

**Akfen Holding Anonim Őirketi**  
**Convenience Translation**  
**to English of**  
**Condensed Consolidated Interim**  
**Financial Statements**  
**As at and for the Period Ended**  
**30 September 2015**  
**(Originally Issued in Turkish)**

**AKFEN HOLDİNG ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE**  
**PERIOD ENDED 1 JANUARY 2015 – 30 SEPTEMBER 2015**

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**Akfen Holding Anonim Şirketi**

Consolidated Balance Sheet as at 30 September 2015

(Currency: Thousands of TL)

	<i>Notes</i>	<i>Not Audited 30 September 2015</i>	<i>Audited 31 December 2014</i>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>184,620</b>	<b>564,851</b>
Cash and cash equivalents	5	109,973	63,736
Trade receivables		41,336	115,043
- <i>Due from related parties</i>	7-30	769	822
- <i>Trade receivables from third parties</i>	7	40,567	114,221
Other receivables		463	2,190
- <i>Other receivables from related parties</i>	8-30	254	652
- <i>Other receivables from third parties</i>	8	209	1,538
Inventories	9	--	252,387
Prepaid expenses	20	6,336	7,805
Current tax assets		742	7,732
Other current assets	19	25,770	115,958
<b>Asset classified as held for sale</b>	<b>27</b>	<b>1,007,744</b>	<b>--</b>
<b>Non-Current Assets</b>		<b>3,423,747</b>	<b>3,342,575</b>
Trade receivables		--	135,624
- <i>Trade receivables from third parties</i>	7	--	135,624
Other receivables		20,691	66,726
- <i>Other receivables from related parties</i>	8-30	5,094	51,690
- <i>Other receivables from third parties</i>	8	15,597	15,036
Investments in equity accounted investees	10	824,929	631,082
Investment property	11	1,440,528	1,351,891
Property, plant and equipment	12	849,806	875,349
Intangible assets	13	82,276	83,560
Goodwill	14	3,309	3,309
Deferred tax assets	28	93,943	77,457
Prepaid expenses	20	17,696	14,333
Other non-current assets	19	90,569	103,244
<b>TOTAL ASSETS</b>		<b>4,616,111</b>	<b>3,907,426</b>

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

**Akfen Holding Anonim Şirketi**

Consolidated Balance Sheet as at 30 September 2015

(Currency: Thousands of TL)

<b>LIABILITIES</b>	<i>Notes</i>	<i>Not Audited</i> <b>30 September 2015</b>	<i>Audited</i> <b>31 December 2014</b>
<b>Current Liabilities</b>		<b>417,086</b>	<b>720,603</b>
Short term loans and borrowings	6	11,004	31,809
Short term portion of long term loans and borrowings	6	345,530	331,706
Trade payables		30,082	30,815
- <i>Due to related parties</i>	7-30	2,218	1,530
- <i>Trade payables to third parties</i>	7	27,864	29,285
Other payables		23,765	41,820
- <i>Other payables to related parties</i>	8-30	16,799	25,911
- <i>Other payables to third parties</i>	8	6,966	15,909
Current tax liabilities		167	--
Employee benefit obligations		506	574
Deferred income	20	546	278,772
Short term provisions		2,331	3,655
- <i>Provision for employee benefits</i>	16-18	2,331	2,865
- <i>Other provisions</i>	16	--	790
Other current liabilities		3,155	1,452
<b>Asset classified as held for sale</b>	<b>27</b>	<b>688,075</b>	<b>--</b>
<b>Non-Current Liabilities</b>		<b>2,033,470</b>	<b>1,515,117</b>
Long term loans and borrowings	6	1,939,679	1,414,551
Trade payables		--	8,411
- <i>Due to related parties</i>	7-30	--	39
- <i>Trade payables to third parties</i>	7	--	8,372
Other payables		13,691	12,408
- <i>Other payables to related parties</i>	8-30	8,683	7,737
- <i>Other payables to third parties</i>	8	5,008	4,671
Deferred tax liability	28	78,042	76,828
Long term provisions		2,058	2,919
- <i>Provision for employee benefits</i>	18	2,036	2,797
- <i>Other long term provisions</i>	16	22	122
<b>EQUITY</b>		<b>1,477,480</b>	<b>1,671,706</b>
<b>Total Equity Attributable to Equity Holders of the Parent</b>		<b>1,137,225</b>	<b>1,296,841</b>
Paid in capital	21	261,900	291,000
Adjustments to share capital		(7,257)	(7,257)
Share premium		107,054	211,695
Treasury shares (-)	21	(76,029)	(167,264)
Business combination of entities under common control		6,236	6,236
Other comprehensive income/expense not to be reclassified to profit or loss		115,395	78,697
- <i>Revaluation reserve</i>		119,143	81,192
- <i>Actuarial gain/loss arising from defined benefit plans</i>		(3,748)	(2,495)
Other comprehensive income/expense to be reclassified to profit or loss		237,658	63,102
- <i>Foreign currency translation reserve</i>	21	259,585	81,675
- <i>Cash flow hedge reserves</i>	21	(21,927)	(18,573)
Restricted reserves allocated from profit		96,508	187,743
Retained earnings		705,142	644,752
Net (loss)/profit for the period		(309,382)	(11,863)
<b>Non-controlling interests</b>	<b>21</b>	<b>340,255</b>	<b>374,865</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,616,111</b>	<b>3,907,426</b>

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

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

**Akfen Holding Anonim Şirketi**

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

**For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

	<i>Notes</i>	<i>Not Audited</i>	<i>Not Audited</i>	<i>Not Audited</i>	<i>Not Audited</i>
		<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
<b>PROFIT OR LOSS</b>					
Revenue	22	293,745	93,450	84,426	26,749
Cost of sales (-)	22	(181,810)	(70,211)	(43,738)	(17,901)
<b>GROSS PROFIT</b>		<b>111,935</b>	<b>23,239</b>	<b>40,688</b>	<b>8,848</b>
General administrative expenses (-)	23	(54,453)	(15,459)	(46,350)	(12,450)
Other operating income	24	40,531	7,403	26,813	12,800
Other operating expense (-)	24	(4,706)	131	(13,447)	325
Share on profit/(loss) of equity-accounted investees, net of tax	10	21,520	6,206	110,804	24,258
<b>OPERATING PROFIT</b>		<b>114,827</b>	<b>21,520</b>	<b>118,508</b>	<b>33,781</b>
Income from investment activities		429	116	2,206	387
Expense from investment activities		--	--	(819)	--
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>115,256</b>	<b>21,636</b>	<b>119,895</b>	<b>34,168</b>
Financial income	25	24,408	5,059	32,259	(5,012)
Financial expense	26	(539,134)	(307,624)	(151,821)	(73,158)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(399,470)</b>	<b>(280,929)</b>	<b>333</b>	<b>(44,002)</b>
<b>Tax Income/(Expense)</b>		<b>51,039</b>	<b>36,575</b>	<b>17,981</b>	<b>14,041</b>
Tax expense	28	(3,380)	(1,680)	(3,288)	(1,215)
Deferred tax income	28	54,419	38,255	21,269	15,256
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(348,431)</b>	<b>(244,354)</b>	<b>18,314</b>	<b>(29,961)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(348,431)</b>	<b>(244,354)</b>	<b>18,314</b>	<b>(29,961)</b>
<b>Profit/(Loss) Attributable To:</b>					
Non-controlling interest		(39,049)	(41,638)	9,397	3,039
Equity holders of the parent		(309,382)	(202,716)	8,917	(33,000)
<b>Profit/(Loss) for the Period</b>		<b>(348,431)</b>	<b>(244,354)</b>	<b>18,314</b>	<b>(29,961)</b>
<b>Basic and diluted earnings/(losses) per</b>	29	<b>(1.225)</b>	<b>(0.807)</b>	<b>0.034</b>	<b>(0.128)</b>

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

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

**Akfen Holding Anonim Şirketi**

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

**For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

		<i>Not Audited</i>	<i>Not Audited</i>	<i>Not Audited</i>	<i>Not Audited</i>
		<u>1 January-30</u>	<u>1 July-30</u>	<u>1 January-30</u>	<u>1 July-30</u>
	<u>Notes</u>	<u>September 2015</u>	<u>September 2015</u>	<u>September 2014</u>	<u>September 2014</u>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(348,431)</b>	<b>(244,354)</b>	<b>18,314</b>	<b>(29,961)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods</b>					
Items not to be reclassified to comprehensive income in subsequent periods from equity accounted investees		36,698	(208)	(1,221)	(490)
<b>Items to be reclassified to profit or loss in subsequent periods</b>					
Foreign currency translation differences	25	11,311	(12,254)	(22,013)	(16,646)
Effective portion of changes in fair value of cash flow hedges	25	(5,230)	(4,241)	--	--
Items to be reclassified to comprehensive income in subsequent periods from equity accounted investees		171,868	89,562	16,850	26,674
Tax income/(expense) from items to be reclassified to profit or loss in subsequent periods	28	1,046	848	--	--
<b>OTHER COMPREHENSIVE INCOME</b>		<b>215,693</b>	<b>73,707</b>	<b>(6,384)</b>	<b>9,538</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(132,738)</b>	<b>(170,647)</b>	<b>11,930</b>	<b>(20,423)</b>
<b>Total comprehensive income attributable to:</b>					
Non-controlling interest		(34,526)	(40,333)	7,288	3,040
Equity holders of the parent		(98,212)	(130,314)	4,642	(23,463)
<b>Total comprehensive income</b>		<b>(132,738)</b>	<b>(170,647)</b>	<b>11,930</b>	<b>(20,423)</b>

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

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

## Akfen Holding Anonim Şirketi

### Consolidated Statements of Changes in Equity For the Nine Month Period Ended 30 September 2015

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss	Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss			Retained Earnings					
	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings	Profit/(loss) for the period	Total	Non- controlling interest	Total equity
<b>Balances at 1 January 2014</b>	<b>291,000</b>	<b>(7,257)</b>	<b>211,118</b>	<b>(34,661)</b>	<b>(57,159)</b>	<b>6,236</b>	<b>101,270</b>	<b>(12,027)</b>	<b>56,367</b>	<b>(1,921)</b>	<b>111,010</b>	<b>765,882</b>	<b>(73,173)</b>	<b>1,356,685</b>	<b>406,187</b>	<b>1,762,872</b>
<b>Total comprehensive income/(expense) for the period</b>																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	8,917	8,917	9,397	18,314
<b>Other comprehensive income</b>																
Foreign currency translation differences	--	--	--	--	--	--	8,882	--	--	--	--	--	--	8,882	(9,193)	(311)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	(27)	--	--	32	--	5	--	5
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(1,226)	--	--	--	(1,226)	--	(1,226)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(4,826)	--	--	--	--	--	(4,826)	--	(4,826)
Total other comprehensive income/(expense)	--	--	--	--	--	--	8,882	(4,826)	(27)	(1,226)	--	32	--	2,835	(9,193)	(6,358)
<b>Total comprehensive income/(expense)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>8,882</b>	<b>(4,826)</b>	<b>(27)</b>	<b>(1,226)</b>	<b>--</b>	<b>32</b>	<b>8,917</b>	<b>11,752</b>	<b>204</b>	<b>11,956</b>
Transfers	--	--	--	--	--	--	(2,509)	--	--	--	1,289	(71,953)	73,173	--	--	--
Share transfer transaction income/(expenses)	--	--	--	--	--	--	--	--	--	--	--	39,471	--	39,471	--	39,471
Reserves from acquisition of own shares	--	--	--	--	--	--	--	--	--	--	75,444	(75,444)	--	--	--	--
Distribution of dividend	--	--	--	--	--	--	--	--	--	--	--	(10,471)	--	(10,471)	--	(10,471)
Transactions with subsidiaries	--	--	577	--	--	--	--	--	--	--	--	--	--	577	(577)	--
Acquisition of own shares	--	--	--	34,661	(110,105)	--	--	--	--	--	--	--	--	(75,444)	--	(75,444)
<b>Total transactions with owners</b>	<b>--</b>	<b>--</b>	<b>577</b>	<b>34,661</b>	<b>(110,105)</b>	<b>--</b>	<b>(2,509)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>76,733</b>	<b>(118,397)</b>	<b>73,173</b>	<b>(45,867)</b>	<b>(577)</b>	<b>(46,444)</b>
<b>Balances at 30 September 2014</b>	<b>291,000</b>	<b>(7,257)</b>	<b>211,695</b>	<b>--</b>	<b>(167,264)</b>	<b>6,236</b>	<b>107,643</b>	<b>(16,853)</b>	<b>56,340</b>	<b>(3,147)</b>	<b>187,743</b>	<b>647,517</b>	<b>8,917</b>	<b>1,322,570</b>	<b>405,814</b>	<b>1,728,384</b>

(\*) According to Article 520 of Law No. 6102 reserves in accordance with the amount that meets the acquisition value for the shares bought back are allocated. As of 30 September 2014 in the consolidated financial statements there is restricted reserves allocated in the reserves amounting to TL 75,744 in 2014 related to the repurchase of shares.

