statements of the Group. The adjustments in Group's consolidated balance sheet as at 31 December 2012 are shown as below;

Advances given and prepaid expenses amounting TL 13.266 and TL 15.921, respectively were reclassified into prepaid expenses, a new financial statement item, from other current assets and other non-current assets.

Income accruals amounting TL 6.988 were reclassified into "Trade Receivables from Third Parties" from other current assets.

Prepaid taxes amounting TL 11.266 were reclassified into current tax assets, a new financial statement item, from other current assets.

Expense accruals amounting TL 2.638 were reclassified from other current liabilities to current trade payables to third parties.

Short term borrowings amounting TL 280.616 were reclassified into short term portion of long term loans and borrowings.

Social security taxes payable and due to personnel amounting TL 1.760 were reclassified into employee benefit obligations, a separate financial statement item, from other payables to third parties.

Vacation pay liability amounting TL 1.741 was reclassified into "Employee Benefits" from provisions.

Deferred revenue amounting TL 795 was reclassified to deferred revenue, a new financial statement item, from other non-current liabilities.

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Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Reclassifications Made on Profit or Loss and Statement of Comprehensive Income for the Nine Month Period Ending 30 September 2012

Changes made in “Statement of Profit or Loss and Other Comprehensive Income”, which was named as “Statement of Comprehensive Income” previously, are summarized.

Foreign exchange gains arising from Group’s trading activities amounting TL 1.934 are reclassified into “Other Operating Income” from financial income.

Foreign exchange losses arising from Group’s trading activities amounting TL 1.366 are reclassified into “Other Operating Expense” from financial expenses.

Group’s profit arising from sale of long term financial investments amounting TL 561.860 has been reclassified to “Income from investment activities” from other operating income.

Gains arising from sale of securities amounting TL 5.653 are reclassified into “Income from Investment Activities” from Other Operating Income.

Interest income received from Group’s time deposits with maturities longer than 3 months amounting TL 3.666 are reclassified into “Income From Investment Activities”.

Reclassifications Made on Statement of Cash Flow for the Nine Month Period Ending 30 September 2012

Group’s interest paid amounting TL 95.535 was reclassified into Cash Flows from Financing Activities from Cash Flows from Operating Activities.

Reclassifications Made on Statement of Changes in Equity for the Nine Month Period Ending 30 September 2012

Required changes and reformations regarding CMB’s Communiqué serial II, No: 14.1 announcement related to “Capital Market Communiqué on Principles Regarding Financial Reporting” are completed for Statement of Changes in Equity for nine month period ending 30 September 2013.

Repurchased shares of Akfen Holding amounting TL 2.478 was reclassified into a separate financial statement item, “Repurchased Shares”, from share premiums.

Other reserves, which include the effects of share purchase/sale profits of subsidiaries still under control started to being presented under Share Premiums.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.3 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements of the Group for the six months period ended September 30, 2013 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December, 2012 except the reclassification changes made in accordance with the illustrative financial statement and user guide used in accordance with the decision taken in CMB’s 20/670 numbered meeting on June 7, 2013 and the changes arising from amendments in TAS 11 and TAS 19. Related reclassification changes and changes arising from TAS 11 and TAS 19 amendments are explained in Note 2.1. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012.

New standards and interpretations not adopted yet

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 September 2013, and have not been applied in preparing these condensed interim consolidated financial statements. Among those new standards, the following are expected to have effect on the consolidated financial statements of the Group:

- IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.
- IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities (Amendment)* clarifies the expression: “legally enforceable right available to set off the recognized amounts” and clarifies IAS 32 offsetting principle regarding the scope of application that does not meet the criteria for simultaneous and gross payment settlement systems (clearing houses). The changes will be applicable to annual accounting periods starting on 1 January 2014 and later and will be applied retrospectively.

The Group does not plan to adopt these standards early and the extent of the impact has not been determined yet.

3 SEGMENT REPORTING

For management purposes, the Group is currently organised into three operating segments. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group’s Management.

The information regarding the results of each reported segment is for Akfen İnşaat, Akfen GYO, and HEPP Group.

Other

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

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Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

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3 SEGMENT REPORTING (continued)

1 January-30 September 2013

	<u>Akfen</u> <u>İnşaat</u>	<u>Akfen GYO</u>	<u>HEPP</u> <u>Group</u>	<u>Other</u>	<i>Investment in</i> <i>equity</i> <i>accounted</i> <i>investees</i>	<i>Inter segment</i> <i>eliminations</i>	<u>Total</u>
External revenues	20	31.040	48.752	10.591	--	--	90.403
Inter segment revenue	87.251	--	6.411	351	--	(94.013)	--
Total revenue	87.271	31.040	55.163	10.942	--	(94.013)	90.403
Cost of sales	(80.490)	(3.828)	(23.945)	(10.872)	--	84.449	(34.686)
Gross profit	6.781	27.212	31.218	70	--	(9.564)	55.717
General administrative expenses	(5.752)	(5.900)	(4.851)	(27.689)	--	2.712	(41.480)
Other operating income	5.001	2.423	7.361	8.924	--	(9.234)	14.475
Other operating expense	(200)	(2.141)	(2.076)	(127)	--	--	(4.544)
Investment in equity accounted investees	--	--	--	--	(4.585)	--	(4.585)
Operating profit/ (loss)	5.830	21.594	31.652	(18.822)	(4.585)	(16.086)	19.583
Income from investment activities	--	--	23	40.856	--	--	40.879
Financial income	20.275	24.835	19.890	48.824	--	(20.250)	93.574
Financial expense	(23.567)	(82.203)	(97.123)	(71.177)	--	20.250	(253.820)
Profit / (loss) of continuing operations before tax	2.538	(35.774)	(45.558)	(319)	(4.585)	(16.086)	(99.784)
Tax income/(expense) for the period	(790)	1.041	7.723	(395)	--	--	7.579
Profit/(loss) of continuing operations after tax	1.748	(34.733)	(37.835)	(714)	(4.585)	(16.086)	(92.205)
Profit (loss) for the period attributable to the parent of the Company	1.748	(33.058)	(37.666)	(714)	(4.585)	(2.366)	(76.641)
Depreciation and amortization expenses	595	46	11.834	363	--	--	12.838
Investments of tangible and intangible assets	1.048	74.907	88.032	12.433	--	--	176.420
30 September 2013							
Segment assets	469.933	1.214.163	933.887	1.700.792	416.542	(1.664.050)	3.071.267
Segment liabilities	288.561	402.307	485.369	451.868	--	(193.035)	1.435.070

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Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

3 SEGMENT REPORTING (continued)

1 July - 30 September 2013

	<u>Akfen İnşaat</u>	<u>Akfen GYO</u>	<u>HEPP Group</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	2	10.921	1.361	8.124	--	--	20.408
Inter segment revenue	33.710	--	4.993	302	--	(39.005)	--
Total revenue	33.712	10.921	6.354	8.426	--	(39.005)	20.408
Cost of sales	(31.160)	(1.365)	(6.745)	(8.587)	--	35.457	(12.400)
Gross profit	2.552	9.556	(391)	(161)	--	(3.548)	8.008
General administrative expenses	(2.221)	(1.874)	(1.288)	(6.860)	--	296	(11.947)
Other operating income	(601)	(1.093)	(792)	(26)	--	5.889	3.377
Other operating expense	(47)	(959)	(407)	(8)	--	--	(1.421)
Investment in equity accounted investees	--	--	--	--	(12.178)	--	(12.178)
Operating profit/ (loss)	(317)	5.630	(2.878)	(7.055)	(12.178)	2.637	(14.161)
Income from investment activities	--	--	--	1.599	--	--	1.599
Financial income	11.425	3.893	7.520	8.693	--	(8.011)	23.520
Financial expense	(7.087)	(31.941)	(47.819)	(22.393)	--	8.011	(101.229)
Profit / (loss) of continuing operations before tax	4.021	(22.418)	(43.177)	(19.156)	(12.178)	2.637	(90.271)
Tax income/(expense) for the period	(584)	849	5.989	(389)	--	--	5.865
Profit/(loss) of continuing operations after tax	3.437	(21.569)	(37.188)	(19.545)	(12.178)	2.637	(84.406)
Profit (loss) for the period attributable to the parent of the Company	3.437	(20.659)	(37.015)	(19.545)	(12.178)	9.481	(76.479)
Depreciation and amortization expenses	203	15	3.310	144	--	--	3.672
Investments of tangible and intangible assets	56	50.758	36.367	97	--	--	87.278

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

3

SEGMENT REPORTING (continued)

<u>1 January-30 September 2012</u>	<u>Akfen İnsaat</u>	<u>Akfen GYO</u>	<u>HEPP Group</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	615	24.794	42.134	3.616	--	--	71.159
Inter segment revenue	111.008	--	1.523	10.775	--	(123.306)	--
Total revenue	111.623	24.794	43.657	14.391	--	(123.306)	71.159
Cost of sales	(102.273)	(3.382)	(22.582)	(2.808)	--	102.155	(28.890)
Gross profit	9.350	21.412	21.075	11.583	--	(21.151)	42.269
General administrative expenses	(9.250)	(5.723)	(10.737)	(22.939)	--	10.762	(37.887)
Other operating income	4.792	6.737	3.799	1.435	--	(5.235)	11.528
Other operating expense	(3.340)	(1.151)	(6.358)	(4.986)	--	5.235	(10.600)
Investment in equity accounted investees	--	--	--	--	112.621	--	112.621
Operating profit/ (loss)	1.552	21.275	7.779	(14.907)	112.621	(10.389)	117.931
Income from investment activities	--	--	--	571.284	--	--	571.284
Financial income	11.945	40.268	41.340	77.225	--	(9.160)	161.618
Financial expense	(15.319)	(38.607)	(37.006)	(82.031)	--	9.160	(163.803)
Profit / (loss) of continuing operations before tax	(1.822)	22.936	12.113	551.571	112.621	(10.389)	687.030
Tax income/(expense) for the period	(3.818)	(4.341)	(4.109)	(18.389)	--	--	(30.657)
Profit/(loss) of continuing operations after tax	(5.640)	18.595	8.004	533.182	112.621	(10.389)	656.373
Profit (loss) for the period attributable to the parent of the Company	(5.640)	18.983	7.691	525.093	112.621	(9.516)	649.232
Depreciation and amortization expenses	483	40	9.895	415	--	--	10.833
Investments of tangible and intangible assets	2.686	27.285	142.821	41.755	--	--	214.547
31 December 2012							
Segment assets	478.406	1.179.028	1.015.783	1.845.148	322.085	(1.697.254)	3.143.196
Segment liabilities	295.636	340.866	530.694	593.227	--	(309.645)	1.450.778

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

3

SEGMENT REPORTING (continued)

1 July-30 September 2012

	<i><u>Akfen İnsaat</u></i>	<i><u>Akfen GYO</u></i>	<i><u>HEPP Group</u></i>	<i><u>Other</u></i>	<i><u>Investment in equity accounted investees</u></i>	<i><u>Inter segment eliminations</u></i>	<i><u>Total</u></i>
External revenues	242	8.421	9.192	473	--	--	18.328
Inter segment revenue	58.245	--	315	2.782	--	(61.342)	--
Total revenue	58.487	8.421	9.507	3.255	--	(61.342)	18.328
Cost of sales	(52.933)	(957)	(8.797)	(318)	--	53.092	(9.913)
Gross profit	5.554	7.464	710	2.937	--	(8.250)	8.415
General administrative expenses	(4.234)	(1.832)	(1.864)	(5.622)	--	2.913	(10.639)
Other operating income	785	1.294	728	2.003	--	(2.287)	2.523
Other operating expense	(1.700)	(516)	(571)	(4.608)	--	2.287	(5.108)
Investment in equity accounted investees	--	--	--	--	37.676	--	37.676
Operating profit/ (loss)	405	6.410	(997)	(5.290)	37.676	(5.337)	32.867
Income from investment activities	(3.748)	--	--	8.953	--	--	5.205
Financial income	5.865	23.570	4.447	10.851	--	(6.135)	38.598
Financial expense	(3.993)	(28.173)	(15.641)	(20.364)	--	6.135	(62.036)
Profit / (loss) of continuing operations before tax	(1.471)	1.807	(12.191)	(5.850)	37.676	(5.337)	14.634
Tax income/(expense) for the period	(3.068)	(946)	1.067	23	--	--	(2.924)
Profit/(loss) of continuing operations after tax	(4.539)	861	(11.124)	(5.827)	37.676	(5.337)	11.710
Profit (loss) for the period attributable to the parent of the Company	(4.539)	1.008	(11.071)	(6.967)	37.676	(4.711)	11.396
Depreciation and amortization expenses	183	11	3.325	174	--	--	3.693
Investments of tangible and intangible assets	1.898	8.042	66.807	654	--	--	77.401

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

4 CASH AND CASH EQUIVALENTS

As at 30 September 2013 and 31 December 2012, cash and cash equivalents comprise the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Cash on hand	364	257
Cash at banks	106.180	78.225
- Demand deposits	20.441	27.939
- Time deposits	85.739	50.286
Project, reserve accounts	48.032	5.861
Other cash and cash equivalents(*)	34.961	58.171
Cash and cash equivalents	189.537	142.514
Project, reserve accounts	(48.032)	(5.861)
Cash and equivalents in the statement of cash flow	141.505	136.653

(*)As at 30 September 2013, other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding amounting TL 31.646 (31 December 2012: TL 58.075).