(\*\*) Explained in Note 21.

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

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

## Akfen Holding Anonim Şirketi

### Consolidated Statements of Changes in Equity For the Nine Month Period Ended 30 September 2015

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss	Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss	Retained Earnings							
	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings	Profit/(los s) for the period	Total	Non- controlling interest	Total equity
<b>Balances at 1 January 2015</b>	291,000	(7,257)	211,695	--	(167,264)	6,236	81,675	(18,573)	81,192	(2,495)	187,743	644,752	(11,863)	1,296,841	374,865	1,671,706
<b>Total comprehensive income/(expense) for the period</b>																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	(309,382)	(309,382)	(39,049)	(348,431)
<b>Other comprehensive income</b>																--
Foreign currency translation differences	--	--	--	--	--	--	177,910	--	--	--	--	--	--	177,910	4,439	182,349
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	37,951	--	--	--	--	37,951	--	37,951
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(1,253)	--	--	--	(1,253)	--	(1,253)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(3,354)	--	--	--	--	--	(3,354)	--	(3,354)
Total other comprehensive income/(expense)	--	--	--	--	--	--	177,910	(3,354)	37,951	(1,253)	--	--	--	211,254	4,439	215,693
<b>Total comprehensive income/(expense)</b>	--	--	--	--	--	--	<b>177,910</b>	<b>(3,354)</b>	<b>37,951</b>	<b>(1,253)</b>	--	--	<b>(309,382)</b>	<b>(98,128)</b>	<b>(34,610)</b>	<b>(132,738)</b>
Transfers	--	--	--	--	--	--	--	--	--	--	--	(11,863)	11,863	--	--	--
Capital decrease	(29,100)	--	--	--	29,100	--	--	--	--	--	--	--	--	--	--	--
Capital decrease losses	--	--	(104,641)	--	104,641	--	--	--	--	--	--	--	--	--	--	--
Reserves from acquisition of own shares	--	--	--	--	--	--	--	--	--	--	(91,235)	91,235	--	--	--	--
Distribution of dividend	--	--	--	--	--	--	--	--	--	--	--	(18,982)	--	(18,982)	--	(18,982)
Transactions with subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Acquisition of own shares	--	--	--	--	(42,506)	--	--	--	--	--	--	--	--	(42,506)	--	(42,506)
<b>Total transactions with owners</b>	(29,100)	--	(104,641)	--	91,235	--	--	--	--	--	(91,235)	60,390	11,863	(61,488)	--	(61,488)
<b>Balances at 30 September 2015</b>	261,900	(7,257)	107,054	--	(76,029)	6,236	259,585	(21,927)	119,143	(3,748)	96,508	705,142	(309,382)	1,137,225	340,255	1,477,480

(\*) According to Article 520 of Law No. 6102 reserves in accordance with the amount that meets the acquisition value for the shares bought back are allocated. As of 22 January 2015 in the consolidated financial statements there is restricted reserves allocated in the reserves amounting to TL 37,749 related to the repurchase of shares.

(\*\*) Explained in Note 21.

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



*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Cash Flow**  
**For the Nine Month Period Ended 30 September 2015**  
(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not Audited</u> <u>30 September 2015</u>	<u>Not Audited</u> <u>30 September 2014</u>
<b>Cash flows from operating activities:</b>			
(Loss)/Profit for the period		(348,431)	18,314
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment and amortization of intangibles	12-13	21,089	14,057
Provision for employee termination benefits		58	233
Unearned interest income/(expense), net		14,844	6,420
Profit from sale of subsidiary and affiliate		--	361
Shares on profit of investments in equity accounted investees	10	(21,520)	(110,804)
Provision for vacation pay		(25)	146
Unrealized foreign exchange differences		367,282	137,782
Interest expense/income, net	25-26	153,511	74,900
Tax expense	28	(51,039)	17,981
<b>Cash flow from operating activities before changes in working capital:</b>		<b>135,772</b>	<b>159,390</b>
<i>Changes in:</i>			
Other current trade receivables		(80,683)	(78,781)
Other current non-trade receivables		(18,371)	1,567
Other current assets		(28,911)	(14,434)
Other non-current trade receivables		(50,476)	(125,807)
Other non-current non-trade receivables		(3,523)	(231)
Inventories		(90,258)	(56,552)
Due from related parties		9,186	(24,188)
Other non-current assets		(514)	(3,287)
Other current trade payables		20,970	5,646
Other current non-trade payables		40,843	(36,330)
Other current liabilities		63,682	251,755
Other non-current trade payables		(8,079)	(16,240)
Other non-current payables		439	(562)
Due to related parties		(6,609)	5,321
Other non-current liabilities		5,130	226
<b>Cash provided/(used) by operating activities</b>		<b>(11,405)</b>	<b>67,493</b>
Taxes paid		(38,691)	(1,124)
Retirement benefit paid		(246)	(176)
Dividends received from investments in equity accounted investees	10	56,195	17,355
<b>Net cash provided/(used) by operating activities</b>		<b>5,853</b>	<b>83,548</b>

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

*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Cash Flow**  
**For the Nine Month Period Ended 30 September 2015**  
(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not Audited</u> <u>30 September 2015</u>	<u>Not Audited</u> <u>30 September 2014</u>
<b>Cash flows from investing activities</b>			
Interest received		5,138	5,957
Acquisition of property, plant and equipment and intangible assets	12-13	(27,595)	(95,097)
Sale of property, plant and equipment and intangible assets		2,202	--
Purchases of investment properties	11	(56,980)	(46,006)
Increase/(decrease) in financial investments		(718)	3,597
Acquisition of subsidiaries and affiliates		(4,500)	(14,309)
Sale of subsidiary and entity under common control		--	272
Capital increase of subsidiaries		(36,756)	--
Change in asset classified as held for sale		(21,352)	--
<b>Net cash provided by operating activities</b>		<b>(140,561)</b>	<b>(145,586)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		841,972	871,803
Repayment of borrowings		(440,889)	(686,415)
Interest paid		(158,649)	(80,857)
Change in project reserve accounts		(42,840)	23,032
Acquisition of own shares		(42,506)	(75,444)
Distribution of dividend		(18,983)	(10,471)
Change in non-controlling interests		--	(577)
<b>Net cash (used in)/ provided by financing activities</b>		<b>138,105</b>	<b>41,071</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,397</b>	<b>(20,967)</b>
<b>Cash and cash equivalents at period start</b>	5	<b>48,139</b>	<b>94,480</b>
<b>Cash and cash equivalents at period end</b>	5	<b>51,536</b>	<b>73,513</b>

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

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

#### As at and For the Nine Month Period Ended 30 September 2015

(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 2015, Akfen Holding has 7 (31 December 2014: 6) subsidiaries and 6 (31 December 2014: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 30 September 2015 and concluded in the same period, include the shares of Akfen Holding and its affiliates and the Group’s stakes in the participations and investments in equity accounted investees. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through its shares. The Company has joint management rights on TAV Havalimanları Holding A.Ş. (“TAV Airports”), Tav Yatırım Holding A.Ş. (“TAV Investment”), Mersin Uluslararası Liman İşletmeciliği A.Ş. (“MIP”), PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. (“PSA Port”), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Water”) and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (“İDO”).

Group manages the partnerships together with the nationally and internationally recognized companies such as Grup Tepe İnşaat Sanayi A.Ş. (“Tepe Construction”), 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 2015 are as follows (Note: 21):

	<b>30 September 2015</b>		<b>31 December 2014</b>	
	<b>Share Amount</b>	<b>Ownership Rate %</b>	<b>Share Amount</b>	<b>Ownership Rate %</b>
Hamdi Akın (*)	198,500	75.79	198,500	68.21
Akfen Holding A.Ş. (**)	7,990	3.05	7,990	2.75
Other Partners	2,278	0.87	2,278	0.78
Public Shares (***)	53,132	20.29	82,232	28.26
<b>Paid in Capital (nominal)</b>	<b>261,900</b>	<b>100</b>	<b>291,000</b>	<b>100</b>

\* There are 109,074 shares belonging to Hamdi Akın in the publicly owned section of shares. Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on the BİAŞ.

\*\* Publicly owned.

\*\*\* As at 30 September 2015 there are 6,829,508 shares of Akfen Holding, 2.61% of the paid-in capital, which are public in nature and so 14,181,314 shares in total are being held by Akfen Holding, which make up 5.66% of the paid-in capital of the Company (As at 31 December 2014 there are 29,100,00 Akfen Holding shares held by Akfen Holding, 10% of the paid-in capital, which are public in nature).

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 Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(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 2015 is 343 (31 December 2014: 346) and 39,232 (31 December 2014: 36,166), 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 Construction”), 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 2.06 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 Construction continues the construction of a real estate project, İncek Loft, in Ankara İncek, in a construction area of 279 thousands m<sup>2</sup> and the launch of the project having 1,199 units has started as at 25 April 2014.

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 (“PPP”) of Republic of Turkey Ministry of Health, Department of Public Private Partnership (“Administration”) took place on 22 February 2013, the best “all inclusive yearly price” was submitted by Akfen Holding’s wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. with TL 52,250, As a result of the meetings held with the Ministry of Health, Department of Public Private Partnership, last offer submitted by Akfen Construction amounted to TL 49,850. Republic of Turkey Ministry of Health sent for approval to the Higher Planning Council (“HPC”) on September 2013 and the approval of HPC was obtained in December 2013. Based on this, Isparta Şehir Hastanesi Yatırım İşletme A.Ş. was established and registered on 11 August 2014, which is a 95% subsidiary of Akfen Construction. Project agreement was signed on 26 August 2014 and for the transfer of land from The Ministry of Health to Akfen Construction the preparation of the usufruct right contract and land delivery is completed and on 29 June 2015 the final projects have been approved by the Ministry of Health. Construction licence was obtained on 29 July 2015, delivery form was prepared and land was delivered on 6 August 2015. While shell and core construction and filling jobs are continuing assembly of earthquake isolators was completed.

Akfen Construction has submitted the best offer in the reverse auction bidding on 26 December 2014 for the Eskişehir Hospital project, which has a capacity of 1,081 beds and negotiations were completed and compromised to TL 99,990, Agreement signed with the Ministry of Health PPP department as at 20 August 2015. Currently, the negotiations with regards to the project's financing are going.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

*Akfen İnşaat Turizm ve Ticaret A.Ş. (continued)*

The reverse auction for the tender concerning the “Construction works and the provision of products and services for Tekirdağ Health Campus” through Public Private Partnership Model of Republic of Turkey Ministry of Health, Department of Public Private Partnership took place on 22 May 2015. The best all inclusive yearly price was submitted by Akfen Construction with TL 67,498. Administration announced its approval of the tender on Akfen Construction on 22 May 2015.

The reverse auction for the first round tender concerning the “Kütahya Health Campus, which has capacity of 600 beds” took place on 14 September 2015. In addition, pre-qualification have been obtained for Samsun Health Campus, which has 900 bed capacity, Denizli Health Campus, which has 1,000 bed capacity; while application for pre-qualification for Uskudar State Hospital, which has 425 bed capacity and Bakırköy State Hospital Integrated Health Campus with 1,043 bed capacity, were made and the results of the pre-qualification from PPP Department are awaited.

Akfen Construction participated in Hacettepe Teknokent Eğitim ve Klinik Araştırma Merkezi Sağlık AR-GE Danışmanlık Proje Sanayi ve Ticaret A.Ş. ("Hacettepe Teknokent") by purchasing 45% shares paying 26.3 million TL to Renkyol Müteahhitlik San. ve Tic. A.Ş. (“Renkyol”) on 15 May 2014. T.R.

Hacettepe University has extended the usufruct right to invest in and to operate the guest house project with a capacity of 7,340 people (which can go up to 15,000), commercial areas and a complex with social facilities, for a period of 49-years to Hacettepe Teknokent. Hacettepe Teknokent is incorporated to the consolidation under Akfen Construction by using the equity method.

Akfen Construction submitted the best bid on 2 July 2015 at the tender of the “sale of the 36,947 sqm land in Ankara, Gölbaşı Kızılcaşar district in exchange for revenue sharing business” held by İller Bankası A.Ş. The agreement related to the mentioned tender was signed on 24 July 2015 by the parties and has become valid. The land was delivered by İller Bankası on 24 August 2015.

According to the Board Decision dated 13 July 2015, within the Company’s growth strategies, it was decided that shares of Akfen Construction, will be transferred to Akfen Altyapı Danışmanlık A.Ş.

*Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.*

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (“Akfen REIT”) was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik A.Ş. (“Aksel”), Aksel was originally established on 25 June 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding A.Ş. purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding. The restructuring was completed subsequent to the Board of Directors resolution dated 25 April 2006 and 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 Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

*Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (continued)*

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

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

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

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

As at 31 December 2014 Akfen Commerce owns 95% shares of Russian Hotel Investment BV ("Russian Hotel" or "RHI") established in the Netherlands on September 21<sup>st</sup>, 2007 and Russian Property Investment BV ("Russian Property" or "RPI ") established in the Netherlands on January 3<sup>rd</sup>, 2008 for the development of hotel investments that will be operated by Accor in Ukraine and Russia. The Russian Property office's main activity is to realize projects in Russia.

Akfen REIT established a subsidiary named Hotel Development and Investment BV ('HDI'), with a 100% ownership, in the Netherlands on 18 March 2011 in order to develop hotel projects in Russia, HDI took over the shares of Severnyi Avtovokzal LLC (which is based in Russia) with share sales agreement between HDI and Beneta Limited on 4 September 2013. Severny has the rights of a project with 2,010 m<sup>2</sup> sized plot of land and 317-rooms capacity hotel (over the land) in Central Moscow with a license for construction.

As at 30 September 2015, Akfen REIT owns 18 hotels with a total number of 3,228 rooms and the numbers of beds are 6,464. Two hotels under construction have the total number of 400 rooms and 800 beds. Once the hotels in the construction phase have been completed the total number of hotels to be operational will reach 20, the number of rooms 3,628 and the corresponding number of beds in these rooms will reach 7,264.

*HEPP Group*

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**HEPP Group (continued)**

As at 30 September 2015, a total of 15 projects are included in AkfenHES and total electricity generation capacity is 339.5 MW, 11 power plants having 204.1 MW installed power capacity and 852.6 GWh electricity generation capacity are operated for energy generation and the construction of 2 power plants with 23.7 MW installed power capacity and 68.3 GWh electricity generation capacity is in progress. Preliminary construction preparations continue at Çalıkobası HES project of HHK Enerji Elektrik Üretim A.Ş. (“HHK”) and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. (“Kurtal”). In addition, there are 2 hydroelectrical power plants with 111.6 MW installed power capacity and 299.2 GWh annual electricity generation capacity in planning phase. After completion of all projects, expected installed power capacity will be 339.5 MW and electricity generation capacity will be 1,120.1 GWh/year for a total of 15 power plants.

All projects are subject to the Law Regarding Use of Renewable Energy Resources for the Purpose of Electricity Production. In the case that these projects obtain the Renewable Energy Resources Certificate and all investments are completed by 31 December 2020 these projects will be able to benefit from the Government’s purchase guarantee for 10 years of 7.3 US Dollar cent/kWh.

As at 30 September 2015, subsidiaries of HEPP Group are, Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş., Beyobası Enerji Üretim A.Ş. (“Beyobası”), Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (“Bt Bordo”), Çamlıca Elektrik Üretim A.Ş. (“Çamlıca”), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Elen”), HHK, Kurtal, Laleli Enerji Elektrik Üretim A.Ş. (“Laleli”), Memülü Enerji Elektrik Üretim A.Ş., Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Pak”), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş., Yeni Doruk Enerji Elektrik Üretim A.Ş. (“Yeni Doruk”), Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş.

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

**Akfen Termik Enerji Yatırımları A.Ş.**

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

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 Energy Production”) that is consolidated under Akfen Thermal Energy.

In addition, on 18 December 2012 Akfen Energy Production made an appeal for modification to Energy Market Regulatory Board to increase the installed power of Mersin Combined Natural Gas Plant (“CCGT”) to 1,148.4 MW and Energy Market Regulatory Authority (“EMRA”)’s favorable decision notice has been 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 have been completed. Additionally, paid-in capital has been increased and the revision to the license has been completed as of 13 January 2014. Moreover, construction of the transformer station constructed free of charge to be turned over to TEİAŞ was completed and provisional acceptance was obtained and started operating on 7 April 2013.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

*Akfen Termik Enerji Yatırımları A.Ş. (continued)*

EIA Application File was submitted to the Ministry for 380 kV Mersin CCGT – Konya Ereğli TM transmission line project of Akfen Energy Production, Akfen Energy Production was inspected and approved within the 8<sup>th</sup> article of EIA Regulation, EIA process of the project has been completed.

Akfen Enerji participated to Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş. (“Adana İpekyolu”) by 50%, which is founded to build an imported coal power plant with a capacity of 615 MWm-600 MWe in Adana-Yumurtalık. On 13 August 2014, EIA by the Turkish Ministry of Environment and Urbanisation resulted as positive.

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

Akfen Holding took over shares with a total nominal value of TL 997,500 of Akfen Elektrik Enerjisi Toptan Satış A.Ş. ("Akfen Electricity Wholesale"), corresponding to a stake of 99.75%, and in total 3,990 shares, paying full TL 6,000,000; transfer price was to be finalised after completion of the appraisal report and the difference of the full price was to be paid as compensation, and so Akfen Holding has become the sole shareholder of Akfen Electricity Wholesale. The transfer process was completed as of 31 December 2014.

According to the Board Decision dated 13 July 2015 it is decided to purchase shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio. In order to restructure and to achieve a more efficient structure of our subsidiary Akfen Termik Enerji, it is decided to initiate partial division transaction and to complete necessary transactions for whole transfer of Adana İpekyolu a subsidiary of Akfen Termik, to a new company by the way of partial division until 31.12.2015. It is decided to commence for the purchase of 29.75% of Akfen Termik owned by Hamdi Akın and 40% of Adana İpekyolu owned by Selim Akın, by Company. It is decided that whole shares of Karine Enerji Üretim ve Sanayi A.S. that is wholly owned by Selim Akın, and operates companise in the field of solar energy generation will be purchased by Company.

*Akfen Enerji Dağıtım ve Ticaret A.Ş.*

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

*WPP Group*

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



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**WPP Group (continued)**

As at 30 September 2015, Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavaşa Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Pruva Enerji A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. are the subsidiaries of WPP Group with 100% ownership. The process of developing wind power plant projects has begun, and the process continues with preparation works for 14 projects having an estimated 984 MW installed capacity. Applications to EMRA have been completed on 28 April 2015, the company's amounts of paid-in capital were increased, and letters of guarantee were given to the EMRA. As a result of the ongoing review process by the EMRA 14 project, which have an estimated 984 MW installed capacity have been evaluated and approved.

**ii) Joint Ventures**

**TAV Havalimanları Holding A.Ş.**

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

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

In Turkey, for Ankara Esenboğa Airport, İzmir Adnan Menderes International Terminal and Antalya Gazipaşa Airport TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa"), TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir"), TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) and TAV Milas Bodrum Terminal İşletmeciliği A.Ş. companies made Build – Operate – Transfer ("BOT") Agreements with DHMI, TAV Urban Georgia LLC ("TAV Tbilisi") signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations ("JSC"); TAV Batumi Operations LLC ("TAV Batumi") signed a BOT Agreement with Georgia Ministry of Economic Development ("GMED"); TAV Tunisia SA ("TAV Tunisia") signed a BOT Agreement with Tunisia State Airports Operations ("OACA") for Monastir and Enfidha Airports; TAV Macedonia Doel Petrovec ("TAV Macedonia") signed a BOT Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports, Tibah Airport Development Company ("Tibah Development"), established by TAV Airports, Al Rajhi Holding Group and Saudi Oger Ltd., signed a BOT Agreement with Saudi Arabia State Airport Operations ("GACA") for Medinah Airport. At the end of the agreement period, TAV Airports will transfer the property of built airport to respective institution (DHMI, JSC, GMED, OACA, MOT, MOTC, and GACA). In addition, the Group also signed individual contracts for the operation of airports thereafter.

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

*TAV Yatırım Holding A.Ş. (continued)*

In addition, TAV Airports signs several agreements for airport operations, TAV Airports also operates in other fields of airport operations such as duty-free, food and beverage services, ground services, information technology, security and management with ATÜ Turizm İşletmeciliği A.Ş., Havaş Havaalanları Yer Hizmetleri A.Ş., BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş., TAV Özel Güvenlik Hizmetleri A.Ş. ve TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş.

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas-Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 and operation right of the domestic terminal starting from July 2015 to December 2035. ATU Duty Free (ATÜ), has been awarded the tender to operate the duty free shops in United States of America, Texas at Houston George Bush International Airport. The operating period of the duty free area is 10 years. The project covers the operation right of 700 square meters of duty free area in the airport which in total, served nearly 41 million passengers in 2014.

TAV Airports shares have been trading on BİAŞ under the code of 'TAVHL' since 23 February 2007.

*TAV Yatırım Holding A.Ş.*

TAV Yatırım Holding A.Ş. ("TAV Investment") was established on 1 July 2005 in order to make investments in aviation and construction sectors. The main activity fields of the Group are construction, aviation and parking operations. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. ("TAV Construction") and TAV Havaçılık A.Ş. are subsidiaries of TAV Investment.

TAV Construction has branches in Egypt Cairo, The United Arab Emirates, Sharjah and Abu Dhabi, Qatari Doha, Saudi Arabia – Cidde, France-Paris, Libya and Bahrain, Macedonia, Georgia and Saudi Arabia. TAV Construction has also subsidiaries called TAV Otopark Yatırım ve İşletmeleri A.Ş., TAV İnşaat Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction LLC and TAV – Alrajhi Construction Co, with 100%, 70%, 99.99%, 49% and 50% stakes, respectively. TAV Investment has unincorporated associations with 50% stakes in TAV Sera Adi Ortaklığı and TAV Sera Libadiye Adi Ortaklığı.

*Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP")*

MIP was founded on 4 May 2007 by PSA and Akfen Joint Venture, who were awarded the transfer of operation right of Mersin Port for 36 years belonging to T.C. Devlet Demiryolları ("TCDD") upon bidding the highest offer by T.R. Directorate of Privatization Administration ("PA"). MIP took over Mersin Port from TCDD upon a Concession Agreement signed with PA and TCDD on 11 May 2007 in order to operate it for 36 years. 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 Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

*Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.*

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Water Güllük”) has started operating on 24 August 2006, Akfen Water Güllük, having completed all of its investments, served 6,859 subscribers as at 30 September 2015.

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.

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

*İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (“İDO”)*

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. Akfen Holding has joint control with Tepe Construction; Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. İDO provides passenger and vehicle transportation service under ‘Sea Bus and Fast Ferry Lines’ title both in innercity and the intercity seaways. İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 55 sea vehicles (24 sea buses, 20 conventional ferries, 9 fast ferries, and 2 service vessels) and 15 lines consisting of 9 sea buses, 2 conventional ferries and 4 fast ferries. The sea buses, fast ferries and conventional ferries have a total of 36,451 passengers capacity for the summer period and 30,129 passengers capacity for the winter period and 2,873 vehicles capacity for both periods as at 30 September 2015.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

*(Currency: Thousands of TL)*

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**(a) Statement of compliance**

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

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

The condensed interim consolidated financial statements are prepared within the framework of Communiqué XI, No: 29 dated 9 April 2008 (the “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<sup>th</sup> clause of the Communiqué, Group implements Turkish Accounting Standards (“TAS”). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and related appendixes and interpretations.

Group prepared the condensed interim consolidated financial statements for the period ending 30 September 2015 in accordance with TAS:34 “Interim Financial Reporting”.

The accompanying consolidated interim financial statements as at 30 September 2015 have been approved by the Board of Directors of the Company on 6 November 2015. 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 CMB dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in the 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 in line 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 Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (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 Construction	TL
Akfen REIT	TL
Akfen Thermal Energy	TL
AkfenHES	TL
AkfenRES	TL
Akfen Energy Distribution	TL
Akfen Electricity Wholesale	TL
TAV Airports	Euro
TAV Investment	US Dollar
MIP	US Dollar
PSA Akfen Liman İşletme ve Yönetim Danışmanlığı A.Ş.	TL
Akfen Water	TL
İDO	TL

**(f) Basis of consolidation**

The accompanying condensed interim consolidated financial statements as at 30 September 2015 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.