As at 30 September 2013 and 31 December 2012 the distribution of the cash and cash equivalents of the Group per companies is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen Holding	86.495	97.824
HEPP Group	62.759	13.832
Akfen GYO	36.002	28.002
Akfen İnşaat	629	1.264
Other	3.652	1.592
Total	189.537	142.514

As at 30 September 2013 and 31 December 2012 the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

Currency	<u>30 September 2013</u>	<u>31 December 2012</u>
Euro	14.062	4.865
Turkish Lira	3.774	4.433
US Dollar	830	18.166
Other	1.775	475
	20.441	27.939

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

4 CASH AND CASH EQUIVALENTS (continued)

The details of the time deposits, due dates and interest rates of the Group as at 30 September 2013 and 31 December 2012 are as follows:

<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate %</u>	<u>30 September 2013</u>
TL	October – December 2013	1,10 – 11,00	43.247
US Dollar	October 2013	0,50 – 3,25	30.821
Euro	October 2013	0,10 – 2,75	11.671
			<u>85.739</u>

<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate %</u>	<u>31 December 2012</u>
TL	January 2013	5,75	1.222
US Dollar	January 2013	2,76 – 2,84	20.063
Euro	January – March 2013	0,40 – 2,00	23.068
Other	February 2013	6,00 – 8,00	5.933
			<u>50.286</u>

Project reserve accounts

Within the scope of loan agreements, HES I and Akfen GYO (for the Karaköy Novotel Project of Akfen Karaköy) has opened bank accounts for repayment of borrowings, investment expenditures, funding operational and administrative expenses, funding cash surplus and risk removal accounts, which are Debt Service Reserve Account, Capital Expenditure, Operating and Maintenance Reserve Account, Cash sweep account, respectively and except for Akfen Su Hedging Accounts. As at 30 September 2013 and 31 December 2012 the distribution of project reserve accounts is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
HES I	38.935	5.861
Akfen GYO	9.097	--
Total	48.032	5.861

The detail of the project reserve accounts and interest rates of the Group as at 30 September 2013 is as follows:

<u>Currency</u>	<u>Interest Rate %</u>	<u>30 September 2013</u>
Euro	0,30-2,25	27.402
		<u>27.402</u>
Demand deposits		20.630
		<u>48.032</u>

As at 31 December 2012, all project reserve accounts are comprised of demand deposits and Euro denominated.

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 32. As at 30 September 2013, in addition to project reserve accounts Group has blocked time deposits amounting TL 6.764. As at 31 December 2012, there is no blockage on bank accounts except as disclosed.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

5 FINANCIAL INVESTMENTS

Current financial investments

As at 30 September 2013 and 31 December 2012 the current financial investments are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Time deposits with maturity of more than 3 months	--	98.326
Available for sale financial assets	--	59.853
	--	158.179

As at 31 December 2012, the detail of time deposits with maturity of more than 3 months is as follows:

<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate %</u>	<u>31 December 2012</u>
TL	June- December 2013	11-11,3	98.326
			98.326

As at 31 December 2012 available for sale assets are comprised of government and private sector bonds.

6 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 32.

The detail of Group's financial liabilities as at 30 September 2013 is as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Current financial liabilities		
Short term secured bank loans	100.746	104.049
Short term unsecured bank loans	11.500	11.502
	112.246	115.551
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	149.960	178.534
Current portion of long term issued bonds	225.030	226.575
	374.990	405.109
Non-current financial liabilities		
Long term secured bank loans	791.392	770.309
	791.392	770.309

The detail of Group's financial liabilities as at 31 December 2012 is as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Current financial liabilities		
Short term secured bank loans	66.885	70.198
Short term unsecured bank loans	400	411
	67.285	70.609

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

The detail of Group's financial liabilities as at 31 December 2012 is as follows:

Current portion of long term financial liabilities	<u>Nominal Value</u>	<u>Carrying Amount</u>
Current portion of long term secured bank loans	167.695	203.940
Current portion of long term issued bonds	70.940	76.676
	238.635	280.616
Non-current financial liabilities		
Long term secured bank loans	823.115	786.718
Long term issued bonds	154.090	154.090
	977.205	940.808

As at 30 September 2013, Group's total bank loans and issued bonds are as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1.053.598	1.064.394
Bonds	225.030	226.575
	1.278.628	1.290.969

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

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1.058.095	1.061.267
Bonds	225.030	230.766
	1.283.125	1.292.033

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 30 September 2013 are as follows:

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	318.373	52.940	371.313
Akfen İnşaat	3.364	12.988	16.352
Akfen GYO	115.021	334.453	449.474
HEPP Group	83.902	369.927	453.829
	520.660	770.308	1.290.968

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	315.221	52.935	368.156
Akfen İnşaat	3.067	13.139	16.206
Akfen GYO	110.904	335.345	446.249
HEPP Group	58.044	389.973	448.017
	487.236	791.392	1.278.628

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

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

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	190.994	352.133	543.127
Akfen İnşaat	1.084	18.120	19.204
Akfen GYO	74.075	243.855	317.930
HEPP Group	85.072	326.700	411.772
	351.225	940.808	1.292.033

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	177.899	357.409	535.307
Akfen İnşaat	165	18.900	19.065
Akfen GYO	69.087	244.929	314.016
HEPP Group	58.769	355.968	414.737
	305.920	977.206	1.283.125

Conditions and repayment schedules

The repayment schedules of the bank loans and issued bonds of the Group as at 30 September 2013 and 31 December 2012 according to the original maturities are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Within 1 year	487.295	305.920	520.661	351.225
1 – 2 years	178.772	348.263	177.886	352.165
2 – 3 years	105.106	222.008	105.000	210.125
3 – 4 years	110.945	82.169	110.945	81.997
5 years and more	396.510	324.765	376.477	296.521
	1.278.628	1.283.125	1.290.969	1.292.033

As at 30 September 2013 and 31 December 2012 the currency distribution of bank loans and issued bonds is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
US Dollar	38.546	187.107	39.130	188.656
Euro	940.099	841.272	950.081	842.589
TL	299.983	254.746	301.758	260.788
	1.278.628	1.283.125	1.290.969	1.292.033

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Since majority of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk. As at 30 September 2013 and 31 December 2012, the lowest and highest interest rates of loans that the Company used are as follows:

<u>30 September 2013(*)</u>				<u>31 December 2012(*)</u>			
Fixed rate loans	TL	USD	EUR	Fixed rate loans	TL	USD	EUR
The Lowest	10,00%	5,50%	6,95%	The Lowest	10,00%	4,75%	6,95%
The Highest	11,67%	7,20%	8,75%	The Highest	12,35%	7,20%	8,75%
Floating interest rate loans	TL	USD	EUR	Floating interest rate loans	TL	USD	EUR
The Lowest	1,50%	3,50%	3,75%	The Lowest	4,00%	1,25%	3,70 %
The Highest	5,17%	3,50%	7,50%	The Highest	4,40%	3,50%	7,50%

(*)For the floating interest rate loans, additional interest rate added to Euribor, Libor and Base Interest rates of 30 September 2013 and 31 December 2012.

As it is stated in Note 7, the senior loans and VAT loans of AkfenHES companies Beyobası Enerji Üretimi A.Ş. (“Beyobası”) and Çamlıca Elektrik Üretim A.Ş. (“Çamlıca”) were fixed with interest rate swap by 79,41% and 69,31%, respectively (31 December 2012: 74,11% and 69,48%).

The Group has borrowed project loans in order to finance hydroelectrical power plant investments of HES I companies and hotels that will be constructed within the MoU signed with Accor.

As at 30 September 2013, the total of bank project loans is TL 908.153; (31 December 2012: TL 748.498) and its share in total loans is 70%. (31 December 2012: 58 %).

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

Akfen Holding

The breakdown of bank loans as at 30 September 2013 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 ⁽¹⁾	USD	Libor+3,50	2014	18.082	18.386
Secured bank loans ⁽²⁾	EUR	Euribor+4,00	2014	108.164	109.467
Secured bank loans ⁽³⁾	TL	9,25(*)	2015	13.692	13.696
Secured bank loans ⁽⁴⁾	TL	12,08(*)	2015	3.188	3.190
Bond ⁽⁵⁾	TL	DİBS(**)+4,00	2013	70.940	71.104
Bond ⁽⁶⁾	TL	DİBS(**) + 4,00	2014	154.090	155.470
				368.156	371.313

⁽¹⁾ Sureties are given by Hamdi Akın and Akfen İnşaat.

⁽²⁾ 86,988,875 shares were pledged on Akfen GYO.

⁽³⁾ The loan obtained from Burgan Yatırım Menkul Değerler A.Ş. (“Burgan Yatırım”) in order to buy back 2.945.808 nominal shares of Akfen Holding and buy 2.175.398 nominal shares of Akfen GYO. 2.175.398 shares of Akfen Holding and 1.532 shares of Akfen GYO are kept in reserve accounts as sureties. The maturity of the loan will continue as long as the shares are kept in reserve accounts.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

⁽⁴⁾ Share purchase loan borrowed from İş Yatırım Menkul Değerler A.Ş. (“İş Yatırım”) in order to purchase 747.971 nominal shares of Akfen Holding. 135.946 nominal shares of Akfen Holding and 240.000 nominal shares of TAVHL are kept in reserve accounts as sureties. As long as shares are kept in reserve accounts, the maturity of loan will continue.

⁽⁵⁾ The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 7th period coupon payment date is 24 December 2013. According to determined additional rate of return, coupon interest rate for the 8th coupon payment is 2,99%.

As at 30 September 2013, Akfen Holding purchased a part of this bond with a nominal value of TL 9.060 from the market. Purchased portion was netted off from bond liability.

⁽⁶⁾ Represents the liability of bond which has been issued on 9 March 2012 and has a maturity of 2 years and coupon payment of 6 months with a floating interest rate amounting to TL 200.000. The 4th period coupon payment date is 7 March 2014.

According to determined additional rate of return, coupon interest rate that will be given for 3rd period coupon payment is 6,55%. As at 31 December 2012, Akfen Holding purchased a part of this bond with a nominal value of TL 45.910 from the market. Purchased portion was netted off from bond liability.

^(*) Overnight interest rate of share purchase loan as at 30 September 2013.

^(**) ‘Indicator Interest Rate’, which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last five working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted indicator of the furthest future dated treasury bills issued by Undersecretariat of Treasury.

The breakdown of bank loans as at 31 December 2012 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 ⁽¹⁾	USD	Libor+1,25	2013	22.283	22.353
Secured bank loans ⁽¹⁾	USD	Libor+1,25	2013	7.130	7.139
Secured bank loans ⁽²⁾	USD	Libor+3,50	2014	23.768	23.974
Secured bank loans ⁽³⁾	USD	4,75	2015	133.694	134.876
Secured bank loans ⁽⁴⁾	EUR	Euribor+4,00	2014	123.402	124.019
Bond ⁽⁵⁾	TL	DİBS(*)+4,00	2013	70.940	71.080
Bond ⁽⁶⁾	TL	DİBS(*) + 4,00	2014	154.090	159.686
				535.307	543.127

⁽¹⁾ The loan borrowed for Eurobond purchases. Maturity of the loans will be extended as long as Eurobonds are kept in reserve account.

⁽²⁾ Sureties are given by Hamdi Akın and Akfen İnşaat.

⁽³⁾ Cash collateral. USD amount equal to loan amount with annual 4,00% gross interest rate as the credit security are held as the deposit. Interest rate of the loan and demand deposit are revised at November 2012.

⁽⁴⁾ 86,988,875 shares pledged on Akfen GYO.

⁽⁵⁾ The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 5th period coupon payment date is 26 March 2013. According to determined additional rate of return, coupon interest rate for the 5th coupon payment (26 March 2013) is 2,45%. Coupon payments are done once every 91 days

As at 31 December 2012, Akfen Holding purchased a part of this bond with a nominal value of TL 9.060 from the market. Purchased portion was netted off from bond liability.

⁽⁶⁾ Represents the liability of bond which has been issued on 9 March 2012 and has a maturity of 2 years and coupon payment of 6 months with a floating interest rate amounting to TL 200.000. The 2nd period coupon payment date is 8 March 2013.

According to determined additional rate of return, coupon interest rate that will be given for 2nd period coupon payment (8 March 2013) is 5,63%. Coupon payments are done once every 6 months.

As at 31 December 2012, Akfen Holding purchased a part of this bond with a nominal value of TL 45.910 from the market. Purchased portion was netted off from bond liability.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Akfen Holding (continued)

(*)Indicator Interest Rate', which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last five working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted indicator of the furthest future dated treasury bills issued by Undersecretariat of Treasury.

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Within 1 year	315.221	177.899	318.373	190.994
1 – 2 years	52.935	223.714	52.940	229.877
2 – 3 years	--	133.695	--	122.256
	368.156	535.308	371.313	543.127

Akfen İnfaat:

The breakdown of bank loans as at 30 September 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	7,2	2014	122	209
Secured bank loans ⁽²⁾	TL	12,08(*)	2015	11.114	11.114
Secured bank loans ⁽³⁾	TL	10,79	2014	3.098	3.155
Secured bank loans ⁽³⁾	TL	11,67	2015	1.261	1.263
Secured bank loans ⁽⁴⁾	TL	9,25(*)	2015	611	611
				16.206	16.352

(1) The sureties are given by Hamdi Akın.

(2) Share purchase loan borrowed from İş Yatırım in order to purchase 2.478.780 nominal shares of Akfen Holding. 3.128.680 nominal shares of Akfen Holding are kept in reserve accounts as sureties. As long as shares are kept in reserve accounts, the maturity of loan will continue.

(3) The sureties are given by Akfen Holding.

(4) Share purchase loan borrowed from Burgan Yatırım in order to purchase 144.787 nominal shares of Akfen Holding. 118.637 nominal shares of Akfen Holding are kept in reserve accounts as sureties. As long as shares are kept in reserve accounts, the maturity of loan will continue.

(*)Overnight interest rate of the share purchase loan as at 30 September 2013.

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	7,2	2014	231	317
Secured bank loans ⁽²⁾	TL	9,3	2014	9.000	9.054
Secured bank loans ⁽³⁾	TL	9,9(*)	2014	9.834	9.833
				19.065	19.204

(1) The sureties are given by Hamdi Akın.

(2) The sureties are given by Akfen Holding.

(3) Share purchase loan obtained in order to buy 1.087.890 nominal amount of Akfen Holding shares. Total of 2.504.827 nominal amount of Akfen Holding shares are kept as the surety in the reserve accounts. As long as shares are kept in the reserve accounts, the maturity of the loan will continue.

(*)Overnight interest rate of the share purchase loan as at 30 September 2013.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Akfen İnşaat: (continued)

The repayment schedules of financial liabilities are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Within 1 year	3.067	165	3.364	1.084
1 – 2 years	13.139	18.900	12.988	18.120
	16.206	19.065	16.352	19.204

Akfen GYO :

The details of bank loans as at 30 September 2013 and 31 December 2012 are given below:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen GYO	327.953	222.107	330.370	224.527
RHI	76.980	74.271	77.636	75.606
RPI	20.613	17.638	20.741	17.797
HDI	20.703	--	20.727	--
	446.249	314.016	449.474	317.930

Akfen GYO:

The breakdown of bank loans as at 30 September 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	EUR	8,75	2014	30.232	30.252
Secured bank loans ⁽¹⁾	EUR	6,95	2014	13.742	14.076
Secured bank loans ⁽²⁾	EUR	Euribor + 4,60	2018	37.103	37.103
Secured bank loans ⁽³⁾	EUR	Euribor +3,75	2020	161.599	162.955
Secured bank loans ⁽³⁾	EUR	Euribor +5,00	2022	11.681	11.802
Secured bank loans ⁽⁴⁾	EUR	Euribor +6,35	2024	31.607	32.027
Secured bank loans ⁽⁵⁾	TL	10,00	2013	25.000	25.007
Unsecured bank loans	TL	10,00	2013	10.000	10.000
Unsecured bank loans	TL	11,00	2013	1.500	1.502
Secured bank loans ⁽⁶⁾	TL	10,00	2016	5.489	5.646
				327.953	330.370

⁽¹⁾ Sureties are given by Akfen Holding.

⁽²⁾ On 29 March 2013 by using the loan borrowed from T.C. Ziraat Bankası A.Ş. ("Ziraat Bankası") amounting TL 15.000.000 with maturity of 5 year, the 7.500.000 Euro of loan borrowed from ING Bank A.Ş. ("ING") amounting EUR 21.000.000 was refinanced. As at 30 September 2013 right tenancy of Merit Hotel was still pledged to ING and after that date it is pledged in favor of new lender, Ziraat Bankası.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS BORROWING (continued)

Akfen GYO (continued)

⁽³⁾ The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ (“İş Bankası”) and Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”) to finance the ongoing hotel projects based on the Memorandum of Understanding signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. Bank borrowings obtained with this agreement is secured by the followings.

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and the land on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors,
- Rental revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favour of the creditors,
- Akfen Holding and Akfen İnşaat, the shareholders of the Akfen GYO, gave guarantee of completion for İzmir and Ankara Esenboğa Hotel projects.

⁽⁴⁾ On 17 January 2013, a loan agreement with Euro 25,500,000 loan limit has been signed with Türkiye İş Bankası for financing the Karaköy Novotel project which is in the portfolio of Akfen GYO. Bank borrowings obtained with this agreement are secured by the followings:

- Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,
- The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,
- The total revenues that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor,
- Hotel management which is subjected to the Karaköy Novotel project is pledged to the favor of the creditor,
- All receivables of principal shareholders from Akfen Karaköy due to principal shareholders’ delivering capital amounts are pledged to the favor of the creditor,
- The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,

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

⁽⁵⁾Sureties are given by Akfen Holding.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Akfen GYO (continued)

⁽⁶⁾ To finance the construction of TRNC Merit Hotel loans borrowed from Türkiye Kalkınma Bankası A.Ş. are secured by following:

- Letter of guarantees from various banks are obtained for 105% loan amount,
- The surety is given by Akfen İnşaat, the shareholder of Akfen GYO, for the total loan amount.

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	EUR	8,75	2014	23.517	24.046
Secured bank loans ⁽¹⁾	EUR	6,95	2014	11.759	11.817
Secured bank loans ⁽²⁾	EUR	Euribor +3,70	2015	21.165	21.454
Secured bank loans ⁽³⁾	EUR	Euribor +3,75	2022	154.783	156.078
Secured bank loans ⁽⁴⁾	TL	11,05-12,30	2013	2.050	2.093
Unsecured bank loans	TL	12,35	2013	400	411
Secured bank loans ⁽⁵⁾	TL	10,00	2016	8.433	8.628
				222.107	224.527

⁽¹⁾ The sureties are given by Akfen Holding.

⁽²⁾ The loan was borrowed against the letter of guarantee provided from ING European Financial Services Plc. and ING Bank A.Ş. for refinancing of the bank borrowings obtained from various banks for financing the construction of Merit Hotel (previously named as Mercure Hotel) in Northern Cyprus. The letter of guarantee provided from ING Bank A.Ş. is secured by the followings.

- According to the pledge of shares contract signed between Akfen GYO and ING Bank A.Ş. on 8 September 2008, 279,996 shares of Akfen GYO in Akfen Ticaret amounting TL 7.000 were pledged to ING Bank A.Ş. Kızılay Branch.
- Rental revenue of the casino in Merit Hotel in Northern Cyprus is transferred to the creditors,
- Rental revenue of Merit Hotel in Northern Cyprus is transferred to the creditors,
- Sureties for the total outstanding loan amount were given by Akfen GYO,
- The right of tenancy of TRNC Merit Hotel is pledged in favor of ING Bank A.Ş..

⁽³⁾ The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ (“İş Bankası”) and Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”) to finance the ongoing hotel projects based on the Memorandum of Understanding signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. As at 31 December 2012, unused portion of the loan is EUR 6,9 million. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and the land on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors,
- Rental revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favour of the creditors,
- As at 31 December 2012, Akfen Holding and Akfen İnşaat, the shareholders of the Akfen GYO, gave guarantee of completion for İzmir and Ankara Esenboğa Hotel projects.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Akfen GYO (continued)

⁽⁴⁾ Sureties given by Akfen Holding and Akfen İnşaat.

⁽⁵⁾ To finance the construction of TRNC Merit Hotel loans borrowed from Türkiye Kalkınma Bankası A.Ş. are secured by following:

- Letter of guarantees from various banks are obtained for 105% loan amount,
- The surety is given by Akfen İnşaat, the shareholder of Akfen GYO , for the total loan amount.

RHI:

The breakdown of bank loans as at 30 September 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor +6,50	2021	33.036	33.318
Secured bank loans ⁽²⁾	EUR	Euribor+6,50	2022	19.634	19.801
Secured bank loans ⁽³⁾	EUR	Euribor+6,50	2023	24.310	24.517
				76.980	77.636

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor +6,50	2021	29.335	29.915
Secured bank loans ⁽²⁾	EUR	Euribor+6,50	2022	21.419	21.842
Secured bank loans ⁽³⁾	EUR	Euribor+6,50	2023	23.517	23.849
				74.271	75.606

⁽¹⁾ Loan limit amounting EUR 12.600.000 given within the scope of agreement signed with European Bank for Construction and Development (“EBRD”) and International Finance Corporation (“IFC”) related to Samara Hotel project has been used by RHI on 26 February 2012. Loans borrowed within the scope of agreement were secured by the following:

- Akfen Holding gave surety equal to loan amount.
- RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively in favor of creditors.
- Land that Samara Hotel is built on and hotel building that belongs to the Group, were pledged in favor of creditors.
- Operating rent revenue of Samara Ibis Hotel is alienated in favor of the creditor.

⁽²⁾ Loan limit amounting EUR 9.200.000 given within the scope of agreement signed with EBRD and IFC related to Yaroslavl Hotel project has been used by RHI on 7 September 2012. Loans borrowed within the scope of agreement were secured by the following:

- Akfen Holding gave surety equal to loan amount.
- RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively in favor of creditors.
- Land that Yaroslavl Hotel is built on, belonging to Akfen GYO, and hotel building are given as sureties in favor of creditors.
- Operating rent revenue is alienated in favor of the creditor.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Akfen GYO (continued)

RHI (continued)

⁽³⁾ Loan limit amounting EUR 10.000.000 given within the scope of agreement signed with EBRD and IFC related to Kaliningrad Hotel project has been used by RHI on 31 December 2012. Loans borrowed within the scope of agreement were secured by the following:

- Akfen Holding gave surety equal to loan amount.
- RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively in favor of creditors.
- Land that Kaliningrad Hotel is built on that belongs to Akfen GYO and hotel building are pledged in favour of creditors.
- Operating rent revenue is alienated in favor of the creditor.

RPI:

The breakdown of bank loans as at 30 September 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor+7,50	2019	20.613	20.741
				20.613	20.741

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor +7,50	2013	17.638	17.797
				17.638	17.797

⁽¹⁾ The loan of RPI borrowed from Credit Europe Bank NV. RPI presented the land in Samara city where it shall make construction and 100% shares of Volgostroykom as the security. Akfen GYO and Akfen Ticaret have joint and several sureties in the amount of bank loan.

HDI:

The breakdown of bank loans as at 30 September 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor+7,50	2019	20.703	20.727
				20.703	20.727

⁽¹⁾ Loan borrowed from Credit Europe Bank on 02 September 2013, for the Moscow Hotel Project of HDI. The loan is secured by the following:

- Shares of Sevemyi Avtovokzal Limited, which belongs to HDI, are given as surety.
- The land that the project will be built on is pledged in favor of creditors. Following the completion of construction, hotel building will be pledged in favor of creditors,
- Akfen GYO and Akfen Ticaret gave joint surety amounting EUR 11.800.000.
- Rental revenue is pledged in favor of creditors.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

Akfen GYO (continued)

The repayment schedules of the bank loans are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Within 1 year	110.964	69.087	115.021	74.075
1 – 2 years	56.293	54.726	55.553	53.384
2 – 3 years	48.701	37.389	48.595	37.092
3 – 4 years	52.603	31.245	52.603	31.216
5 years and more	177.688	121.569	177.702	122.163
	446.249	314.016	449.474	317.930

HEPP Group

The breakdown of bank loans as at 30 September 2013 and 31 December 2012 is given below:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
HES I(*)	448.017	87.154	453.829	85.728
HES II	--	155.504	--	156.330
HES IV(**)	--	65.370	--	64.553
HES V	--	106.709	--	105.161
	448.017	414.737	453.829	411.772

(*)On 28 March 2013, HES I, HES II, HES III and HES V companies are merged under HES I.

(**)As at 6 June 2013, Group's share on Karasular was transferred to Aquila.

The breakdown of bank loans as at 30 September 2013 is given below:

	<u>Currency</u>	<u>Nominal</u>		<u>Nominal value</u>	<u>Carrying Amount</u>
		<u>Interest rate</u>	<u>Maturity</u>		
Secured bank loans ⁽¹⁾	EUR	Euribor+6,50	2013-2020	200.252	201.356
Secured bank loans ⁽¹⁾	EUR	Euribor+5,50	2021	227.423	231.938
Secured bank loans ⁽²⁾	USD	5,50	2026	20.342	20.535
				448.017	453.829

⁽¹⁾ The loans of Beyobası and Çamlıca, which are HES I companies, are secured by 79,41 % and 69,31%, respectively, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Group in Beyobası and Çamlıca put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ("Denizbank") and Finansbank reward credit of companies in group HES I as guarantee within the context of project finance. All shares owned by Akfen Holding in other HES I subsidiaries, Pak Enerji Üretimi San. Tic. A.Ş. ("Pak"), Elen Enerji Üretimi San. Tic. A.Ş. ("Elen"), BT Bordo Elektrik Üretim Dağ. Paz. San. Ve Tic. A.Ş. ("Bt Bordo"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk") and Zeki Enerji Elektrik Ürt. Dağ. Paz. San. Ve Tic. A.Ş. ("Zeki"), put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank consortium reward credit of Pak, Elen, Bt Bordo, Yeni Doruk and Zeki as guarantee within the context of project finance and in addition to share pledges the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LONS AND BORROWIN (continued)

HEPP Group (continues)

- Assignment of Go-risk receivables,
- Assignment of project incomes,
- Commercial enterprise pledge,
- Assignment of 1st degree pledge on real estate

As at 30 September 2013, the completion guarantees of Akfen Holding for projects of Çamlıca, Beyobası, Pak, Elen, BT Bordo, Yenidoruk and Zeki, which are subsidiaries of HEPP Group, continues and the completion guarantees of Akfen İnşaat for Beyobası, Pak, Elen, BT Bordo, Yenidoruk and Zeki continues.

Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.

The completion guarantee of Akfen İnşaat will be ended after the payment of two principal and interest following the completion of last HES project. The completion guarantee of Akfen Holding will be ended when the companies pay two principal and interest payments with their own revenues. There is the completion guarantee of HES I during the loan life.

There is a cross surety between Beyobası and Çamlıca during the loan life and there is a cross surety between Pak, Elen, Bt Bordo, Yeni Doruk and Zeki during the loan life. In addition, in the scope of principal shareholder guarantee, HES I guarantees all debt and liabilities of Beyobası, Çamlıca, Pak, Elen, Bt Bordo, Yeni Doruk and Zeki. In order to ensure desired level of Debt Payment Enability Ratios determined by loan agreements, Akfen Holding will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan life. In order to ensure desired level of Debt Payment Enability Ratios determined by loan agreements Akfen Holding, HEPP companies; Beyobası, Çamlıca, Pak, Elen, Bt Bordo, Yeni Doruk and Zeki's shareholders will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan.