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

As at and For the Nine Month Period Ended 30 September 2015

(Currency: Thousands of TL)

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

### 2.1 Basis of Presentation (continued)

#### (f) Basis of consolidation (continued)

#### (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 2015 and 31 December 2014, ownership and voting right rates of subsidiaries subject to consolidation are as follows:

	Akfen Holding's ownership rate		Akfen Holding's direct or indirect voting rights		Voting rights of Akın Family		Total voting rights		Principal activity
	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>	
	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Akfen Construction (*)	99.85	99.85	99.85	99.85	0.15	0.15	100.00	100.00	Construction
Akfen REIT	56.88	56.88	56.88	56.88	16.41	16.41	73.29	73.29	Realestate investment
HEPP Group	100.00	100.00	100.00	100.00	--	--	100.00	100.00	Hydroelectric, electricity production
Akfen Energy Distribution (**)	100.00	100.00	100.00	100.00	100.00	--	100.00	100.00	Energy
Akfen Electricity Wholesale	100.00	100.00	100.00	100.00	--	--	100.00	100.00	Electricity sales
Akfen Thermal Energy	70.25	69.50	70.25	69.75	29.75	29.75	100.00	100.00	Energy
AkfenRES	99.70	99.70	99.80	99.80	--	--	99.80	99.80	Energy

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

(\*) According to the Board Decision dated 13 July 2015 it is decided to dispose the shares of Akfen Construction due to high amount of investment requirement and potential negative impact on dividend distribution of Akfen Holding as a result of equity need and to replace the disposed shares of Akfen Construction, it is decided to purchase shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio. As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale.

(\*\*) As at 31 December 2014, Akfen Holding's indirect subsidiary of Akfen Energy Distribution, which is consolidated under Akfen Thermal Energy, is consolidated directly under Akfen Holding as a result of share transfer as at 30 June 2015.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

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

**(ii) Joint ventures**

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

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

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

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

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

As at 30 September 2015 and 31 December 2014, the detail of joint ventures is as follows:

	30 September 2015		31 December 2014		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Airports	8.12	8.12	8.12	8.12	Operation of airports
TAV Investment	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 Port	50.00	50.00	50.00	50.00	Consultancy
Akfen Water	50.00	50.00	49.98	49.98	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 adjusted against the investment to the extent of the Group's interest in the investee.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

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

**(v) Business combinations for acquisition from third parties**

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

**(g) Foreign currency**

**(i) Foreign currency transactions**

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

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

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

As at 30 September 2015 and 31 December 2014 yearly changes for period ends and as at 30 September 2015 and 31 December 2014 nine month average changes are as follows:

	Average Rates		Period End Rates	
	30 September 2015	30 September 2014	30 September 2015	31 December 2014
US Dollar	2.6562	2.1618	3.0433	2.3189
Euro	2.9626	2.9314	3.4212	2.8207
Georgian Lari ("GEL")	1.1924	1.2332	1.2795	1.2450
Macedonian Denar ("MKD")	0.0480	0.0475	0.0554	0.0459
Tunisian Dinar ("TND")	1.3657	1.3080	1.5529	1.2469
Swedish Krona ("SEK")	0.3161	0.3242	0.3633	0.2990
Saudi Riyal ("SAR")	0.7078	0.5763	0.8114	0.6188
Croatian Kuna ("HRK")	0.3890	0.3843	0.4475	0.3692
Russian Ruble ("RUB")	0.0446	0.0610	0.0458	0.0402



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

**(g) Foreign currency (continued)**

**(ii) Foreign operations**

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

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

**2.2 Summary of Significant Accounting Policies**

The condensed interim consolidated financial statements of the Group for the nine months period ended 30 September 2015 have been prepared in accordance with TAS 34 “Interim Financial Reporting” standard of TFRS. In addition, except for the new and amended standards effective as of 1 January 2014 summarized below, accounting policies taken into account for preparation of condensed interim consolidated financial statements as at 30 September 2015 are consistent with policies applied for previous periods. Effects of these standards and interpretations on Group’s financial position and performance are disclosed in related paragraphs. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014.

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

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

*IFRS 9 Financial Instruments – Classification and measurement*

As amended in December 2012 the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (“FVO”) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted.

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

*Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization*

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016 and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

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

*Standards issued but not yet effective and not early adopted (continued)*

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

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

*IFRS 14 Regulatory Deferral Accounts*

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

*Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)*

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a "business" under TFRS 3 Business Combinations. The amendments apply prospectively for annual periods beginning on or after 1 January 2016, early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

*Disclosure initiative (Amendments to TAS 1)*

The narrow-focus amendments to TAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

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

*Annual Improvements to IFRSs – 2012–2014 Cycle*

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

*TFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

*TFRS 7 Financial Instruments: Disclosures*

TFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7).

*TAS 19 Employee Benefits*

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

*TAS 34 Interim Financial Reporting*

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

*The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA*

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

*IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9. TFRS 7 and TAS 39 -IFRS 9 (2013)*

In November 2013 the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9 with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

*(Currency: Thousands of TL)*

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

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

*Improvements to IFRSs (continued)*

*IFRS 9 Financial Instruments (2014)*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

*IFRS 15 Revenue from Contracts with customers*

The standard is the result of a joint project and IASB and FASB, which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

**3 BUSINESS COMBINATIONS**

**Participating in Hacettepe Teknokent**

Akfen Construction and Renkyol agreed on transferring 45% of shares of Hacettepe Teknokent on 12 May 2014, TL 12,809 of respective amount was paid in cash, TL 12,300 will be paid by 10 equal installments through notes and TL 1,059 was netted of advance amounts of 9 apartments in İncek Loft and TL 50 was netted with chargeout. The remaining TL 82 is recorded in current accounts. As at 30 September 2015 all notes were paid.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**3 BUSINESS COMBINATIONS (continued)**

***Participating in Hacettepe Teknokent (continued)***

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

	<b>Book value before acquisition</b>	<b>Fair value adjustments</b>	<b>Acquisition amount</b>
Trade receivables	10	--	10
Inventories	24	--	24
Trade payables	(26)	--	(26)
Other current assets	460	--	459
Other current liabilities	(13)	--	(13)
Property, plant and equipment	2,488	--	2,488
Intangible assets	6	31,838	31,844
Other non-current assets	9	--	9
Deferred tax liability	--	(6,368)	(6,368)
Cash and cash equivalents	24	--	25
Payables to related parties	(3,246)	--	(3,246)
<b>Identifiable assets and liabilities</b>	<b>(264)</b>	<b>25,470</b>	<b>25,206</b>

Cash payment	12,809
Deferred payments due to acquisition	12,432
İncek Loft apartment sales	1,059
<b>Total payment</b>	<b>26,300</b>
Minus: Net value of identifiable assets and liabilities	25,206
<b>Goodwill (Accounted under investment in equity accounted investees)</b>	<b>1,094</b>

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

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

**4 SEGMENT REPORTING**

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

The information regarding the results of each reported segment is for Akfen Construction, Akfen REIT, HEPP Group and Akfen Electricity Wholesale.

*Other*

Subsidiaries and jointly controlled entities in other operations segment are Akfen Thermal Energy, Akfen Energy Distribution and WPP Group and Akfen Holding is included in the other industrial segment as well.

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## Akfen Holding Anonim Şirketi

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#### 4 SEGMENT REPORTING (continued)

<u>1 January-30 September 2015</u>	<u>Akfen Construction</u>	<u>Akfen REIT</u>	<u>HEPP Group</u>	<u>Akfen Electricity Wholesale (*)</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	132,980	40,245	80,237	40,283	--	--	--	293,745
Inter segment revenue	40,404	--	23,455	129	--	--	(63,988)	--
<b>Total revenue</b>	<b>173,384</b>	<b>40,245</b>	<b>103,692</b>	<b>40,412</b>	<b>--</b>	<b>--</b>	<b>(63,988)</b>	<b>293,745</b>
Cost of sales	(160,047)	(4,946)	(40,639)	(40,642)	--	--	64,464	(181,810)
<b>Gross profit</b>	<b>13,337</b>	<b>35,299</b>	<b>63,053</b>	<b>(230)</b>	<b>--</b>	<b>--</b>	<b>476</b>	<b>111,935</b>
General administrative expenses	(22,302)	(5,049)	(3,199)	(256)	(23,753)	--	106	(54,453)
Other operating income	10,634	405	15,754	6	59,068	--	(45,336)	40,531
Other operating expense	(745)	(509)	(3,334)	--	(118)	--	--	(4,706)
Investment in equity accounted investees	(8,514)	--	--	--	--	30,034	--	21,520
<b>Operating profit/ (loss)</b>	<b>(7,590)</b>	<b>30,146</b>	<b>72,274</b>	<b>(480)</b>	<b>35,197</b>	<b>30,034</b>	<b>(44,754)</b>	<b>114,827</b>
Income from investment activities	159	--	--	37	233	--	--	429
Financial income	--	--	--	--	--	--	--	--
Financial income	2,004	21,348	191	82	48,716	--	(47,933)	24,408
Financial expense	(113,522)	(139,077)	(234,388)	(114)	(99,966)	--	47,933	(539,134)
<b>Profit / (loss) of continuing operations before tax</b>	<b>(118,949)</b>	<b>(87,583)</b>	<b>(161,923)</b>	<b>(475)</b>	<b>(15,820)</b>	<b>30,034</b>	<b>(44,754)</b>	<b>(399,470)</b>
Tax income/(expense) for the period	10,229	2,929	31,480	78	(3,009)	--	9,332	51,039
Profit/(loss) of continuing operations after tax	(108,720)	(84,654)	(130,443)	(397)	(18,829)	30,034	(35,422)	(348,431)
Profit (loss) for the period attributable to the parent of the Company	(108,720)	(80,116)	(130,219)	(397)	(19,036)	30,034	(928)	(309,382)
Depreciation and amortization expenses	1,092	34	22,668	32	408	--	(3,145)	21,089
Investments of tangible and intangible assets, investment properties and other investments (**)	223,308	57,001	22,375	6	4,758	--	--	307,448
<b>30 September 2015</b>								
Segment assets	1,022,150	1,599,634	1,144,734	10,682	2,069,873	824,929	(2,055,891)	4,616,111
Segment liabilities	1,111,830	816,755	993,341	10,846	967,070	--	(761,212)	3,138,630

(\*) Due to the transfer of Akfen Electricity Wholesale's shares from the Energy Group to Akfen Holding as at 31 December 2014, Akfen Electricity Wholesale that had been presented in the Other segment as at 30 September 2014 has been presented as a separate segment as at 30 September 2015.

(\*\*) As at 30 September 2015 investments amounting to TL 132,374 is comprised of investments for Isparta City Hospital project, TL 90,258 for İncek Loft project, TL 56,981 for investment property, TL 24,040 for plant and equipment and TL 348 for intangible assets.

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**SEGMENT REPORTING (continued)**

<b>1 July-30 September 2015</b>	<b><u>Akfen Construction</u></b>	<b><u>Akfen REIT</u></b>	<b><u>HEPP Group</u></b>	<b><u>Akfen Electricity Wholesale</u></b>	<b><u>Other</u></b>	<b><u>Investment in equity accounted investees</u></b>	<b><u>Inter segment eliminations</u></b>	<b><u>Total</u></b>
External revenues	51,915	16,195	6,819	18,521	--	--	--	93,450
Inter segment revenue	12,303	--	9,117	44	--	--	(21,464)	--
<b>Total revenue</b>	<b>64,218</b>	<b>16,195</b>	<b>15,936</b>	<b>18,565</b>	<b>--</b>	<b>--</b>	<b>(21,464)</b>	<b>93,450</b>
Cost of sales	(58,208)	(1,717)	(13,785)	(17,430)	--	--	20,929	(70,211)
<b>Gross profit</b>	<b>6,010</b>	<b>14,478</b>	<b>2,151</b>	<b>1,135</b>	<b>--</b>	<b>--</b>	<b>(535)</b>	<b>23,239</b>
General administrative expenses	(5,163)	(1,465)	(962)	(85)	(7,824)	--	40	(15,459)
Other operating income	845	162	360	4	2,374	--	3,658	7,403
Other operating expense	1,318	(18)	(1,108)	--	(61)	--	--	131
Investment in equity accounted investees	(4,305)	--	--	--	--	10,511	--	6,206
<b>Operating profit/ (loss)</b>	<b>(1,295)</b>	<b>13,157</b>	<b>441</b>	<b>1,054</b>	<b>(5,511)</b>	<b>10,511</b>	<b>3,163</b>	<b>21,520</b>
Income from investment activities	9	--	--	26	81	--	--	116
Financial income	--	--	--	--	--	--	--	--
Financial income	1,172	3,345	130	74	18,363	--	(18,025)	5,059
Financial expense	(67,631)	(100,356)	(104,672)	(103)	(52,887)	--	18,025	(307,624)
<b>Profit / (loss) of continuing operations before tax</b>	<b>(67,745)</b>	<b>(83,854)</b>	<b>(104,101)</b>	<b>1,051</b>	<b>(39,954)</b>	<b>10,511</b>	<b>3,163</b>	<b>(280,929)</b>
Tax income/(expense) for the period	9,923	7,922	20,307	(222)	(1,298)	--	(57)	36,575
Profit/(loss) of continuing operations after tax	(57,822)	(75,932)	(83,794)	829	(41,252)	10,511	3,106	(244,354)
Profit (loss) for the period attributable to the parent of the	(57,822)	(72,189)	(83,768)	829	(41,135)	10,511	40,858	(202,716)
Depreciation and amortization expenses	365	17	7,642	8	142	--	(292)	7,882
Investments of tangible and intangible assets, investment properties and other investments	97,672	11,517	9,370	--	2,023	--	--	120,582