The loans of Beyobası and Çamlıca are comprised of two components which are the Major Loan and the VAT Loan. The maturity of main loans is 2020 and the maturity of VAT loan is 2013.

⁽²⁾ For the loans of HEPP Companies; HHK and Kurtal, shares of Akfen HES on HHK and Kurtal are pledged for the project financing in favor of Türkiye Vakıflar Bankası T.A.O. Etimesgut Ankara Branch. In addition to share pledges, loans are secured by following:

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

HEPP Group (continued)

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans	EUR	Euribor+6,50	2013-2020	87.154	85.728
				87.154	85.728

The loans of HES I companies are secured up to 74,11 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Group in Beyobası and HES I subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES I as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract

The repayment schedules of the HES I bank loans are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Within 1 year	58.044	14.202	83.902	19.984
1 – 2 years	56.405	10.809	56.405	10.666
2 – 3 years	56.405	10.809	56.405	10.666
3 – 4 years	58.342	10.809	58.342	10.666
5 years and more	218.820	40.525	198.775	33.746
	448.016	87.154	453.829	85.728

HES II

As at 28 March 2013, HES II is transferred to HES I and loans are shown under HES I.

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Secured bank loans	EUR	Euribor+5,50	2021	155.504	156.330
				155.504	156.330

All shares owned by Akfen Group in HES II and HES II subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank consortium reward credit of companies in group HES II as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of VAT receivables
- Assignment of receivables arising from the EPC contract
- Assignment of Go-risk receivables
- Assignment of project incomes
- Assignment of 1st degree pledge on real-estate

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

HEPP Group (continued)

HES II (continued)

Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.

- As at 31 December 2012, completion guarantees of Akfen Holding and Akfen İnşaat continues.

- Completion guarantee of Akfen İnşaat will be over after the payment of two principal and interest payments following the start of operation of the last HES project. Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES II that lasts during the loan period

There is a cross surety between HES II companies (BT Bordo, Elen, Pak, Yenidoruk, Zeki) during the life of the loan. Besides, HES II guarantees all the loans and borrowings undertaken. In order to make HES II reach the desired level of Debt Payment Enability Ratios determined by loan agreements, Akfen Holding will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan life.

The repayment schedule of the HES II bank loans is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September</u> <u>2013</u>	<u>31 December</u> <u>2012</u>	<u>30 September</u> <u>2013</u>	<u>31 December</u> <u>2012</u>
Within 1 year	--	17.765	--	26.694
1 – 2 years	--	17.765	--	17.765
2 – 3 years	--	17.765	--	17.765
3 – 4 years	--	17.765	--	17.765
5 years and more	--	84.444	--	76.341
	--	155.504	--	156.330

HES IV

As a result of the sale agreement signed with Aquila, Company's shares on Karasular were transferred to Aquila on 6 June 2013.

The breakdown of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal</u> <u>Interest rate</u>	<u>Maturity</u>	<u>Nominal</u> <u>value</u>	<u>Carrying</u> <u>Amount</u>
Secured bank loans	EUR	Euribor+6,50	2013-2020	65.370	64.553
				65.370	64.553

The loans of HES IV companies are secured up to 75 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Holding in İdeal and HES IV subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES IV as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

HEPP Group (continued)

HES IV (continued)

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of VAT receivables
- Assignment of receivables arising from the EPC contract
- Assignment of Go-risk receivables
- Assignment of project incomes
- Commercial enterprise pledge
- Assignment of 1st degree pledge on real-estate

- Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.

- The completion guarantee of Akfen Holding continues as at 31 December 2012.

- Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES IV that lasts during the whole loan period.

Within the scope of principal shareholder guarantee, HES I-IV-V guarantees all borrowings and liabilities of borrower, In order to ensure desired level of Debt Payment Enability Ratios determined by loan agreements, Akfen Holding, HES IV and shareholders of İdeal will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan period.

The loan consists of two separate parts as the Major Loan and VAT Loan. The maturity of the Major Loan is 2020 and VAT Loan's is 2013.

The repayment schedule of the HES IV bank loans is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September</u> <u>2013</u>	<u>31 December</u> <u>2012</u>	<u>30 September</u> <u>2013</u>	<u>31 December</u> <u>2012</u>
Within 1 year	--	9.857	--	14.294
1 – 2 years	--	8.540	--	8.540
2 – 3 years	--	8.540	--	8.540
3 – 4 years	--	8.540	--	8.540
5 years and more	--	29.893	--	24.639
	--	65.370	--	64.553

HES V

As at 28 March 2013, HES V is transferred to HES I and loans are shown under HES I.

The detail of bank loans as at 31 December 2012 is given below:

	<u>Currency</u>	<u>Nominal</u> <u>Interest rate</u>	<u>Maturity</u>	<u>Nominal</u> <u>value</u>	<u>Carrying</u> <u>Amount</u>
Secured bank loans	EUR	Euribor+6,50	2013-2020	106.709	105.161
				106.709	105.161

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)

HEPP Group (continued)

HES V (continued)

The loans of HES V companies are secured up to 69,48 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Holding in Çamlıca and HES V subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES V as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company,
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract,
- Assignment of Go-risk receivables,
- Assignment of Project incomes
- Commercial enterprise pledge
- Assignment of 1st degree pledge on realestate

- Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.

-Completion guarantee of Akfen Holding continues as at 31 December 2012.

-Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES V that lasts during the whole loan period.

There is a cross surety between HES I and HES V companies (Beyobası, Çamlıca) during the life of the loan, and surety for HES IV company (İdeal). Besides, within the scope of principal shareholder guarantee, HES I-IV-V guarantees all borrowings and liabilities of HES V and Çamlıca. In order to ensure desired level of Debt Payment Enability Ratios determined by loan agreements Akfen Holding, HES IV and shareholders of Çamlıca will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan.

The loan consists of two separate parts as the Major Loan and VAT Loan. The maturity of the Major Loan is 2020 and VAT Loan's is 2013.

The repayment schedule of the HES V bank loans is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September</u>	<u>31 December</u>	<u>30 September</u>	<u>31 December</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Within 1 year	--	16.945	--	24.100
1 – 2 years	--	13.810	--	13.810
2 – 3 years	--	13.810	--	13.810
3 – 4 years	--	13.810	--	13.810
5 years and more	--	48.334	--	39.631
	--	106.709	--	105.161

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(Currency: Thousands of TL)

7 DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2013 and 31 December 2012, long-term derivative financial instruments comprised the following:

	30 September 2013		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(4.655)	(4.655)
	--	(4.655)	(4.655)

	31 December 2012		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(9.704)	(9.704)
	--	(9.704)	(9.704)

As at 30 September 2013 and 31 December 2012 the long-term derivative financial liabilities comprised of HEPP Group derivative instruments.

Beyobası and Çamlıca use interest rate swap to manage its exposure to Euribor interest rate movements of its bank debts. Mentioned loans are under protection against interest rate risk with interest rate swap during its use life with the rates of 79,41% and 69,31%, respectively. (31 December 2012: 74,11% and 69,48%).

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

8 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 30 September 2013 and 31 December 2012, short term trade receivables of the Group comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Due to related parties	27	--
Trade receivables from third parties	19.678	26.250
	19.705	26.250

As at 30 September 2013 and 31 December 2012 trade receivables from third parties comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Trade receivables	19.438	20.275
Income accruals	1.400	6.988
Notes receivable	--	114
Allowance for doubtful receivables (-)	(1.160)	(1.127)
	19.678	26.250

The distribution of the trade receivables per segments as at 30 September 2013 and 31 December 2012 is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen GYO	8.842	6.321
Akfen İnşaat	7.698	7.418
HEPP Group	3.082	11.408
Other	56	1.103
	19.678	26.250

As at 30 September 2013, TL 6.840 of construction receivables of Akfen İnşaat arises from Aliğa Project. TL 1.238 and TL 453 of remaining trade receivables are comprised of receivables of Beyobası and Çamlıca from Türkiye Elektrik İletim A.Ş. ("TEİAŞ") for electricity sale. The major part of the Akfen GYO's trade receivables arises from rental revenue receivables from Tamaris, the operator of the hotels in Turkey and Russian Hotel Management Company, the operator of hotels in Russia amounting TL 7.653 and TL 1.939, respectively.

Income accruals are comprised of unbilled revenues of HEPP Group companies for electricity sales to TEİAŞ.

As at 30 September 2013, TL 10.976 (31 December 2012: TL 13.006) represents overdue amount of trade receivables in which any allowance has not been booked. The aging of respective trade receivables is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
1-3 months overdue	2.089	6.427
3-12 months overdue	451	31
1-5 years overdue	8.985	7.088
Overdue more than 5 years	611	587
	12.136	14.133
Impairment	(1.160)	(1.127)
Credit risk	10.976	13.006

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

8 TRADE RECEIVABLES AND PAYABLES (continued)

Current trade receivables (continued)

The movement of allowance for doubtful trade receivables as at 30 September 2013 and 31 December 2012 is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Opening balance	(1.127)	(1.048)
Currency differences	(33)	(79)
Closing balance	(1.160)	(1.127)

Current trade payables

As at 30 September 2013 and 31 December 2012 current trade payables of the Group comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Due to related parties (Note 31)	491	955
Trade payables to third parties	20.811	24.138
	21.302	25.093

As at 30 September 2013 and 31 December 2012 current trade payables to third parties comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Trade payables	20.278	21.500
Expense accruals	533	2.638
	20.811	24.138

As at 30 September 2013, TL 288 of expense accruals are comprised of accruals of Akfen İnşaat due to HEPP projects.

As at 30 September 2013 and 31 December 2012, the distribution of trade payables per Group companies is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
HEPP Group	7.286	11.909
Akfen İnşaat	7.458	5.336
Akfen GYO	3.730	3.315
Akfen Holding	567	836
Other	1.770	2.742
	20.811	24.138

As at 30 September 2013, trade payables include payables to Hangzhou Yatai Hydro Equipment Completing Co.Ltd. and Andritz Hydro SAS related with the hydroelectrical power plants of HES I companies amounting TL 3.305 and TL 3.450, respectively.

As at 30 September 2013, trade payables of Akfen İnşaat are comprised of payables to various subcontractors as a result of the construction of hydroelectrical power plants and hotels.

As at 30 September 2013, trade payables of Akfen GYO are comprised of payables to Kasa Stroy and Elba because of the construction works of hotels in Russia amounting TL 1.489 and TL 1.241, respectively .

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

8 TRADE RECEIVABLES AND PAYABLES (continued)

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

Non-Current Trade Payables

As at 30 September 2013 and 31 December 2012, non-current trade payables are comprised of following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Trade payables to third parties	24.627	32.737
	24.627	32.737

As at 30 September 2013, other trade payables include payables to PA due to Mersin Combined Natural Gas Plant amounting TL 24.360.

As at 30 September 2013 and 31 December 2012, the aging of the trade payables (excluding expense accruals) is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
0-3 months	10.950	7.929
3 months – 1 year	9.328	13.571
More than 1 year	24.627	32.737
	44.905	54.237

9 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 30 September 2013 and 31 December 2012 other short term receivables are comprised of following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Due to related parties	448	239
Other receivables from third parties	6.800	3.190
	7.248	3.429

As at 30 September 2013, other short term non-trade receivables are comprised of tax receivables from tax offices belonging to Akfen İnşaat amounting TL 5.699.

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

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen İnşaat	6.343	2.089
HEPP Group	191	1.061
Other	266	40
	6.800	3.190

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

9 OTHER RECEIVABLES AND PAYABLES (continued)

Other non-current receivables (continued)

As at 30 September 2013 and 31 December 2012, other non-current receivables comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Due to related parties (Note 31)	11.250	45.541
Other receivables from third parties	14.147	10.541
	25.397	56.082

As at 30 September 2013 and 31 December 2012, the distribution of other non-current receivables per segments is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen GYO	9.055	7.417
Akfen İnşaat	2.998	2.638
HEPP Group	2.067	474
Akfen Holding	27	12
	14.147	10.541

As at 30 September 2013, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 6.941 and TL 1.857, respectively (31 December 2012: TL 5.828 and TL 1.589).

As at 30 September 2013, other long term receivables include tax receivables of Akfen İnşaat from tax offices amounting TL 1.287.

Other current payables

As at 30 September 2013 and 31 December 2012, other current payables of the Group are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Due from related parties	193	100
Other payables to third parties	14.714	16.226
	14.907	16.326

As at 30 September 2013 and 31 December 2012, the distribution of other current payables per segments is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen İnşaat	11.251	9.960
HEPP Group	733	1.218
Akfen Holding	1.869	3.318
Other	861	1.730
	14.714	16.226

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

9 OTHER RECEIVABLES AND PAYABLES

Other current payables (continued)

As at 30 September 2013 and 31 December 2012, other current payables are comprised of following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Deposits and guarantees received	10.052	9.657
Taxes and duties payable	3.485	4.564
Corporate tax payable	727	1.460
Advances received	172	442
Other	278	103
	14.714	16.226

As at 30 September 2013, deposits and guarantees received arises from deposits and guarantees taken from subcontractors for construction works by Akfen İnşaat (31 December 2012: TL 9.549).

As at 30 September 2013 advances received is comprised of advances received by HEPP Group companies.

Other non-current payables

As at 30 September 2013 and 31 December 2012 Group's other non-current payables are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Due to related parties (Note 31)	7.544	7.499
Other payables to third parties	5.576	7.865
	13.120	15.364

As at 30 September 2013 and 31 December 2012 the distribution of other non-current payables per segments is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen GYO	3.397	2.973
HEPP Group	2.179	4.838
Akfen İnşaat	--	54
	5.576	7.865

As at 30 September 2013, TL 3.356 of other payables to third parties is comprised of rent accruals belonging to Akfen GYO (31 December 2012: TL 2.768) and TL 2.177 arises from deposits and guarantees received by HEPP Group companies (31 December 2012: TL 638).

10 RESTRICTED CASH

As at 30 September 2013 there is no restricted cash. As at 30 December 2012, restricted cash is comprised of demand deposit taken as a guarantee for loans of Akfen Holding amounting TL 133.695.

11 INVENTORIES

As at 30 September 2013, whole part of the inventories is comprised of investments made for İncek Project of Akfen İnşaat amounting TL 165.650 (31 December 2012: TL 99.238).

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

As at 30 September 2013 and 31 December 2012, Group's share in net asset value of equity accounted investees is as follows:

	Ownership Rate (%)	30 September 2013	Ownership Rate (%)	31 December 2012
MIP	50,00	253.995	50,00	166.945
TAV Havalimanları	8,12	120.079	8,12	87.828
TAV Yatırım	21,68	29.940	21,68	24.772
Akfen Su	49,99	12.528	49,98	11.262
İDO	30,00	--	30,00	31.278
		416.542		322.085

As at 30 September, Group's share in profit or loss of equity accounted investees for nine months period is as follows:

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
MIP	2.556	(21.849)	50.804	17.427
TAV Havalimanları	22.690	12.433	32.556	4.899
TAV Yatırım	4.686	1.777	(2.092)	(1.017)
İDO	(34.465)	(4.324)	30.697	16.010
Akfen Su	(52)	(215)	656	357
	(4.585)	(12.178)	112.621	37.676

As at 30 September 2013 the movement of investments in equity accounted investees is as follows:

	31 December 2012	Profit for the period	Other comprehensive income	Dividend distribution	30 September 2012
MIP	166.945	2.556	84.494	--	253.995
TAV Havalimanları	87.828	22.690	21.165	(11.604)	120.079
TAV Yatırım	24.772	4.686	482	--	29.940
İDO	31.278	(34.465)	3.187	--	0
Akfen Su	11.262	(52)	1.318	--	12.528
	322.085	(4.585)	110.646	(11.604)	416.542

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

MIP:

The summary of financials of MIP is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>		
Total Assets	1.853.352	1.595.980		
Total Liabilities	1.345.361	1.262.090		
Net Assets	507.991	333.890		
Group's share on net assets of MIP	253.995	166.945		
	<u>1 January - 30</u>	<u>1 July - 30</u>	<u>1 January - 30</u>	<u>1 July - 30</u>
	<u>September 2013</u>	<u>September 2013</u>	<u>September 2012</u>	<u>September 2012</u>
Revenue	370.924	135.581	335.322	113.111
Gross profit/(loss)	246.733	91.751	186.251	63.610
General administrative expenses	(58.945)	(21.380)	(19.150)	(6.645)
Other operating income/(loss), net	--	--	--	--
Operating profit/(loss)	187.787	70.731	167.102	56.965
Profit/(loss) before tax	17.515	(50.747)	123.818	42.223
Profit/(loss) after tax	5.112	(43.699)	101.607	34.852
Profit/(loss) attributable to equity holders	5.112	(43.699)	101.607	34.852
Group's share on MIP's profit	2.556	(21.849)	50.804	17.427
Amortisation and depreciation expenses	42.694	15.376	37.020	13.408

TAV Havalimanları:

The summary of financials of TAV Havalimanları is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>		
Total Assets	6.332.951	4.980.503		
Total Liabilities	4.746.649	3.791.418		
Net Assets (*)	1.586.302	1.189.085		
Group's share on net assets of TAV Havalimanları	128.975	96.544		
	<u>1 January - 30</u>	<u>1 July - 30</u>	<u>1 January - 30</u>	<u>1 July - 30</u>
	<u>September 2013</u>	<u>September 2013</u>	<u>September 2012</u>	<u>September 2012</u>
Revenue	1.942.659	755.937	1.326.075	527.330
Gross profit/(loss)	648.154	306.535	529.909	252.822
General administrative expenses	(272.112)	(94.529)	(257.837)	(93.023)
Other operating income/(loss), net	91.546	33.347	92.396	33.857
Operating profit/(loss)	530.877	273.518	407.598	213.415
Profit/(loss) before tax	385.333	216.508	298.547	169.820
Profit/(loss) after tax	288.362	166.830	252.845	144.212
Profit/(loss) attributable to equity holders	279.462	153.133	240.397	124.850
Group's share on TAV Havalimanları's profit	22.690	12.433	32.556	4.899
Amortisation and depreciation expenses	126.513	44.571	114.214	37.447
Construction revenue(**)	413.311	133.312	616	420
Construction cost(**)	(413.311)	(133.312)	(616)	(420)

(*)As at 30 September 2013, Group's share on TAV Havalimanları's net asset includes goodwill amounting TL 8.716 (31 December 2012: 8.761). In addition, non-controlling interest amounting TL 8.313 is included in net assets of TAV Havalimanları (31 December 2012: TL 6.192).

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

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(Currency: Thousands of TL)

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

TAV Havalimanları (continued):

As at 30 September 2013, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Dooel, AS Riga Airport Commercial Development, TAV Gözen Havaçılık 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 and Tibah Airports Operation Limited companies are consolidated by equity method in the financials of TAV Havalimanları.

TAV Yatırım:

The summary of financials of TAV Yatırım is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>		
Total Assets	1.812.790	1.351.155		
Total Liabilities	1.674.659	1.240.944		
Net Assets	138.131	110.211		
Group's share on net assets of TAV Yatırım	29.940	24.772		
	<u>1 January - 30 September 2013</u>	<u>1 July - 30 September 2013</u>	<u>1 January - 30 September 2012</u>	<u>1 January - 30 September 2012</u>
Revenue	1.083.977	414.343	668.294	167.535
Gross profit/(loss)	73.734	28.291	28.139	8.540
General administrative expenses	(29.652)	(11.668)	(25.857)	(3.780)
Other operating income/(loss), net	(5.221)	1.357	(2.332)	(51)
Operating profit/(loss)	38.861	17.980	(50)	4.709
Profit/(loss) before tax	23.449	8.483	(3.324)	938
Profit/(loss) after tax	21.617	8.203	(6.584)	(1.165)
Profit/(loss) attributable to equity holders of parent	21.622	8.205	(4.352)	(971)
Group's share on TAV Yatırım's profit	4.686	1.777	(2.092)	(1.017)
Amortisation and depreciation expenses	10.672	4.187	10.210	3.178
Commission expenses of letter of guarantee included in cost of sales	9.929	1.690	12.662	4.082

İDO:

The summary of financials of İDO is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>		
Total Assets	1.500.737	1.483.012		
Total Liabilities	1.526.757	1.378.750		
Net Assets	(26.020)	104.262		
Group's share on net assets of İDO	--	31.278		

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12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

İDO (continued):

	<u>1 January - 30</u> <u>September 2013</u>	<u>1 July - 30</u> <u>September 2013</u>	<u>1 January - 30</u> <u>September 2012</u>	<u>1 July - 30</u> <u>September 2012</u>
Revenue	394.495	172.335	369.497	163.414
Gross profit/(loss)	128.562	66.790	114.605	65.857
General administrative expenses	(31.696)	(12.414)	(29.595)	(10.486)
Other operating income/(loss), net	(925)	(922)	(1.924)	208
Operating profit/(loss)	97.249	54.276	85.352	56.793
Profit/(loss) before tax	(139.332)	(39.860)	102.099	53.323
Profit/(loss) after tax	(140.902)	(40.432)	102.323	53.368
Profit/(loss) attributable to equity holders of parent	(140.902)	(40.432)	102.323	53.368
Group's share on İDO's profit	(34.465)	(4.323)	30.697	16.010
Amortisation and depreciation expenses	44.457	15.129	45.145	15.263

As at 30 September 2013, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları are included in consolidated financials of İDO by equity method.

Akfen Su:

The summary of financials of Akfen Su is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Total Assets	69.405	59.963
Total Liabilities	44.339	32.605
Net Assets	25.066	27.358
Group's share on net assets of Akfen Su	12.528	11.262

	<u>1 January - 30</u> <u>September 2013</u>	<u>1 July - 30</u> <u>September 2013</u>	<u>1 January - 30</u> <u>September 2012</u>	<u>1 July - 30</u> <u>September 2012</u>
Revenue	8.295	3.140	6.983	4.817
Gross profit/(loss)	3.712	1.496	3.435	2.293
General administrative expenses	(1.921)	(782)	(1.965)	(1.279)
Other operating income/(loss), net	(807)	(752)	(460)	(484)
Operating profit/(loss)	984	(37)	1.010	530
Profit/(loss) before tax	472	(251)	2.232	1.262
Profit/(loss) after tax	434	(166)	1.781	1.080
Profit/(loss) attributable to equity holders	(103)	(430)	1.312	714
Group's share on Akfen Su's profit	(52)	(215)	656	357
Amortisation and depreciation expenses	308	106	409	139
Guaranteed revenue	2.574	913	2.405	783
Construction revenue(*)	602	52	682	562
Construction cost(*)	(547)	(47)	(621)	(512)
Other operating income	42	1	57	14

As at 30 September 2013, non-controlling interest amounting TL 3.120 is included in net assets of Akfen Su (31 December 2012: TL 2.413).

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

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13 INVESTMENT PROPERTY

As at 30 September 2013 and 31 December 2012, investment property is comprised of following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Operating investment properties	990.829	872.850
Investment property under development	187.257	217.495
Total	1.178.086	1.090.345

As at 30 September 2013 and 31 December 2012, the movement of investment property is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Opening balance	1.090.345	1.070.195
Additions	74.889	38.489
Foreign currency translation difference	12.852	(1.653)
Disposals	--	(15.043)
Change in fair value	--	(1.643)
Closing balance	1.178.086	1.090.345

Additions

As at 30 September 2013 and 31 December 2012, additions are made by Akfen GYO. TL 4.444 of additions arises from additions to operating investment properties and TL 70.445 arises from additions to investment property under development.

Pledges and Insurance Amounts

As at 30 September 2013 total insurance amount on investment property is TL 1.095.100 (31 December 2012: TL 912.117).

As at 30 September 2013 the amount of pledge on investment property is TL 640.378 (31 December 2012: TL 521.489).

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14 PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2013, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2013	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Effect of change in Group structure (*)	(38.445)	(94.951)	(219)	(138)	--	--	--	(133.753)
Additions (**)	378	8.414	--	198	--	92.124	2	101.116
Disposals	--	(159)	(232)	--	--	--	--	(391)
Balance at 30 September 2013	33.312	388.026	952	10.433	62	377.813	390	810.988
Less: Accumulated depreciation								
Balance at 1 January 2013	(2.517)	(22.229)	(577)	(9.095)	(62)	--	(159)	(34.639)
Effect of change in Group structure	1.576	4.296	82	29	--	--	--	5.983
Depreciation charge for the period	(1.308)	(9.552)	(192)	(468)	--	--	(48)	(11.568)
Disposals	--	29	202	--	--	--	--	231
Balance at 30 September 2013	(2.249)	(27.456)	(485)	(9.534)	(62)	--	(207)	(39.993)
Net book value								
Net book value at 31 December 2012	68.862	452.492	826	1.278	--	285.689	230	809.377
Net book value at 30 September 2013	31.063	360.570	467	899	--	377.813	183	770.995

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

(**) As at 30 September 2013, TL 80.085 of additions, which corresponds to 79% of additions, arises from construction in progress additions of HEPP projects.

As at 30 September 2013, capitalized finance expense amounting TL 7.926 arises from HEPP projects (31 December 2012: TL 8.885).

As at 30 September 2013 and 31 December 2012 there is no property, plant and equipment acquired by financial leasing.

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14 PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2012, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2012	52.368	380.795	1.366	10.152	62	182.992	363	628.098
Additions (*)	103	3.460	700	288	--	212.132	25	216.708
Transfers**)	18.968	90.467	--	--	--	(109.435)	--	--
Disposals	(60)	--	(663)	(67)	--	--	--	(790)
Balance at 31 December 2012	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Less: Accumulated depreciation								
Balance at 1 January 2012	(817)	(12.179)	(908)	(8.431)	(62)	--	(85)	(22.482)
Depreciation charge for period	(1.700)	(10.050)	(258)	(709)	--	--	(74)	(12.791)
Disposals	--	--	589	45	--	--	--	634
Balance at 31 December 2012	(2.517)	(22.229)	(577)	(9.095)	(62)	--	(159)	(34.639)
Net book value								
Net book value at 31 December 2011	51.551	368.616	458	1.721	--	182.992	278	605.616
Net book value at 31 December 2012	68.862	452.493	826	1.278	--	285.689	229	809.377

(*) As at 31 December 2013, TL 211.990 of additions, which corresponds to 98% of additions, arises from construction in progress additions of HEPP projects.

(**) As at 31 December 2012, transfers arise from capitalization of HEPP projects.

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15 INTANGIBLE ASSETS

As at 30 September 2013 and 31 December 2012, movement of cost of intangible fixed assets is as follows:

	Development costs	Licenses	Other intangible assets	Total
Costs				
Balance at 1 January 2012	159	65.464	1.824	67.447
Business combinations (*)	--	6.653	--	6.653
Additions	--	149	221	370
Disposals	(159)	--	--	(159)
Balance at 31 December 2012	--	72.266	2.045	74.311
Balance at 1 January 2013	--	72.266	2.045	74.311
Effect of change in Group structure (**)	--	(10.406)	--	(10.406)
Additions	--	113	302	415
Disposals	--	(3)	--	(3)
Balance at 30 September 2013	--	61.970	2.347	64.317

(*) Business combinations effect on licenses arises from the acquisition of H.H.K Enerji Elektrik Üretim A.Ş. and Kurtal Elektrik Üretim A.Ş..