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### SEGMENT REPORTING (continued)

<u>1 January-30 September 2014</u>	<u>Akfen Construction</u>	<u>Akfen REIT</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	--	37,651	19,484	27,291	--	--	84,426
Inter segment revenue	44,334	--	13,576	615	--	(58,525)	--
<b>Total revenue</b>	<b>44,334</b>	<b>37,651</b>	<b>33,060</b>	<b>27,906</b>	<b>--</b>	<b>(58,525)</b>	<b>84,426</b>
Cost of sales	(40,922)	(4,244)	(24,849)	(27,472)	--	53,749	(43,738)
<b>Gross profit</b>	<b>3,412</b>	<b>33,407</b>	<b>8,211</b>	<b>434</b>	<b>--</b>	<b>(4,776)</b>	<b>40,688</b>
General administrative expenses	(17,435)	(4,635)	(3,698)	(21,168)	--	586	(46,350)
Other operating income	4,990	20,721	343	4,337	--	(3,578)	26,813
Other operating expense	(9,681)	(2,106)	(1,293)	(367)	--	--	(13,447)
Investment in equity accounted investees	(236)	--	--	--	111,040	--	110,804
<b>Operating profit/ (loss)</b>	<b>(18,950)</b>	<b>47,387</b>	<b>3,563</b>	<b>(16,764)</b>	<b>111,040</b>	<b>(7,768)</b>	<b>118,508</b>
Income from investment activities	106	--	--	2,100	--	--	2,206
Expense from investment activities	(41,182)	--	(351)	(468)	--	41,182	(819)
Financial income	3,601	22,349	495	44,498	--	(38,684)	32,259
Financial expense	(30,194)	(47,451)	(59,487)	(53,373)	--	38,684	(151,821)
<b>Profit / (loss) of continuing operations before tax</b>	<b>(86,619)</b>	<b>22,285</b>	<b>(55,780)</b>	<b>(24,007)</b>	<b>111,040</b>	<b>33,414</b>	<b>333</b>
Tax income/(expense) for the period	11,352	(760)	10,287	(2,898)	--	--	17,981
Profit/(loss) of continuing operations after tax	(75,267)	21,525	(45,493)	(26,905)	111,040	33,414	18,314
Profit (loss) for the period attributable to the parent of the	(75,267)	22,620	(45,284)	(27,432)	111,040	23,240	8,917
Depreciation and amortization expenses	940	29	12,711	381	--	--	14,061
Investments of tangible and intangible assets , investment properties and other investments (*)	86,167	46,031	59,445	6,013	--	--	197,656
<b>31 December 2014</b>							
Segment assets	807,083	1,445,950	1,089,733	1,866,970	605,684	(1,907,994)	3,907,426
Segment liabilities	683,493	589,730	807,957	687,785	--	(533,245)	2,235,720

(\*) As at 30 September 2014 investments amounting to TL 56,552 is comprised of investments for İncek Loft project, TL 46,006 for investment property, TL 94,612 for plant and equipment and TL 486 for intangible assets.



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**SEGMENT REPORTING (continued)**

<b>1 July-30 September 2014</b>	<b><u>Akfen Construction</u></b>	<b><u>Akfen REIT</u></b>	<b><u>HEPP Group</u></b>	<b><u>Other</u></b>	<b><u>Investment in equity accounted investees</u></b>	<b><u>Inter segment eliminations</u></b>	<b><u>Total</u></b>
External revenues	--	12,937	709	13,103	--	--	26,749
Inter segment revenue	14,094	--	5,576	126	--	(19,796)	--
<b>Total revenue</b>	<b>14,094</b>	<b>12,937</b>	<b>6,285</b>	<b>13,229</b>	<b>--</b>	<b>(19,796)</b>	<b>26,749</b>
Cost of sales	(12,840)	(1,389)	(8,571)	(13,454)	--	18,353	(17,901)
<b>Gross profit</b>	<b>1,254</b>	<b>11,548</b>	<b>(2,286)</b>	<b>(225)</b>	<b>--</b>	<b>(1,443)</b>	<b>8,848</b>
General administrative expenses	(3,826)	(1,325)	(1,145)	(6,275)	--	121	(12,450)
Other operating income	3,014	12,912	(16)	(150)	--	(2,960)	12,800
Other operating expense	1,973	(238)	(1,159)	(251)	--	--	325
Investment in equity accounted investees	(160)	--	--	--	24,418	--	24,258
<b>Operating profit/ (loss)</b>	<b>2,255</b>	<b>22,897</b>	<b>(4,606)</b>	<b>(6,901)</b>	<b>24,418</b>	<b>(4,282)</b>	<b>33,781</b>
Income from investment activities	34	--	--	353	--	--	387
Expense from investment activities	(41,182)	--	2	(2)	--	41,182	--
Financial income	(2,370)	297	(3,452)	13,086	--	(12,573)	(5,012)
Financial expense	(6,849)	(16,879)	(45,793)	(16,210)	--	12,573	(73,158)
<b>Profit / (loss) of continuing operations before tax</b>	<b>(48,112)</b>	<b>6,315</b>	<b>(53,849)</b>	<b>(9,674)</b>	<b>24,418</b>	<b>36,900</b>	<b>(44,002)</b>
Tax income/(expense) for the period	3,485	898	10,553	(895)	--	--	14,041
Profit/(loss) of continuing operations after tax	(44,627)	7,213	(43,296)	(10,569)	24,418	36,900	(29,961)
Profit (loss) for the period attributable to the parent of the Company	(44,627)	8,484	(43,093)	(10,837)	24,418	32,655	(33,000)
Depreciation and amortization expenses	353	6	4,295	134	--	--	4,788
Investments of tangible and intangible assets , investment properties and other investments	50,524	13,674	19,912	987	--	--	85,097

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**5 CASH AND CASH EQUIVALENTS**

As at 30 September 2015 and 31 December 2014, cash and cash equivalents comprise the following:

	<b>30 September 2015</b>	<b>31 December 2014</b>
Cash on hand	344	297
Cash at banks	39,977	39,012
- Demand deposits	10,264	5,066
- Time deposits	29,713	33,946
Project reserve and assignment accounts	58,437	15,597
Other cash and cash equivalents(*)	11,215	8,830
<b>Cash and cash equivalents</b>	<b>109,973</b>	<b>63,736</b>
Project, reserve and assignment accounts	(58,437)	(15,597)
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>51,536</b>	<b>48,139</b>

(\*) As at 30 September 2015 and 31 December 2014 the whole amount of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding and Akfen Electricity Wholesale.

As at 30 September 2015 and 31 December 2014 the distribution of the cash and cash equivalents of the Group on company basis is as follows:

	<b>30 September 2015</b>	<b>31 December 2014</b>
HEPP Group	60,457	21,838
Akfen REIT	31,029	24,097
Akfen Holding	14,456	12,494
Akfen Construction	--	2,124
Other	4,031	3,183
<b>Total</b>	<b>109,973</b>	<b>63,736</b>

As at 30 September 2015 and 31 December 2014 the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

<b>Currency</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
TL	4,394	3,945
US Dollar	3,113	723
Euro	2,497	328
Other	260	70
	<b>10,264</b>	<b>5,066</b>

**Akfen Holding Anonim Şirketi**

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**5 CASH AND CASH EQUIVALENTS (continued)**

The details of the time deposits, due dates and interest rates of the Group as at 30 September 2015 and 31 December 2014 are as follows:

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>30 September 2015</u>
TL	October 2015	10.00	9,150
US Dollar	October 2015	2.05	1,267
Euro	October 2015	0.03 – 7.20	19,296
			<b>29,713</b>

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 December 2014</u>
TL	January 2015	8.00 – 8.84	20,700
US Dollar	January 2015	0.25 – 2.03	4,730
Euro	January 2015	0.05 – 0.60	8,216
Other	January 2015	0.10	300
			<b>33,946</b>

**Project reserve and assignment accounts**

Within the scope of loan agreements, HEPP Group and Akfen REIT (for the Karaköy Novotel Project of Akfen Karaköy) have opened bank accounts for repayment of borrowings, investment expenditures, funding of operational and administrative expenses, which are Assignment Accounts and Project Accounts, respectively. As at 30 September 2015 and 31 December 2014, the distribution of Group's project reserve and assignment accounts is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
HEPP Group	58,292	15,572
Akfen REIT	145	25
<b>Total</b>	<b>58,437</b>	<b>15,597</b>

The detail of the project reserve and assignment accounts and interest rates of the Group as at 30 September 2015 and 31 December 2014 is as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>30 September 2015</u>
TL	5.00	2,200
US Dollar	0.05 – 2.05	55,674
		<b>57,874</b>
Demand deposits		563
		<b>58,437</b>

<u>Currency</u>	<u>Interest rate</u>	<u>31 December 2014</u>
TL	7.00	4,680
US Dollar	0.10 – 2.05	10,807
		<b>15,487</b>
Demand deposits		110
		<b>15,597</b>

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 31. As at 30 September 2015 and 31 December 2014, except for the balances stated as restricted cash, there is no blockage.

**Akfen Holding Anonim Şirketi**

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**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 31.

The detail of Group's financial liabilities as at 30 September 2015 is as follows:

<b>Current financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Short term secured bank loans	11,000	11,004
	<b>11,000</b>	<b>11,004</b>
<b>Current portion of long term financial liabilities</b>		
Current portion of long term secured bank loans	260,562	340,975
Current portion of long term issued bonds	--	4,555
	<b>260,562</b>	<b>345,530</b>
<b>Non-current financial liabilities</b>		
Long term secured bank loans	1,590,829	1,539,679
Long-term issued bonds	400,000	400,000
	<b>1,990,829</b>	<b>1,939,679</b>

The detail of Group's financial liabilities as at 31 December 2014 is as follows:

<b>Current financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Short term secured bank loans	31,800	31,809
	<b>31,800</b>	<b>31,809</b>
<b>Current portion of long term financial liabilities</b>		
Current portion of long term secured bank loans	277,901	320,584
Current portion of long term issued bonds	--	10,951
Short-term loans from financial leases	171	171
	<b>278,072</b>	<b>331,706</b>
<b>Non-current financial liabilities</b>		
Long term secured bank loans	1,039,066	1,013,000
Long-term issued bonds	400,000	400,000
Long-term loans from financial leases	1,551	1,551
	<b>1,440,617</b>	<b>1,414,551</b>

**Akfen Holding Anonim Şirketi**

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

As at 30 September 2015, Group's total bank loans, issued bonds and leasing liabilities are as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1,862,391	1,891,658
Bonds	400,000	404,555
	<b>2,262,391</b>	<b>2,296,213</b>

As at 31 December 2014, Group's total bank loans, issued bonds and leasing liabilities are as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1,348,767	1,365,393
Bonds	400,000	410,951
Loans from financial leases	1,722	1,722
	<b>1,750,489</b>	<b>1,778,066</b>

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

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	180,779	587,107	767,886
Akfen REIT	64,229	633,033	697,262
HEPP Group	111,526	719,539	831,065
	<b>356,534</b>	<b>1,939,679</b>	<b>2,296,213</b>

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	163,419	595,894	759,313
Akfen REIT	34,525	656,000	690,525
HEPP Group	73,618	738,935	812,553
	<b>271,562</b>	<b>1,990,829</b>	<b>2,262,391</b>

**Akfen Holding Anonim Şirketi**

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**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 2014 are as follows:

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	43,659	475,823	519,482
Akfen Construction	42,205	47,938	90,143
Akfen REIT	117,615	400,234	517,849
HEPP Group	159,865	489,005	648,870
	<b>363,344</b>	<b>1,413,000</b>	<b>1,776,344</b>

  

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	29,156	477,367	506,523
Akfen Construction	37,974	50,498	88,472
Akfen REIT	112,668	400,874	513,542
HEPP Group	129,903	510,327	640,230
	<b>309,701</b>	<b>1,439,066</b>	<b>1,748,767</b>

**Conditions and repayment schedules**

The repayment schedules of the bank loans and issued bonds of the Group as at 30 September 2015 and 31 December 2014 according to the original maturities are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
Within 1 year	271,562	309,701	356,534	363,344
1 – 2 years	572,629	297,269	628,572	310,344
2 – 3 years	271,668	590,803	308,500	596,669
3 – 4 years	147,002	158,552	174,737	154,154
5 years and more	999,530	392,442	827,870	351,833
	<b>2,262,391</b>	<b>1,748,767</b>	<b>2,296,213</b>	<b>1,776,344</b>