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

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15 INTANGIBLE ASSETS (continued)

As at 30 September 2013 and 31 December 2012, movement of amortization of intangible assets is as follows:

	Licenses	Other intangible assets	Total
Accumulated amortization			
Balance at 1 January 2012	(5.859)	(1.195)	(7.054)
Amortization charge for the period	(1.446)	(187)	(1.633)
Disposals	--	--	--
Balance at 31 December 2012	(7.305)	(1.382)	(8.687)
Balance at 1 January 2013	(7.305)	(1.382)	(8.687)
Effect of change in Group structure (*)	1.213	--	1.213
Amortization charge for the period	(1.101)	(169)	(1.270)
Balance at 30 September 2013	(7.193)	(1.551)	(8.744)
Net book value			
Net book value at 31 December 2012	64.961	663	65.624
Net book value at 30 September 2013	54.777	796	55.573

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

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16 GOODWILL

As at 30 September 2013 and 31 December 2012, goodwill amounting TL 3.309 arises from purchase of shares of Akfen GYO by the Company. Impairment of goodwill is done through use of market value method.

17 GOVERNMENT GRANTS

According to the Investment Incentive Code No.47/2000 Akfen GYO, among the affiliated partners of the Group, has a 100% investment incentive on any investments made by Akfen GYO until 31st December, 2008 in the Turkish Republic of Northern Cyprus.

Based on the decree dated 01 July 2003 and numbered 2003/5868 of the Cabinet, it is resolved that ratio of the private consumption tax of the fuel oil supplied to any vessels, commercial yachts, service and fishing vessels, which are registered in the Turkish International Ship Registry and National Ship Registry and carry cargo and passengers exclusively in coastal routes, to be reduced to zero as of the beginning of the year 2004, provided that quantity of the fuel oil is determined with regards to technical specifications of and registered in journal of the vessel to consume such fuel oil. The Group utilizes discount in the private consumption tax to this extent since 2004.

According to the decree dated 02.12.2004 and numbered 2004/5266 of the Cabinet, any revenues obtained from operation and transfer of any vessels and yachts registered in the Turkish International Ship Registry are exempted from income and corporate taxes and funds. Purchase and sales, mortgage, registration, loan and freight agreements for any vessels and yachts registered in the Turkish International Ship Registry are not subject to stamp tax, duties, taxes and funds of bank and insurance procedures. The Group makes use of discounts of corporate tax and income tax in this scope.

As at 30 September 2013 and 31 December 2012, TAV Esenboğa and TAV İzmir have investment grants.

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

18 COMMITMENTS AND CONTINGENCIES

(a) Commitments, Pledges and Mortgages

As at 30 September 2013 and 31 December 2012 the group's position related to letter of guarantees given, pledges and mortgages were as follows:

<u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
A. Total amount of CPM is given on behalf of own legal personality	1.105.047	869.117
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	769.922	649.794
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	--	27.368
i. Total amount of CPM is given in favor of parent company	--	--
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	--	27.368
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	1.874.969	1.546.279

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18 COMMITMENTS AND CONTINGENCIES (continued)

As at 30 September 2013 the ratio of total amount of other CPM given by the group to its equity is 0% (31 December 2012: 2%).

	<u>30 September 2013</u>	<u>31 December 2012</u>
Akfen GYO	809.209	631.377
HEPP Group	506.252	456.429
Akfen Holding	463.579	335.068
Akfen İnşaat	43.422	77.210
Akfen Enerji	52.507	46.195
	1.874.969	1.546.279

As at 30 September 2013 and 31 December 2012 the currency distribution of foreign currency based CPM given by the Group is as follows:

	<u>30 September 2013(*)</u>		<u>31 December 2012(*)</u>	
	Euro	US Dollars	Euro	US Dollars
Total amount of CPM is given on behalf of own legal personality	710.550	183.058	555.277	105.282
Total amount of CPM is given in favor of subsidiaries which are fully consolidated	658.738	21.399	569.003	1.256
Other CPMs given	--	--	--	17.024
	1.369.288	204.457	1.124.280	123.562

(*)(*)All amounts are expressed as TL equivalent.

(b) Letter of Guarantees Received

As at 30 September 2013, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees which have nature of letter of guarantees amounting TL 219.640 (31 December 2012: TL 105.273) from subcontractors. As at 30 September 2013 TL 46.227 (31 December 2012: TL 28.501) of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 2.492 (31 December 2012: TL 3.160) were given to hydro electrical power plants of the Group.

19 OTHER ASSETS AND LIABILITIES

Other current assets

As at 30 September 2013 and 31 December 2012, other current assets comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
VAT carried forward	35.746	19.237
Advances given to subcontractors	11.960	6.967
Other	373	249
	48.079	26.453

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19 OTHER ASSETS AND LIABILITIES (continued)

Other current assets (continued)

As at 30 September 2013 VAT carried forward is comprised of VAT receivables of Akfen İnşaat, HEPP Group and Akfen Enerji amounting TL 16.755, TL 17.427 and TL 1.564, respectively.

As at 30 September 2013, the major part of the advances given to subcontractors are comprised of advances given by Akfen İnşaat for hotel projects and hydroelectrical power plant projects amounting TL 615 and TL 10.852, respectively.

Other non-current assets

As at 30 September 2013 and 31 December 2012, other non-current assets comprised the following:

	<u>30 September 2013</u>	<u>31 December 2012</u>
VAT carried forward	93.552	113.421
Taxes and funds to be refunded through progress billings	6.864	4.210
Other	70	39
	<u>100.486</u>	<u>117.670</u>

As at 30 September 2013, TL 63.233 of VAT carried forward arises from the VAT payments done for investments in hydroelectrical power plants (31 December 2012: TL 72.494). Since these hydroelectrical power plants are in construction process, Group does not have enough VAT liability to offset. Akfen GYO has VAT carried forward amounting TL 30.318 (31 December 2012: TL 27.798). 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 agreements.

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20 PREPAID EXPENSES AND DEFERRED REVENUE

As at 30 September 2013 and 31 December 2012, current prepaid expenses are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Prepaid expenses(*)	7.565	4.409
Advances given	2.537	7.866
Advances given to personnel	497	490
Job advances	380	501
	10.979	13.266

As at 30 September 2013 and 31 December 2012, non-current prepaid expenses are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Prepaid expenses(*)	10.624	9.118
Advances given	8.591	6.803
	19.215	15.921

(*) 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 September 2013 the amount of expenses paid in advance for short and long-term is TL 1.562 (31 December 2012: TL 1.562) and TL 5.377 (31 December 2012: TL 6.516), respectively.

As at 30 September 2013 and 31 December 2012 deferred revenue is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Deferred revenue	4.057	795
	4.057	795

Deferred revenue in amount of TL 3.274 is rent revenue to be accrued in upcoming months, which was collected in advance related to the rental of Merit Park Hotel in Northern Cyprus to Voyager Kıbrıs Limited.

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21 EQUITY

As at 30 September 2013, Akfen Holding had 291.000.000 shares, each has TL 1 of nominal value. As at 30 September 2013, the whole of TL 291.000 capital was paid.

	<u>30 September 2013</u>	<u>31 December 2012</u>
Registered equity ceiling	1.000.000	1.000.000
Paid in capital	291.000	145.500

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

	<u>30 September 2013</u>		<u>31 December 2012</u>	
	<u>Share</u>	<u>Ownership</u>	<u>Share</u>	<u>Ownership</u>
	<u>Amount</u>	<u>Rate %</u>	<u>Amount</u>	<u>Rate %</u>
Hamdi Akın(*)	198.500	68,21	99.250	68,21
Akfen İnşaat Turizm ve Ticaret A.Ş.(**)	7.990	2,75	3.995	2,75
Other shareholders	2.278	0,78	1.139	0,78
Publicly traded shares(***)	82.232	28,26	41.116	28,26
Paid in capital (nominal)	291.000	100	145.500	100

* 109.074 of public in nature belong to Hamdi Akın.

** Public in nature.

*** There are 4.957.441 shares of Akfen İnşaat which are public in nature

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

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

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

One of the two auditors who would be assigned within the Company shall be elected among the candidates proposed by the majority of the A Group shareholders and the other auditor shall be elected among the candidates proposed by the majority of the B Group shareholders in the General Assembly.

As at 30 September 2013 and 31 December 2012 there is no pledge on shares of Akfen Holding.

Dividend Payment

As a result of the General Assembly held on 28 May 2013, Company decided to distribute dividend from the profit of 2012 and previous years with a gross amount of TL 25.529 (TL 21.700 net) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 30 May 2013 and completed on 3 June 2013.

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21 EQUITY (continued)

In the frame of the Buy Back Programme approved in the General Assembly of the Company on 12 September 2011 and expanded for 18 months on 28 May 2013, 7.079.513 and 4.957.441 Akfen Holding A.Ş. shares were purchased by Akfen Holding and Akfen İnşaat amounting TL 29.984 and TL 22.048, respectively.

As at 30 September 2013, the number of shares purchased shares within the frame of Buy Back Programme is 12.036.954 and proportion of purchased shares to total shares has reached 2,43%. Together with the 2,75% shares of Akfen İnşaat on Akfen Holding before initial public offering, as at 30 September 2013 the ownership rate of the Company and its subsidiary has reached 6,88%.

Translation reserve

As at 30 September 2013 the translation reserve amounting TL 83.595 (31 December 2012: TL 37.229) is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, Akfen GYO, Akfen İnşaat and TAV Havalimanları from their functional currency of USD and EUR to the presentation currency TL which is recognized in equity.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 30 September 2013 the hedging reserve amounting to, TL 18.436 (HEPP Group: TL 3.724, İDO TL 3.042 and TAV Havalimanları: TL 11.670) is recognized in equity which is related to the interest rate swap contracts made by HEPP Group companies (Beyobası and Çamlıca), İDO and TAV Havalimanları (31 December 2012: TL 84.473 (HES I-IV-V: 7.763 TL, MIP 53.188 TL, TAV Havalimanları 17.293 TL, İDO: 6.229 TL)).

Revaluation surplus

The customer relationship and DHMİ license were remeasured to their fair values by TAV Havalimanları in 2007. The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Havalimanları.

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 30 September 2013 and 31 December 2012.

Capital adjustments due to cross ownership (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net off any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and resulting surplus or deficit on the transaction is transferred to/from retained earnings.

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21 EQUITY (continued)

Business combination of entities under common control

Business combinations of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognized directly in equity.

Share premium

During the public offerings carried out on 14 May 2010 and special sales made to corporate investor at BİAŞ Wholesale Market on 24 November 2010, because of sale of company shares at a higher price than the nominal value, TL 90.505 and TL 364.277 differences were recognized as the share premium, respectively. These premiums are presented in the equity and cannot be distributed, however, these may be used at the capital increases in the future.

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

All gain or loss realized on sale and purchase of non-controlling interest in a subsidiary is also included in share premium. Akfen GYO increased its capital as TL 46.000 upon the decision of the Board of Directors dated 24 January 2011. 46,000,000 shares corresponding to this increase and total 54,117,500 Akfen GYO shares with TL 54.118 nominal value and 8,117,500 shares of Akfen GYO held by Akfen Holding corresponding to TL 8.118 were offered to public on 11 May 2011. In the following days, Akfen Holding repurchased total 8,040,787 shares in order to provide price stability of Akfen GYO shares. At these transactions ownership has changed without losing control, and these transactions were recognized under the share premium item after the transaction costs were netted off.

Company bought 55.018 shares of Akfen GYO, whose 56,56% shares it owned, on 11 July 2013 for a consideration of TL 1,43. Together with this transaction Group's share on Akfen GYO's total share has reached 56,56%. As at 30 September 2013, Group's share on Akfen GYO has reached 56,77%. After the purchases number of shares belonging to Akfen Holding has reached 104.462.399 and 9.306.015 (5,06% 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 September 2013 and 31 December 2012, the amounts classified under the 'non-controlling interest' item in the statement of financial position are TL 330.492 and TL 388.680, respectively. Again, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit/(loss) of the non-controlling interest for the periods ended 30 September 2013 and 2012 are TL (15.564) and TL 7.141, respectively.

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(Currency: Thousands of TL)

22 REVENUE AND COST OF SALES

22.1 Revenue

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

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Revenue from electricity sales	59.238	9.421	45.746	9.661
Rent income from investment property	30.854	10.746	24.085	8.118
Other	311	241	1.328	549
	90.403	20.408	71.159	18.328

22.2 Cost of sales

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

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Depreciation and amortization	12.093	3.403	10.055	3.400
Outsourcing expenses	8.069	4.226	5.942	2.195
Personnel expense	3.812	1.215	3.269	1.316
Rent expense	2.693	909	2.633	852
Construction contract cost	2.161	402	1.641	134
Insurance expense	2.715	1.215	1.596	624
Other	3.143	1.030	3.754	1.392
	34.686	12.400	28.890	9.913

23 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses

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

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Personnel expenses	21.016	5.918	21.178	5.668
Consultancy expenses	4.424	1.363	4.307	1.038
Grant and charities	3.053	1.156	219	50
Rent expenses	2.406	940	2.229	712
Taxes and duties	2.135	682	1.243	635
Advertisement expenses	1.344	22	105	7
Travel expenses	839	330	1.099	476
General office expenses	778	361	692	199
Depreciation and amortisation	745	269	778	293
Office supplies expenses	378	110	370	118
Outsourcing expenses	287	69	542	180
Representation expenses	210	93	164	74
Insurance expenses	138	47	137	52
Other	3.727	587	4.824	1.137
	41.480	11.947	37.887	10.639

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24 OTHER OPERATING INCOME

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

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Insurance income	4.953	--	1.277	--
Letters of guarantee turned into cash	1.323	--	2.347	--
Collection of doubtful receivables	1.268	--	--	--
Foreign exchange gain from trade receivables and trade payables	1.403	643	1.924	303
Rent income	82	25	140	25
Other	5.446	2.709	5.840	2.195
	14.475	3.377	11.528	2.523

As at 30 September 2013, insurance income arises from the income obtained from the insurance company as a result of damage occurred in Otluca HEPP project.

Letter of guarantees obtained from suppliers are turned into cash since the suppliers did not fulfill their responsibilities in hydroelectrical power plants.

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

25 INCOME FROM INVESTMENT ACTIVITIES

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Profit from sale of subsidiary	33.079	--	--	--
Profit from sale of securities	4.767	585	5.653	2.560
Interest income from time deposits with maturity longer than three months	3.010	1.014	3.666	2.540
Profit from sale of property, plant and equipment	23	--	56	56
Profit from sale of affiliates	--	--	561.860	--
Dividend income from affiliates	--	--	49	49
	40.879	1.599	571.284	5.205

As at 30 September 2013, profit from sale of subsidiary arises from sale of shares on Karasular to Aquila.

As at 30 September 2012, profit from sale of affiliates arises from sale of shares on TAV Havalimanları and TAV Yatırım.

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(Currency: Thousands of TL)

26 FINANCIAL INCOME

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

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Foreign exchange gain	72.170	17.835	145.143	31.354
Interest income	19.629	3.910	16.475	7.244
Unearned interest income, net	1.775	1.775	--	--
	93.574	23.520	161.618	38.598

For the periods ended 30 September, financial income/(expenses) accounted in other comprehensive income as a result of hedging agreements signed by the Group and its subsidiaries and shall be reclassified as profit or loss are as follows:

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January – 30</u> <u>September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Foreign currency translation differences	2.626	3.016	(2.890)	4.504
Hedging reserve	2.971	3.247	(3.808)	(2.447)
Tax benefit/(expense) from other comprehensive income items	(495)	(516)	762	489
	5.102	5.747	(5.936)	2.546

As at 30 September 2013, the hedging reserve amounting TL 2.476 (31 September 2012: TL (3.046)) is recognized in equity which is related to the interest rate and cross currency swap contracts made by HES I, MIP, IDO and TAV Havalimanları. The translation reserve amounting TL 2.626 is comprised of foreign exchange difference arising from the translation of the financial statements of RHI, RPI and HDI, subsidiaries of Akfen GYO, from their functional currency to the presentation currency TL which is recognized in equity for the year ended 30 September 2013 (30 September 2012: TL 2.890).

As at 30 September 2013, changes arising from cross currency and interest rate swaps of MIP, IDO and TAV Havalimanları are shown under 'items to be reclassified to comprehensive income in subsequent periods from equity accounted investees' in comprehensive income. Similarly, foreign translation differences arising from the translation of financials of MIP, TAV Yatırım and TAV Havalimanları from their functional currency of US Dollars and Euro to the presentation currency TL is recognized under 'items to be reclassified to comprehensive income in subsequent periods from equity accounted investees'.

27 FINANCIAL EXPENSE

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

	<u>1 January – 30</u> <u>September 2013</u>	<u>1 July – 30</u> <u>September 2013</u>	<u>1 January –</u> <u>30 September 2012</u>	<u>1 July – 30</u> <u>September 2012</u>
Interest expense	52.092	14.993	90.370	28.692
Foreign exchange losses	186.098	83.966	65.442	33.743
Unearned interest expense, net	--	(1.721)	1.821	(1.964)
Other	15.630	3.991	6.170	1.565
	253.820	101.229	163.803	62.036

28 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

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29

TAXATION

Corporate tax:

In Turkey, corporate income tax is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes.

As at 30 September 2013, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

Country	Tax Rate
Tunisia	30
Georgia	15
Egypt	20
Macedonia	10
Latonia	15
Libya (*)	15-40
Qatar	10
Oman	12
Cyprus	24
Saudi Arabia	20
Russia	20

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

(*)The corporate tax is changed gradually according to the net profit for the period in Libya.

In Northern Cyprus, corporate income tax is levied at the rate of 23.5%, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. Thus, the operations of the branch of Akfen Ticaret and Akfen İnşaat are subject to this tax rate.

As at 1 January 2008 corporate income tax is decreased from 20% to 15% according to Georgia laws. Deferred tax is calculated for relevant assets and liabilities with 15% rate as at 31 December 2009.

Tunisian corporate income tax is levied at a rate of 30% on income less deductible expenses. According to concession agreement, TAV Tunisia is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of properties and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

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TAXATION *(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 ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. However, the Tax Inspectors' Board challenges this exemption for the Real Estate Investment Trusts ("REIT") which are not publicly traded and imposes tax penalties to these REITs. On the other hand, the Capital Markets Board is of the opinion that REIT status is obtained by companies instantaneously founded or transformed to the REIT after the Board's approval of the amendments in the Articles of Association in case of transformation, and approval of establishment in case of immediate establishment. Therefore, the management and the legal advisors of the Group do not expect to be exposed to any tax exposure related with this penalty and expects the Tax Authorities to settle the tax assessments in due course.

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as at 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years' time was not allowed to be carried forward to the following years and became unavailable as at 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as at 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

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TAXATION (continued)

Investment allowance (continued)

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of “2006, 2007, 2008” in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as at 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

Income withholding tax:

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

Transfer pricing regulations:

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

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

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29 TAXATION (continued)

29.1 Taxation income/(expense)

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

	1 January - 30 September 2013	1 July – 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Corporate tax income/(expense)	(1.903)	(1.903)	(4.570)	(606)
Deferred tax income/(expense)	9.482	7.768	(26.087)	(2.318)
Tax expense recognized in profit/loss	7.579	5.865	(30.657)	(2.924)
Deferred tax income /(expense) recognized in comprehensive income	(495)	(516)	762	489
Total tax expense	(7.084)	(5.349)	(29.895)	(2.435)

29.2 Deferred tax assets and liabilities

Deferred tax is provided, using the balance sheet method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 30 September 2013 and 31 December 2012 were attributable to the items detailed in the table below:

	<i>Assets</i>		<i>Liabilities</i>		<i>Net</i>	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Trade and other receivables	1.614	2.398	--	--	1.614	2.398
Property, plant and equipment and intangible assets	17.813	17.353	(12.227)	(13.382)	5.586	3.971
Effect of IAS 11	6.344	9.511	--	--	6.344	9.511
Derivative financial instruments	931	1.941	--	--	931	1.941
Government grants	14.765	14.974	--	--	14.765	14.974
Investment properties	--	--	(59.062)	(56.808)	(59.062)	(56.808)
Tax losses carried forward	14.457	7.607	--	--	14.457	7.607
Loans and borrowings	536	92	(348)	(1.068)	188	(976)
Other temporary differences	288	751	(13)	(149)	276	602
Subtotal	56.749	54.627	(71.650)	(71.407)	(14.901)	(16.780)
Net-off tax	(16.663)	(19.919)	16.663	19.919	--	--
Total deferred tax assets/(liabilities)	40.086	34.708	(54.987)	(51.488)	(14.901)	(16.780)

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. As at 30 September 2013, the Group management has recognized deferred tax asset amounting to TL 14.457 (31 December 2012: TL 7.607) for the tax losses in which taxable profits are estimated to be available in 2013 and the following years.

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29 TAXATION (continued)

29.2 Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets and liabilities

As at reporting date, the Group has unused statutory tax losses of TL 86.392 (31 December 2012: TL 44.010) available for offset against future profits. TL 13.347 deferred tax (31 December 2012: TL 8.802) was not recognized since the Group management estimates that there will not be sufficient future taxable profits. The expiry date of unrecognized tax losses are as:

	<u>30 September 2013</u>	<u>31 December 2012</u>
2014	1.365	1.365
2015	35.993	35.866
2016	3.312	3.280
2017	5.754	3.499
2018	39.968	--
	86.392	44.010

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

30 EARNINGS PER SHARE

For the periods ended 30 September 2013 and 30 September 2012, amounts of earning per share as TL (76.641) and TL 649.232, respectively is calculated by dividing the consolidated statement of comprehensive income/(loss) on attributable to main shareholders by the weighted average number of ordinary shares outstanding during the period.

	<u>1 January-30 September 2013</u>	<u>1 July-30 September 2013</u>	<u>1 January-30 September 2012</u>	<u>1 July-30 September 2012</u>
Income/(loss) on attributable to main shareholders of the Company	(76.641)	(76.479)	649.232	11.396
The weighted average number of shares outstanding during the period(*)	278.774.623	277.786.527	282.337.694	282.315.894
Profit/ (Loss) per share from operations (full TL)	(0,275)	(0,275)	2,299	0,040

(*) Earnings per share calculation is done by excluding 7.839.524 shares of Akfen İnşaat and Akfen Holding at the beginning of the period and 447.787 and 3.889.925 share purchases of Akfen İnşaat and Akfen Holding within the period.

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31 RELATED PARTY DISCLOSURES

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and associates, investments and jointly controlled entities are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business. Most of the related party activity is eliminated at consolidation and the remaining activity is not material to the Group. These transactions were carried out on an arm's-length basis during the normal course of business.

31.1 Related party balances

At 30 September 2013 and 31 December 2012, the Group had the following short term receivables and payables balances from its related parties:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Trade receivables	27	--
Non-trade receivables	448	239
	<u>475</u>	<u>239</u>
Trade payables	491	955
Non-trade receivables	193	100
	<u>684</u>	<u>1.055</u>

At 30 September 2013 and 31 December 2012, the Group had the following long term receivables and payables balances from its related parties:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Non-trade receivables	11.250	45.541
	<u>11.250</u>	<u>45.541</u>
Non-trade receivables	7.544	7.499
	<u>7.544</u>	<u>7.499</u>

All transactions between Company, subsidiaries and jointly ventures not explained in related party disclosures are eliminated during consolidation. Related party balances between the Group and other related parties are explained in the following pages.

At 30 September 2013 and 31 December 2012, the Group had the following long term non trade receivables from its related parties:

	<u>30 September</u>	<u>31 December</u>
	<u>2013</u>	<u>2012</u>
<i>Due from related parties (long term-non trade):</i>		
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.("Akfen GYT")	2.659	38.334
Hyper Foreign Holland N.V.	6.480	5.552
Other	2.111	1.655
	<u>11.250</u>	<u>45.541</u>

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31 RELATED PARTY DISCLOSURES (continued)

31.1 Related party balances (continued)

As at 30 September 2013 and 31 December 2012, the Group had the following long term non trade payables to its related parties:

<i>Due to related parties (long term-non trade):</i>	<u>30 September 2013</u>	<u>31 December 2012</u>
TAV Yatırım	7.506	7.499
TAV Havalimanları	38	--
	<u>7.544</u>	<u>7.499</u>

31.2 Related party transactions

For the periods ended 30 September, the transactions with related parties comprised the following:

<i>Services rendered to related parties:</i>	<u>30 September 2013</u>		<u>30 September 2012</u>	
Company	Amount	Service	Amount	Service
Akfen GYT	2.698	Financial income	5.519	Financial income
	<u>2.698</u>		<u>5.519</u>	

<i>Services obtained from related parties:</i>	<u>30 September 2013</u>		<u>30 September 2012</u>	
Company	Amount	Service	Amount	Service
Ibs Sigorta Brokerlik Hiz. A.Ş.	2.138	Purchases	1.777	Purchases
	<u>2.138</u>		<u>1.777</u>	

31.3 Key management personnel compensation

Total salaries and similar expenses provided to key management personnel for the Group and subsidiaries amounted to TL 7.198 as at 30 September 2013 (30 September 2012: TL 6.287).

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32 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date is as follows:

	Receivables				Deposits on Banks (*)	Derivative Instruments	Other(**)
	Trade Receivables		Other receivables				
	Related Party	Third Parties	Related Party	Third Parties			
30 September 2013							
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	27	34.037	11.698	20.947	154.212	--	34.961
- Portion of maximum risk covered any guarantee	--	8.263	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	27	23.061	11.698	20.947	154.212	--	34.961
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired (6)	--	10.976	--	--	--	--	--
- The portion covered by any guarantee	--	8.263	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--	--
- Past due (gross book value)	--	1.160	--	--	--	--	--
- Impairment (-)	--	(1.160)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

30 September 2013	Receivables	
	Trade receivables	Other receivables
Past due 1-3 months	2.089	--
Past due 3-12 months	451	--
Past due 1-5 years	8.985	--
More than 5 years	611	--
Total undue receivables	12.136	--
Total allowances	1.160	--
Amount secured by guarantees etc.	8.263	--

(*) As at 30 September 2013, deposits on banks are comprised of demand deposits, time deposits and project reserve accounts.

(**) As at 30 September 2013, government and private sector bonds amounting TL 34.961 are shown in other cash and cash equivalents (Note 4).

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Credit risk (continued)

31 December 2012	Receivables				Deposits on Banks (*)	Derivative Instruments	Other(**)
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	--	26.250	45.780	13.731	374.278	--	59.853
- Portion of maximum risk covered any guarantee	--	6.366	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	--	13.241	45.780	13.731	374.278	--	59.853
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired (6)	--	13.009	--	--	--	--	--
- The portion covered by any guarantee	--	6.366	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--	--
- Past due (gross book value)	--	1.127	--	--	--	--	--
- Impairment (-)	--	(1.127)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

31 December 2012	Receivables	
	Trade Receivables	Other Receivables
Past due 1-3 months	6.427	--
Past due 3-12 months	31	--
Past due 1-5 years	7.088	--
More than 5 years	587	--
Total undue receivables	14.133	--
Total allowances	1.127	--
Amount secured by guarantees etc.	6.366	--

(*) As at 31 December 2012, deposit amounting TL 133.695 is included in restricted cash.