As at 30 September 2015 and 31 December 2014 the currency distribution of bank loans and issued bonds is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
US Dollar	932,349	749,069	952,554	760,212
Euro	876,536	531,428	884,869	536,136
TL	453,506	468,270	458,790	479,996
	<b>2,262,391</b>	<b>1,748,767</b>	<b>2,296,213</b>	<b>1,776,344</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(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 2015 and 31 December 2014 the lowest and highest interest rates of loans that the Company used are as follows:

<u>30 September 2015<sup>(*)</sup></u>				<u>31 December 2014<sup>(*)</sup></u>			
	<u>US</u>				<u>US</u>		
<b>Fixed rate loans</b>	<u>TL</u>	<u>Dollar</u>	<u>Euro</u>	<b>Fixed rate loans</b>	<u>TL</u>	<u>Dollar</u>	<u>Euro</u>
The Lowest	13.00%	3.75%	3.20%	The Lowest	10.56%	3.75%	2.76%
The Highest	13.00%	6.00%	7.20%	The Highest	14.40%	6.00%	7.50%
<b>Floating interest rate loans</b>	<u>US</u>			<b>Floating interest rate loans</b>	<u>US</u>		
	<u>TL</u>	<u>Dollar</u>	<u>Euro</u>		<u>TL</u>	<u>Dollar</u>	<u>Euro</u>
The Lowest	2.15%	5.25%	4.60%	The Lowest	3.00%	5.25%	3.75%
The Highest	3.50%	5.25%	7.35%	The Highest	3.50%	5.25%	7.35%

(\*) For the floating interest rate loans, additional interest rate is added to Euribor, Libor and Benchmark Interest rates of 30 September 2015 and 31 December 2014,

Group has obtained project loans for refinancing of existing HEPP Group loans, investments of hydroelectrical power plants under construction, hospital project undertaken by Isparta Şehir Hastanesi Yatırım İşletme A.Ş., which is a subsidiary of Akfen Construction and hotel projects that will be built within the scope of MoU signed with Accor.

As at 30 September 2015, total amount of project loans is TL 1,528,327 (31 December 2014: TL 1,202,049) and its share on total loans is 67% (31 December 2014: 68%)

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

**Akfen Holding**

The breakdown of bank loans as at 30 September 2015 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	6.00	2016	43,713	44,765
Secured bank loans <sup>(2)</sup>	USD	3.75	2016	21,303	21,725
Secured bank loans <sup>(1)</sup>	USD	Libor+5.25	2017	36,520	36,698
Secured bank loans <sup>(1)</sup>	USD	5.60	2017	18,260	18,301
Secured bank loans <sup>(2)</sup>	Euro	3.20	2015	26,925	27,821
Secured bank loans <sup>(2)</sup>	Euro	3.85	2016	30,791	31,060
Secured bank loans <sup>(2)</sup>	Euro	4.15	2018	59,871	60,103
Secured bank loans <sup>(2)</sup>	Euro	4.00	2018	34,212	34,326
Secured bank loans <sup>(2)</sup>	Euro	4.70	2018	34,212	34,296
Secured bank loans <sup>(3)</sup>	TL	13.00(*)	2017	29,998	30,718
Secured bank loans <sup>(2)</sup>	TL	13.50	2016	11,000	11,004
Secured bank loans <sup>(4)</sup>	TL	15.70(*)	2017	12,508	12,514
Bond <sup>(5)</sup>	TL	GDS(**) + 3.25	2017	140,000	143,840
Bond <sup>(6)</sup>	TL	GDS(**) + 3.50	2017	200,000	200,237
Bond <sup>(7)</sup>	TL	GDS(**) + 3.00	2017	60,000	60,478
				<b>759,313</b>	<b>767,886</b>

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

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

<sup>3)</sup> Represents the share purchase loan, Akfen Holding shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

<sup>4)</sup> Represents the share purchase loan, Akfen Holding and Akfen REIT shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

<sup>5)</sup> Represents the liability every bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment of 3 months with a floating interest rate, amounting to TL 140,000, The 7<sup>th</sup> period coupon payment date is 12 October 2015. According to determined additional rate of return, coupon interest rate that will be valid for 7<sup>th</sup> period coupon payment is 3.12%.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Akfen Holding (continued)**

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

<sup>(7)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000. The 4<sup>th</sup> period coupon payment date is 10 December 2015. According to determined additional rate of return, coupon interest rate that will be valid for 4<sup>nd</sup> period coupon payment is 3.45%.

<sup>(\*)</sup> Overnight interest rate of share purchase loan as at 30 September 2015.

<sup>(\*\*)</sup> Benchmark Interest Rate, which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last three working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted benchmark of the furthestmost future dated treasury bills issued by Undersecretariat of Treasury.

The breakdown of bank loans as at 31 December 2014 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	6.00	2016	33,308	34,298
Secured bank loans <sup>(2)</sup>	USD	3.75	2016	16,232	16,393
Secured bank loans <sup>(1)</sup>	USD	Libor + 5.25	2017	34,784	35,468
Secured bank loans <sup>(2)</sup>	Euro	3.20	2015	22,199	22,371
Bond <sup>(3)</sup>	TL	GDS(*) + 3.25	2017	140,000	143,865
Bond <sup>(4)</sup>	TL	GDS(*) + 3.50	2017	200,000	206,722
Bond <sup>(5)</sup>	TL	GDS(*) + 3.00	2017	60,000	60,365
				<b>506,523</b>	<b>519,482</b>

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

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

<sup>(3)</sup> Represents the liability every bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment of 3 months with a floating interest rate, amounting to TL 140,000. The 4<sup>th</sup> period coupon payment date is 12 January 2015. According to determined additional rate of return, coupon interest rate that will be valid for 4<sup>th</sup> period coupon payment is 3.14%.

<sup>(4)</sup> Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000. The 2<sup>nd</sup> period coupon payment date is 26 March 2015. According to determined additional rate of return, coupon interest rate that will be valid for 2<sup>nd</sup> period coupon payment is 6.24%.

<sup>(5)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000. The 1<sup>st</sup> period coupon payment date is 12 March 2015. According to determined additional rate of return, coupon interest rate that will be valid for 1<sup>st</sup> period coupon payment is 2.64%.

<sup>(\*)</sup> Benchmark Interest Rate, which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last three working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted benchmark of the furthestmost future dated treasury bills issued by Undersecretariat of Treasury.



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Akfen Holding (continued)**

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September</u>	<u>31 December</u>	<u>30 September</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within 1 year	163,419	29,156	180,779	43,659
1 – 2 years	453,306	63,454	450,951	61,910
2 – 3 years	142,588	413,913	136,156	413,913
	<b>759,313</b>	<b>506,523</b>	<b>767,886</b>	<b>519,482</b>

**Akfen Construction:**

As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale.

The breakdown of bank loans as at 31 December 2014 is given below:

	<u>Currency</u>	<u>Nominal</u>	<u>Maturity</u>	<u>Nominal</u>	<u>Carrying</u>
		<u>Interest</u>			
		<u>Rate</u>			
Secured bank loans <sup>(1)</sup>	USD	4.44	2015	2,175	2,178
Secured bank loans <sup>(2)</sup>	USD	6.00	2016	22,339	23,004
Secured bank loans <sup>(1)</sup>	Euro	2.76	2016	6,812	6,827
Secured bank loans <sup>(1)</sup>	Euro	3.84	2017	20,675	20,898
Secured bank loans <sup>(1)</sup>	TL	10.92-14.40	2015	22,255	22,863
Secured bank loans <sup>(1)</sup>	TL	12.60	2015	806	814
Secured bank loans <sup>(3)</sup>	TL	11.00	2016	12,500	12,635
Secured bank loans <sup>(1)</sup>	TL	11.40	2016	910	924
				<b>88,472</b>	<b>90,143</b>

<sup>(1)</sup> The sureties are given by Akfen Holding.

<sup>(2)</sup> Sureties are Akfen Holding shares belonging to Hamdi Akın.

<sup>(3)</sup> Sureties are received bills from İncek Loft Project by Akfen Construction.

The repayment schedule of loans and borrowings 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within 1 year	--	37,974	--	42,205
1 – 2 years	--	48,681	--	46,261
2 – 3 years	--	1,817	--	1,677
	<b>--</b>	<b>88,472</b>	<b>--</b>	<b>90,143</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Akfen REIT:**

As at 30 September 2015, the detail of loans and borrowings is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	Euro	Euribor + 4.60	2018	25,659	25,659
Secured bank loans <sup>(2)</sup>	Euro	Euribor + 7.00	2019	22,452	22,709
Secured bank loans <sup>(3)</sup>	Euro	Euribor + 6.50	2020	19,467	19,727
Secured bank loans <sup>(4)</sup>	Euro	Euribor + 7.35	2021	91,790	92,043
Secured bank loans <sup>(5)</sup>	Euro	Euribor + 6.50	2022	34,313	34,770
Secured bank loans <sup>(6)</sup>	Euro	Euribor + 6.50	2022	26,429	26,781
Secured bank loans <sup>(7)</sup>	Euro	Euribor + 6.35	2024	73,556	74,424
Secured bank loans <sup>(8)</sup>	Euro	7.20	2024	396,859	401,149
				<b>690,525</b>	<b>697,262</b>

<sup>(1)</sup> Bank borrowings obtained is secured by the followings.

- Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditor,
- Sureties of Akfen REIT is given for the total outstanding loan amount,

<sup>(2)</sup> The loans borrowed by RPI are secured by following:

- Pledge of Volgostroykom shares owned 100%
- Sureties of Akfen REIT and Akfen GT
- Pledge on the office building
- Alienation of operating revenue.

<sup>(3)</sup> The loan obtained for Yaroslavl Hotel Project is secured by following:

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

<sup>(4)</sup> The loans borrowed by HDI are secured by following:

- Pledge of Severnyi Avtovokzal Limited Company shares owned by 100%
- Pledge on land, after construction is completed hotel building will be given as favor of mortgage lenders.
- Sureties of Akfen REIT and Akfen GT
- Operating rent revenue is alienated in favor if the creditor.

<sup>(5)</sup> The loan obtained for Samara Hotel Project is secured by following:

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

<sup>(6)</sup> The loan obtained for Kaliningrad Hotel Project is secured by following:

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

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

As at and For the Nine Month Period Ended 30 September 2015

(Currency: Thousands of TL)

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

### Akfen REIT (continued)

<sup>7)</sup> The loan is secured by following:

- Rent revenue, which occurs after Karaköy Novotel starts its operations, is alienated in favor of the creditor.
- The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor.
- The total revenue that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor.
- Hotel operation subject to Karaköy Novotel Project is pledged to the favor of creditors.
- All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor.
- The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,
- The right of tenancy of the hotels in Kayseri, Trabzon, Gaziantep, Bursa and Zeytinburnu and right of tenancy of lands in Beylikzüdü, Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage.

<sup>(8)</sup> On 19 February 2015 between Akfen REIT and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116,000,000 with 10 year maturity having 2 year grace period has been signed for refinancing of Akfen REIT's current loans and financing the investments of ongoing projects. The loans has been used on 18 March 2015 and all loans of Akfen REIT has been refinanced. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and land, building and equipments of Ankara Esenboğa, Esenyurt and Adana and the land on which hotel are going to be built in Tuzla are pledged in favor of the creditors in third degree and after completion of pledge release related to the loans which has been refinanced, the third degree will become first degree,
- Rent revenue of related hotels will be alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,
- Sureties of Akfen Construction is given for the completion guarantee of Tuzla Ibis Hotel project,
- The shares which are not publicly open, of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor.

As at 31 December 2014, the detail of loans and borrowings is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	Euro	7.50	2015	5,863	5,992
Secured bank loans <sup>(1)</sup>	Euro	Euribor + 6.00	2016	19,745	20,076
Secured bank loans <sup>(1)</sup>	Euro	6.80	2016	14,104	14,348
Secured bank loans <sup>(2)</sup>	Euro	Euribor + 5.25	2017	42,311	42,780
Secured bank loans <sup>(3)</sup>	Euro	Euribor + 4.60	2018	29,617	30,002
Secured bank loans <sup>(4)</sup>	Euro	Euribor + 7.00	2019	20,097	20,238
Secured bank loans <sup>(5)</sup>	Euro	Euribor + 3.75	2020	134,740	135,830
Secured bank loans <sup>(6)</sup>	Euro	Euribor + 6.50	2020	17,841	17,995
Secured bank loans <sup>(7)</sup>	Euro	Euribor + 7.35	2021	63,655	63,542
Secured bank loans <sup>(5)</sup>	Euro	Euribor + 5.00	2022	21,155	21,382
Secured bank loans <sup>(8)</sup>	Euro	Euribor + 6.50	2022	30,743	31,008
Secured bank loans <sup>(9)</sup>	Euro	Euribor + 6.50	2022	23,341	23,543
Secured bank loans <sup>(10)</sup>	Euro	Euribor + 6.35	2024	47,247	47,889
Secured bank loans <sup>(12)</sup>	Euro	Euribor + 5.25	2024	11,283	11,415
Secured bank loans <sup>(1)</sup>	TL	13.20	2015	28,550	28,550
Secured bank loans <sup>(11)</sup>	TL	13.25	2015	3,250	3,259
				<b>513,542</b>	<b>517,849</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Akfen REIT (continued)**

<sup>(1)</sup> Sureties are given by Akfen Holding.

<sup>(2)</sup> The loan borrowed is secured by the following:

2<sup>nd</sup> degree pledge on Merit Park Hotel in Akfen Commerce's portfolio is given in favor of creditor.

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

<sup>(3)</sup> The loan borrowed is secured by the following:

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

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

Sureties of Akfen REIT are given for the total outstanding loan amount.

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

<sup>(4)</sup> The loans borrowed by RPI are secured by following:

-Pledge of Volgostroykom shares owned 100%

-Sureties of Akfen REIT and Akfen GT

-Pledge on the office building

-Alienation of operating revenue.

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

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

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

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

· Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş., the shareholders' of the Company, are given for the completion guarantee of Ankara Esenboğa Hotel project. As at 31 December 2014 contract and all the projects are completed.

<sup>(6)</sup> The loan obtained for Yaroslavl Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

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

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

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

<sup>(7)</sup> The loans borrowed by HDI are secured by following:

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

· Pledge on land, after construction is completed hotel building will be given as favor of mortgage lenders.

· Sureties of Akfen REIT and Akfen GT

· Operating rent revenue is alienated in favor if the creditor.

<sup>(8)</sup> The loan obtained for Samara Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Akfen REIT (continued)**

<sup>(9)</sup> The loan obtained for Kaliningrad Hotel Project is secured by following:

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

<sup>(10)</sup> The loan is secured by following:

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

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

<sup>(11)</sup> Sureties are given by Akfen Holding and Akfen Construction.

<sup>(12)</sup> The loan obtained on 30 September 2014 for Tuzla Ibis Hotel Project (200 room capacity) is secured by following:

- Rent revenue, which occurs after Tuzla Ibis Hotel starts its operations is alienated in favor of the creditor.
- The deposit accounts opened in bank and financial corporations under Tuzla Ibis Hotel project are pledged to the favor of creditor.
- 1st degree pledge on property mentioned above is given in favor of creditor.
- Surety of Akfen Holding, the shareholder of the Company, is given for the completion guarantee of Tuzla Ibis Hotel project.

The repayment schedule of loans and borrowings 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within 1 year	34,525	112,668	64,229	117,615
1 – 2 years	41,937	86,602	65,783	86,194
2 – 3 years	51,694	75,436	70,839	75,412
3 – 4 years	69,615	58,916	82,750	58,888
5 years and more	492,754	179,920	413,661	179,740
	<b>690,525</b>	<b>513,542</b>	<b>697,262</b>	<b>517,849</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

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

**HEPP Group**

As at 30 September 2015, the detail of loans is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	5.90	2025	772,990	790,813
Secured bank loans <sup>(2)</sup>	USD	5.50	2026	39,563	40,252
				<b>812,553</b>	<b>831,065</b>

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

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

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

50% of excess cash is released to the borrower at repayment dates if the ratio of net operating income for the previous year end to the related years loan payment amount is 1.05:1. The remaining 50% of excess cash will be used for the early repayment of the loan on a pro rata basis starting from the first upcoming payment.

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

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

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

Within the contractor guarantee, Akfen Construction 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 in line with project agreement and documents.

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

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

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

**HEPP Group (continued)**

As at 31 December 2014, the detail of loans is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	5.60	2020	617,041	625,581
Secured bank loans <sup>(2)</sup>	USD	5.50	2026	23,189	23,289
				<b>640,230</b>	<b>648,870</b>

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

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

As at 31 December 2014, the completion guarantee of Akfen Construction continued for HEPP Companies Beyobası, Yeni Doruk and Elen, The completion guarantee will be ended on the condition that all the relevant permissions are obtained, operating insurances are made and all assigned guarantees are valid.

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

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

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

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

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

Within the contractor guarantee, Akfen Construction 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 in line with project agreement and documents.

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

**Akfen Holding Anonim Şirketi**

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**6 SHORT TERM AND LONG TERM LOANS AND BORROWING (continued)**  
**HEPP Group (continued)**

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September</u> <u>2015</u>	<u>31 December</u> <u>2014</u>	<u>30 September</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Within 1 year	73,618	129,903	111,526	159,865
1 – 2 years	77,386	98,532	111,839	115,979
2 – 3 years	77,386	99,636	101,505	105,667
3 – 4 years	77,386	99,636	91,986	95,266
5 years and more	506,777	212,523	414,209	172,093
	<b>812,553</b>	<b>640,230</b>	<b>831,065</b>	<b>648,870</b>

**7 TRADE RECEIVABLES AND PAYABLES**

**Current trade receivables**

As at 30 September 2015 and 31 December 2014, short term trade receivables of the Group comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Due from related parties (Note 30)	769	822
Trade receivables from third parties	40,567	114,221
	<b>41,336</b>	<b>115,043</b>

As at 30 September 2015 and 31 December 2014 trade receivables from third parties comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Account receivable	32,229	30,767
Income accruals	8,338	10,528
Notes receivable	--	73,831
Checks on hand	--	129
Allowance for doubtful receivables (-)	--	(1,034)
	<b>40,567</b>	<b>114,221</b>

As at 30 September 2015 and 31 December 2014 the distribution of the trade receivables per Group companies are as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
HEPP Group	16,363	18,677
Akfen REIT	18,370	10,942
Akfen Construction	--	80,835
Other	5,834	3,767
	<b>40,567</b>	<b>114,221</b>

TL 3,298 of income accruals are comprised of unbilled revenues of HEPP Group for electricity sales to TEİAŞ. The remaining trade receivables are comprised of receivables from TEİAŞ, Çoruh Elektrik Dağıtım A.Ş., Aydem Elektrik Dağıtım A.Ş. and Aras Elektrik Dağıtım A.Ş. for electricity sales amounting to TL 3,031, TL 3,272 and TL 3,079, respectively.

As at 31 December 2014, notes receivables are comprised of Akfen Construction's notes receivable arising from İncek Loft project.



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Current trade receivables (continued)**

As at 30 September 2015 Akfen REIT's trade receivables arises from rental revenue receivables from Tamaris, the operator of the hotels in Turkey and Russian Hotel Management Company, the operator of hotels in Russia amounting TL 8,885 and TL 9,094, respectively.

As at 30 September 2015, TL 0 (31 December 2014: TL 9,457) represents overdue amount of trade receivables and no allowance has been booked (31 December 2014: TL 1,034). The aging of respective trade receivables is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
0-3 months overdue	--	1
3-12 months overdue	--	81
1-5 years overdue	--	8,782
Overdue more than 5 years	--	593
	--	<b>9,457</b>
Impairment	--	(1,034)
<b>Credit risk</b>	--	<b>8,423</b>

The movement of allowance for doubtful trade receivables as at 30 September 2015 and 31 December 2014 is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Opening balance	(1,034)	(1,175)
Changes in group structure (*)	1,034	--
Reversal of provisions	--	151
Currency differences	--	(10)
<b>Closing balance</b>	--	<b>(1,034)</b>

(\*) As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale.

**Non-current trade receivables**

As at 30 September 2015 and 31 December 2014, long term trade receivables of the Group comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Trade receivables from third parties	--	135,624
	--	<b>135,624</b>

As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale and due to this reason there is no trade receivables from third parties.

As at 31 December 2014, TL 122,115 of notes receivables are comprised of Akfen Construction's notes receivable arising from İncek Loft project, TL 13,509 of trade receivables are comprised of income accruals arising from Akfen Construction's Aliğa project and TL.

**Current trade payables**

As at 30 September 2015 and 31 December 2014 current trade payables of the Group comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Due to related parties (Note 30)	2,218	1,530
Trade payables to third parties	27,864	29,285
	<b>30,082</b>	<b>30,815</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

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

**Current trade payables (continued)**

As at 30 September 2015 and 31 December 2014 current trade payables to third parties comprised the following:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Trade payables	25,428	26,128
Expense accruals	2,436	3,157
	<b>27,864</b>	<b>29,285</b>

As at 30 September 2015 and 31 December 2014, the distribution of trade payables per Group companies is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
HEPP Group	11,061	9,337
Akfen REIT	2,171	1,099
Akfen Holding	528	712
Akfen Construction	--	8,574
Other	14,104	9,563
	<b>27,864</b>	<b>29,285</b>

As at 30 September 2015, TL 6,994 of HEPP group trade payables are comprised of payables to suppliers related to hydroelectrical power plants.

As at 30 September 2015, TL 1,757 of Akfen REIT's payables are comprised of payables to contractors for construction work (31 December 2014: TL 571).

As at 30 September 2015, other trade payables include Akfen Energy Production's payables amounting TL 8,160,

Currency and liquidity risks for Group's trade payables are given in Note 31.

**Non-current trade payables**

As at 30 September 2015 and 31 December 2014, non-current trade payables are comprised of following:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Trade payables to related parties (Note 30)	--	39
Trade payables to third parties	--	8,372
	<b>--</b>	<b>8,411</b>

As at 30 September 2015 and 31 December 2014, the aging of the trade payables (excluding expense accruals) is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
0-3 months	4,772	14,291
3 months - 1 year	20,656	11,837
More than 1 year	--	8,372
	<b>25,428</b>	<b>34,500</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**8 OTHER RECEIVABLES AND PAYABLES**

**Other current receivables**

As at 30 September 2015 and 31 December 2014 other short term receivables are comprised of following:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Due to related parties (Note 30)	254	652
Other receivables from third parties	209	1,538
	<b>463</b>	<b>2,190</b>

As at 30 September 2015 and 31 December 2014 the distribution of other receivables from third parties per Group companies is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Akfen Construction	--	675
HEPP Group	181	863
Other	28	--
	<b>209</b>	<b>1,538</b>

**Other non-current receivables**

As at 30 September 2015 and 31 December 2014, other non-current receivables comprised the following:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Due from related parties (Note 30)	5,094	51,690
Other receivables from third parties	15,597	15,036
	<b>20,691</b>	<b>66,726</b>

As at 30 September 2015 and 31 December 2014, the distribution of other non-current receivables per Group companies is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Akfen REIT	12,631	10,036
HEPP Group	2,389	1,526
Akfen Construction	--	3,000
Other	577	474
	<b>15,597</b>	<b>15,036</b>

As at 30 September 2015, other non-current receivables include capital receivables of Akfen Commerce from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 10,051 and TL 2,433, respectively (31 December 2014: TL 7,847 and TL 2,006).

**Other current payables**

As at 30 September 2015 and 31 December 2014, other current payables of the Group are as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Due to related parties (Note 30)	16,799	25,911
Other payables to third parties	6,966	15,909
	<b>23,765</b>	<b>41,820</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

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

**Other current payables (continued)**

As at 30 September 2015 and 31 December 2014 the distribution of other current payables per Group companies is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Akfen Holding	2,567	1,611
Akfen REIT	1,367	1,213
HEPP Group	241	325
Akfen Construction	--	10,653
Other	2,791	2,107
	<b>6,966</b>	<b>15,909</b>

As at 30 September 2015 and 31 December 2014 other current payables are comprised of the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Taxes and duties payable	5,925	5,737
Other payables	1,041	128
Deposits and guarantees received	--	5,903
Notes payable	--	4,141
	<b>6,966</b>	<b>15,909</b>

As at 31 December 2014, TL 5,871 of deposits and guarantees received arises from deposits and guarantees taken from subcontractors for construction works by Akfen Construction.