(**) As at 31 December 2012, government and private sector bonds amounting TL 59.853 is shown in other (Note 4)

Akfen Holding Anonim Şirketi

30 Eylül 2013 Tarihinde Sona Eren Dokuz Aylık Ara Döneme Ait Özet Konsolide Finansal Tablolara İlişkin Dipnotlar

(Tüm tutarlar aksi belirtilmedikçe, bin Türk Lirası ("TL") olarak ifade edilmiştir.)

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

Impairment

Movements in the allowance for doubtful receivables for the periods ended 30 September 2013 and 31 December 2012 was as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Balance at the beginning of the period	(1.127)	(1.048)
Allowance for the period	(33)	(79)
Balance at the end of the period	(1.160)	(1.127)

Liquidity risk

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 30 September 2013:

<u>30 September 2013</u>							
	<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>
Financial liabilities							
Loans and borrowings	6	1.064.394	(1.355.821)	(143.341)	(167.889)	(714.510)	(330.081)
Bonds	6	226.575	(237.248)	(73.062)	(164.186)	--	--
Trade payables	8	45.438	(45.692)	(11.370)	(9.696)	(24.626)	--
Due from related parties	8-9-31	8.228	(8.228)	(34)	(649)	(7.545)	--
Other payables (*)		7.845	(7.845)	(2.548)	(1.447)	(3.850)	--
Interest rate swap		4.655	(7.046)	(1.643)	(1.512)	(3.891)	--
Total		1.357.135	(1.661.880)	(231.998)	(345.379)	(754.422)	(330.081)

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

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2012:

<u>31 December 2012</u>							
	<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>
Financial liabilities							
Loans and borrowings	6	1.061.267	(1.238.111)	(41.617)	(240.798)	(651.209)	(304.487)
Bonds	6	230.766	(258.008)	(10.413)	(84.829)	(162.766)	--
Trade payables	8	56.875	(56.985)	(9.720)	(14.528)	(32.737)	--
Due from related parties	8-9-31	8.576	(8.576)	(179)	(876)	(7.521)	--
Other payables (*)		14.187	(14.187)	(8.071)	(2.477)	(3.639)	--
Interest rate swap		9.704	(10.039)	--	(3.906)	(6.133)	--
Total		1.381.375	(1.585.906)	(70.000)	(347.414)	(864.005)	(304.487)

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Currency risk

Exposure to currency risk

As at 30 September 2013, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	30 September 2013			
	TL	USD	EUR	Other(*)
	Equivalent			
1. Trade receivables	500	11	174	--
2a. Monetary Financial Assets (including Cash)	83.160	15.570	18.732	4
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	10.645	739	3.326	--
4. Current Assets (1+2+3)	94.305	16.320	22.232	4
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	23.697	3.876	5.750	8
8. Non-current Assets (5+6+7)	23.697	3.876	5.750	8
9. Total Assets (4+8)	118.002	20.196	27.982	12
10. Trade Payables	10.029	1.574	2.484	--
11. Financial Liabilities	251.406	9.236	84.638	--
12a. Other Monetary Liabilities	117	--	42	--
12b. Other Non-monetary Liabilities	9.440	2	3.434	--
13. Short Term Liabilities (10+11+12)	270.992	10.812	90.598	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	709.092	10.000	250.600	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4.882	1.330	792	--
17. Long Term Liabilities (14+15+16)	713.974	11.330	251.392	--
18. Total Liabilities (13+17)	984.966	22.142	341.990	--
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Total Assets Hedged (**)	--	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(866.964)	(1.946)	(314.008)	12
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(886.984)	(5.229)	(318.858)	4
22. Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23. Hedged Amount of Foreign Currency Assets	--	--	--	--
24. Hedged Amount of Foreign Currency Liabilities	--	--	--	--

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Currency risk (continued)

Exposure to currency risk

As at 31 December 2012, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	31December 2012			
	TL Equivalent	USD	EUR	Other(*)
1. Trade receivables	6.057	11	2.567	--
2a. Monetary Financial Assets (including Cash	317.143	156.582	16.164	5
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	14.906	607	5.878	--
4. Current Assets (1+2+3)	338.106	157.200	24.609	5
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	7	--	--	7
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	6.667	2.293	1.097	--
8. Non-current Assets (5+6+7)	6.674	2.293	1.097	7
9. Total Assets (4+8)	344.780	159.493	25.706	12
10. Trade Payables	14.549	2.246	4.485	--
11. Financial Liabilities	266.847	29.311	91.252	--
12a. Other Monetary Liabilities	428	--	182	--
12b. Other Non-monetary Liabilities	8.861	2	3.767	--
13. Short Term Liabilities (10+11+12)	290.685	31.559	99.686	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	764.399	76.521	267.037	--
16a. Other Monetary Liabilities	2.276	1.249	21	--
16b. Other Non-monetary Liabilities	3.889	--	1.654	--
17. Long Term Liabilities (14+15+16)	770.564	77.770	268.712	--
18. Total Liabilities (13+17)	1.061.249	109.329	368.398	--
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Total Assets Hedged (**)	--	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(716.469)	50.164	(342.692)	12
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(725.292)	47.266	(344.246)	12
22. Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23. Hedged Amount of Foreign Currency	--	--	--	--
24. Hedged Amount of Foreign Currency Liabilities	--	--	--	--

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

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Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Currency risk (continued)

Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the TL relative to the Euro and the USD.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts. The analysis excludes net foreign currency investments.

Group has realized medium and long term borrowings with the same currency of project revenues. Short term borrowings are realized as balanced portfolio with TL, Euro and USD.

Currency Sensitivity Analysis				
30 September 2013				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(396)	396	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(396)	396	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(86.302)	86.302	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(86.302)	86.302	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1	(1)	--	--
TOTAL (3+6+9)	(86.697)	86.697	--	--

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Currency risk (continued)

Sensitivity analysis (continued)

Currency Sensitivity Analysis				
31 December 2012				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	8.942	(8.942)	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	8.942	(8.942)	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(80.590)	80.590	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(80.590)	80.590	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1	(1)	--	--
TOTAL (3+6+9)	(71.646)	71.646	--	--

Interest rate risk

Profile

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

	<u>30 September 2013</u>	<u>31 December 2012</u>
Fixed rate instruments		
Financial assets	144.160	372.976
Financial liabilities	111.647	201.076
Variable rate instruments		
Financial assets	--	58.245
Financial liabilities	1.179.322	1.090.957

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 Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in TL Base Interest Rate, Euribor or Libor rate, when the effect of derivative financial instruments is disregarded, caused to approximately TL 11.793 (31 December 2012: TL 10.910) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 1.484 of this amount (31 December 2012: TL 1.850) was hedged with due interest rate swap (whole amount arises from HEPP companies; Beyobası and Çamlıca (31 December 2012: TL 635 HES I, TL 484 HES IV, TL 731 HES V)). Because of this reason, the net risk on profit and loss is TL 10.309 (31 December 2012: TL 9.060).

As at 30 September 2013 and 31 December 2012, a one basis point increase in interest rates consolidated comprehensive income will be affected in the following. All variables are assumed constant including foreign exchange rates during analysis.

Interest rate profile			
		30 September 2013	31 December 2012
Fixed Rate Financial Instruments			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
Variable Rate Financial Instruments		--	--
Financial Assets		--	582
Financial Liabilities		(11.793)	(10.910)

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

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

Capital Risk Management

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

Group may determine on amount of dividend to be paid, issue new stocks and sell its assets to decrease 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 September 2013 and 31 December 2012, net financial liabilities/equity ratios are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Total financial liabilities	1.290.969	1.292.033
Cash and banks(*)	(189.537)	(434.388)
Net financial liabilities	1.101.432	857.645
Equity	1.636.197	1.692.418
Net financial liability/equity ratio	0,67	0,51

(*) As at 31 December 2012, in addition to cash and cash equivalents, restricted cash balances and time deposits with maturity longer than three months which are presented in financial assets, are included in cash and banks.

Akfen Holding Anonim Şirketi

30 Eylül 2013 Tarihinde Sona Eren Dokuz Aylık Ara Döneme Ait Özet Konsolide Finansal Tablolara İlişkin Dipnotlar

(Tüm tutarlar aksi belirtilmedikçe, bin Türk Lirası (“TL”) olarak ifade edilmiştir.)

33

SUBSEQUENT EVENTS

Akfen Holding and It’s Subsidiaries:

Akfen Holding

As at reporting date, the total number of shares purchased within the frame of Buy-Back Programme has reached 8.476.984. The share of purchased shares in total shares has reached 2,91%.

At the Extraordinary General Assembly held on 25 October 2013, amendment to Buy-Back Program was approved. Accordingly, funds that are provided through the Company’s resources and operations for buy back were increased from TL 30.000 to TL 130.0000.

As at 1 October 2013, HEPP Group used refinancing loan amounting to USD 273.095.097. With respect to refinancing cash in project companies’ project reserve accounts was released for use and USD 21,1 million was transferred to Akfen Holding from these HEPP Companies.

First dividend payment from MIP was made to Akfen Holding amounting TL 50.945 on 9 October 2013. Total dividend amount is TL 101.890.

Pursuant to the resolution of the Board of Directors (“BOD”) dated November 8th, 2013, BOD decided to issue corporate bonds through a public offering. The nominal value of the offering will be TL200 million with a maturity of 3 years. The interest rate of the bond will be floating with a spread over the benchmark Turkish Government bond yield and be payable quarterly. The bond will be listed on Borsa Istanbul. The Company intends to use the proceeds from the offering for repayment of our maturing bond, for refinancing, for new or ongoing investments, for our contribution to our subsidiaries’/participation’s financing needs and for general corporate purposes. The bond will be offered by Is Securities and Oyak Securities.

The related applications to the Capital Markets Board and Borsa Istanbul were submitted on November 11, 2013.

Akfen İnşaat

Between 27 November 2012 and 24 October 2013 6.87.925 shares of Akfen Holding were purchased with an average consideration amounting to TL 4.43. With respect to these purchases Akfen İnşaat’s share on Akfen Holding has reached 5,15%.

On 9 October 2013, Akfen İnşaat signed confidentiality agreement valid for three years with EBRD for the “Construction works and the provision of products and services for Isparta City Hospital” project. Within the context of agreement, the bank will make the relevant financial and legal assessing works in order to provide financing.

HEPP Group

Loan Contract with an amount up to USD 275.000.000, between Ziraat Bankası and Company’s subsidiaries Beyobası, Çamlıca, Yeni Doruk, Pak, Elen and BT Bordo was signed on 03 September 2013.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the nine-month period ended 30 September 2013

(Currency: Thousands of TL)

33 SUBSEQUENT EVENTS (continued)

Akfen Holding and It's Subsidiaries (continued)

HEPP Group (continued)

Condition precedent related to the usage of the loan within the loan contract has been fulfilled. On 1 October 2013, the loan amounting to USD 273.095.097 was used for (i) Otluca HEPP and Sırma HEPP (owned by Beyobası), (ii) Çamlıca III HEPP and Saraçbendi HEPP (owned by Çamlıca), (iii) Demirciler HEPP, Kavakçalı HEPP and Gelinkaya HEPP (owned by Pak Enerji), (iv) the refinancing of previous bank loans of Yağmur HEPP (owned by BT Bordo) and the coverage of the ongoing capital expenditures of Sekiyaka HEPP (owned by Beyobası), Doruk HEPP (owned by Yenidoruk) and Doğançay HEPP (owned by Elen).

As a result of the refinancing, conditions of the previous loans used for HEPP investments were improved. Cash surplus that was generated until now and will be generated in the future became available, dividend payment was made possible, while interest and expense conditions have been improved. With respect to refinancing cash in project companies' project reserve accounts has opened for use and USD 21,1 million was transferred to Akfen Holding.

Akfen Enerji

Akfen Holding A.Ş. signed a Mandate Letter with International Finance Corporation ("IFC") and the European Bank for Reconstruction and Development ("EBRD") on 10 October 2013 in relation to the due diligence for the potential financing of our subsidiary Akfen Energy Generation and Trade Company's ("Akfen Energy") Combined Cycle Power Plant (the "Project") located in Mersin-Turkey.

IFC and EBRD consider providing loans and, on a commercially reasonable efforts basis, mobilizing additional financing in the form of B loans and/or parallel loans. A B Loan would be a syndicated funding that would be implemented through an EBRD loan and an IFC loan in which EBRD and IFC would be the lenders of record but the individual institutions would assume the risk of the investment. EBRD and IFC would provide overall coordination, but with the support and participation of Akfen Holding and Akfen Enerji, for raising the various sources of finance including from other international development agencies, commercial banks and export credit agencies, if appropriate. The possible financing by EBRD and IFC is conditional on the findings of the due diligence of the Project, formal approval by the IFC's and EBRD's management and Board of Directors and execution of the legal documentation satisfactory to each of the lenders.

Equity Accounted Investees:

MIP:

First dividend payment from MIP was made to Akfen Holding amounting TL 50.945 on 9 October 2013. Total dividend amount is TL 101.890.

To refinance the Mezzanine Loan, an engagement letter was received for use of loan amounting to USD 155 million with a maturity of 7 years, and a revolving loan amounting to USD 50 million if it is necessary for working capital requirements and general usages.

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

None.