**Other non-current payables**

As at 30 September 2015 and 31 December 2014 Group's other non-current payables are as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Due to related parties (Note 30)	8,683	7,737
Other payables to third parties	5,008	4,671
	<b>13,691</b>	<b>12,408</b>

As at 30 September 2015 and 31 December 2014 the distribution of other non-current payables per Group companies is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Akfen REIT	3,516	3,232
HEPP Group	1,492	1,439
	<b>5,008</b>	<b>4,671</b>

As at 30 September 2015, all of Akfen REIT's other payables to third parties are comprised of rent accruals and all of HEPP Group's other payables to third parties are comprised of deposits and guarantees received

**9 INVENTORIES**

As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale and due to this reason there is no inventories. As at 31 December 2014, inventories are comprised of investments made for Akfen Construction's İncek Project amounting TL 252,387.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**10 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

As at 30 September 2015 and 31 December 2014, Group's share in net asset value of equity accounted investees is as follows:

	<b>Ownership Rate (%)</b>	<b>30 September 2015</b>	<b>Ownership Rate (%)</b>	<b>31 December 2014</b>
MIP	50.00	519,513	50.00	354,423
TAV Airports	8.12	213,128	8.12	158,129
TAV Investment	21.68	76,106	21.68	52,838
Hacettepe Teknokent (*)	--	--	45.00	25,398
Akfen Water	50.00	14,925	50.00	13,984
İDO	30.00	1,257	30.00	26,310
		<b>824,929</b>		<b>631,082</b>

(\*) As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale and due to this reason there is no trade receivables from third parties due to this reason Hacettepe Teknokent is not included in investment in equity accounted investees.

As at 30 September 2015 and 2014, Group's share in profit or loss of equity accounted investees for nine months period is as follows:

	<b>1 January-30 September 2015</b>	<b>1 July-30 September 2015</b>	<b>1 January-30 September 2014</b>	<b>1 July-30 September 2014</b>
MIP	79,431	21,927	72,601	18,672
TAV Airports	40,486	19,959	41,346	20,841
TAV Investment	5,135	754	9,345	(2,616)
İDO	(93,273)	(32,256)	(12,438)	(12,434)
Akfen Water	(1,745)	127	186	(45)
Hacettepe Teknokent	(8,514)	(4,305)	(236)	(160)
	<b>21,520</b>	<b>6,206</b>	<b>110,804</b>	<b>24,258</b>

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

	<b>31 December 2014</b>	<b>Profit for the period</b>	<b>Capital increase</b>	<b>Changes in group structure</b>	<b>Other equity transactions</b>	<b>Profit distribution</b>	<b>30 September 2015</b>
MIP	354,423	79,431	--	--	117,005	(31,346)	519,513
TAV Airports	158,129	40,486	--	--	39,362	(24,849)	213,128
TAV Investment	52,838	5,135	--	--	18,133	--	76,106
İDO	26,310	(93,273)	36,756	--	31,464	--	1,257
Akfen Water	13,984	(1,745)	--	--	2,686	--	14,925
Hacettepe Teknokent	25,398	(8,514)	--	(16,884)	--	--	--
	<b>631,082</b>	<b>21,520</b>	<b>36,756</b>	<b>(16,884)</b>	<b>208,650</b>	<b>(56,195)</b>	<b>824,929</b>

**Akfen Holding Anonim Şirketi**

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

As at 31 December 2014 the movement of investments in equity accounted investees is as follows:

	<u>31 December</u> <u>2013</u>	<u>Profit for</u> <u>the period</u>	<u>Other equity</u> <u>transactions</u>	<u>Participation</u> <u>business</u> <u>combinations</u>	<u>Profit</u> <u>distribution</u>	<u>30 December</u> <u>2014</u>
MIP	229,227	99,449	25,747	--	--	354,423
TAV Airports	132,867	51,494	(10,074)	--	(16,158)	158,129
TAV Investment	39,070	10,980	3,985	--	(1,197)	52,838
İDO	22,747	(19,547)	23,110	--	--	26,310
Akfen Water	13,522	907	(445)	--	--	13,984
Hacettepe Teknokent	--	(902)	--	26,300	--	25,398
	<b>437,433</b>	<b>142,381</b>	<b>42,323</b>	<b>26,300</b>	<b>(17,355)</b>	<b>631,082</b>

**MIP:**

The summary of financials of MIP is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Total Assets	2,760,090	2,001,918
Total Liabilities	1,721,065	1,293,073
Net Assets	1,039,025	708,845
<b>Group's share on net assets of MIP</b>	<b>519,513</b>	<b>354,423</b>

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September</u>
Revenue	547,299	180,190	470,432	149,863
Gross profit/(loss)	321,636	101,136	271,383	82,788
General administrative expenses	(43,862)	(15,887)	(34,812)	(11,808)
Operating profit/(loss)	277,774	85,248	236,571	70,980
Profit/(loss) before tax	214,163	62,727	185,838	51,202
Profit/(loss) after tax	158,862	43,854	145,203	37,344
Profit/(loss) attributable to equity holders	158,862	43,854	145,203	37,344
<b>Group's share on MIP's profit</b>	<b>79,431</b>	<b>21,927</b>	<b>72,601</b>	<b>18,672</b>
Amortization and depreciation expenses	63,701	23,620	50,913	17,312

**TAV Airports:**

The summary of financials of TAV Airports is as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Total Assets	9,855,244	7,465,541
Total Liabilities	7,122,897	5,410,593
Net Assets (*)	2,732,347	2,054,948
<b>Group's share on net assets of TAV Airports</b>	<b>221,844</b>	<b>166,845</b>

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September</u>	<u>1 July-30</u> <u>September</u>
Revenue	2,247,468	911,917	2,024,296	747,635
Gross profit/(loss)	1,069,447	487,448	826,574	376,271
General administrative expenses	(338,858)	(123,048)	(321,880)	(115,161)
Other operating income/(loss), net	181,162	83,139	168,302	66,025
Operating profit/(loss)	976,629	484,677	762,952	354,476
Profit/(loss) before tax	695,323	351,607	617,483	322,505
Profit/(loss) after tax	482,985	246,865	513,747	271,279
Profit/(loss) attributable to equity holders	498,647	245,828	509,234	256,684
<b>Group's share on TAV Airports's profit</b>	<b>40,486</b>	<b>19,959</b>	<b>41,346</b>	<b>20,841</b>
Amortization and depreciation expenses	186,271	65,310	160,562	55,716

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

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

**TAV Airports (continued):**

(\*) As at 30 September 2015, Group's share on TAV Airports's net asset includes goodwill amounting to TL 8,716 (31 December 2014: TL 8,716). In addition, non-controlling interest amounting to TL (224) is included in net assets of TAV Airports (31 December 2014: TL 3,934).

As at 30 September 2015, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Dooel, AS Riga Airport Commercial Development, TAV Gözen Havacılık İşletme ve Ticaret A.Ş., Cyprus Airport Services Ltd., TGS Yer Hizmetleri A.Ş., SAUDI HAVAS Ground Handling Services Limited, BTU Lokum Şeker Gıda San. ve Tic. A.Ş., BTU Gıda Satış ve Paz. A.Ş., BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları"), Tibah Airports Development Company Limited, Tibah Airports Operation Limited, Medunarodna Zračna Luka Zagreb d.d., Upraviteli Zračne Luke Zagreb d.o.o are ZAIC-A companies are included in investment in equity accounted investees in the financials of TAV Airports.

**TAV Investment:**

The summary of financials of TAV Investment is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Total Assets	3,249,432	2,318,363
Total Liabilities	2,898,310	2,074,590
Net Assets	351,122	243,773
<b>Group's share on net assets of TAV Investment</b>	<b><u>76,106</u></b>	<b><u>52,838</u></b>

	<b><u>1 January-30 September 2015</u></b>	<b><u>1 July-30 September 2015</u></b>	<b><u>1 January-30 September 2014</u></b>	<b><u>1 July-30 September</u></b>
Revenue	1,941,554	628,951	1,599,988	510,451
Gross profit/(loss)	58,302	(3,400)	94,706	14,803
General administrative expenses	(39,186)	(10,656)	(33,393)	(9,303)
Other operating income/(loss), net	10,893	(2,817)	4,529	303
Operating profit/(loss)	30,009	(1,881)	65,842	5,802
Profit/(loss) before tax	7,417	(9,659)	54,511	(9,746)
Profit/(loss) after tax	23,700	3,490	43,110	(12,069)
Profit/(loss) attributable to equity	23,692	3,480	43,114	(12,068)
<b>Group's share on TAV Investment's profit</b>	<b><u>5,135</u></b>	<b><u>754</u></b>	<b><u>9,345</u></b>	<b><u>(2,616)</u></b>
Amortization and depreciation	22,214	7,558	24,253	8,585
Commission expenses of letter of guarantee included in cost of sales	14,187	4,667	15,919	6,407

**İDO:**

The summary of financials of İDO is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Total Assets	1,839,919	1,635,087
Total Liabilities	1,835,729	1,547,388
Net Assets	4,190	87,699
<b>Group's share on net assets of İDO</b>	<b><u>1,257</u></b>	<b><u>26,310</u></b>

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**10 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)**

**İDO (continued):**

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September</u>
Revenue	480,705	231,006	433,168	193,371
Gross profit/(loss)	222,282	127,480	157,780	88,682
General administrative expenses	(33,114)	(12,135)	(37,579)	(12,007)
Other operating income/(loss), net	(2,555)	125	1,875	(99)
Operating profit/(loss)	188,540	117,354	122,511	75,896
Profit/(loss) before tax	(309,655)	(105,570)	(41,595)	(41,625)
Profit/(loss) after tax	(310,910)	(107,519)	(41,461)	(41,448)
Profit/(loss) attributable to equity holders	(310,910)	(107,519)	(41,461)	(41,448)
<b>Group's share on İDO's profit</b>	<b>(93,273)</b>	<b>(32,356)</b>	<b>(12,438)</b>	<b>(12,434)</b>
Amortization and depreciation expenses	55,353	19,653	54,308	17,170

As at 30 September 2015, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. are included in consolidated financials of İDO as investments in equity accounted investees.

**Akfen Water:**

The summary of financials of Akfen Water is as follows:

	<u>30 September 2015</u>	<u>31 December</u>
Total Assets	91,155	72,404
Total Liabilities	61,304	44,434
Net Assets	29,851	27,970
<b>Group's share on net assets of Akfen Water</b>	<b>14,925</b>	<b>13,984</b>

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September</u>
Revenue	10,170	4,196	9,608	3,704
Gross profit/(loss)	5,313	2,397	4,776	1,939
General administrative expenses	(2,434)	(841)	(2,025)	(727)
Other operating income/(loss), net	(3,887)	(51)	(1,291)	(1,022)
Operating profit/(loss)	(1,008)	1,504	1,460	190
Profit/(loss) before tax	(2,207)	363	2,527	486
Profit/(loss) after tax	(2,526)	641	1,210	195
Profit/(loss) attributable to equity	(3,491)	253	373	(89)
<b>Group's share on Akfen Water's profit</b>	<b>(1,745)</b>	<b>127</b>	<b>186</b>	<b>(45)</b>
Amortization and depreciation	383	131	329	114
Guaranteed revenue	245	(1,633)	810	(172)
Construction revenue(*)	375	116	681	162
Construction cost(*)	(341)	(105)	(619)	(147)

As at 30 September 2015, non-controlling interest amounting to TL 5,233 is included in net assets of Akfen Water (31 December 2014: TL 3,856).

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



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**10 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)**

**Hacettepe Teknokent:**

The summary of financials of Hacettepe Teknokent is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Total Assets	--	98,805
Total Liabilities	--	44,796
Net Assets (*)	--	54,009
<b>Group's share on net assets of Hacettepe Teknokent (**)</b>	<b>--</b>	<b><u>24,304</u></b>

  

	<b><u>1 January-30</u></b>	<b><u>1 July-30</u></b>	<b><u>1 January-30</u></b>	<b><u>1 July-30</u></b>
	<b><u>September 2015</u></b>	<b><u>September 2015</u></b>	<b><u>September 2014</u></b>	<b><u>September</u></b>
Revenue	--	--	53	5
Gross profit/(loss)	(1,312)	(537)	53	31
General administrative expenses	(2,144)	(779)	(266)	(75)
Other operating income/(loss), net	(1,545)	579	(214)	(45)
(Loss) before tax	(3,433)	6,017	(525)	(356)
(Loss) after tax	(19,141)	(9,788)	(525)	(356)
(Loss) attributable to equity holders of	(18,920)	(9,567)	(525)	(356)
<b>Group's share on Hacettepe Teknokent's loss</b>	<b><u>(8,514)</u></b>	<b><u>(4,305)</u></b>	<b><u>(236)</u></b>	<b><u>(160)</u></b>
Amortization and depreciation	1,114	371	13	10

(\*) Net assests include intangible assets recognized under TFRS 3 and deferred tax liability.

(\*\*) As at 30 September 2015, Group's share on TAV Airports's net assets include goodwill amounting TL 1,094.

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**11 INVESTMENT PROPERTY**

As at 30 September 2015 and 31 December 2014, investment property is comprised of following:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Operating investment properties	1,220,278	1,046,989
Investment property under development	220,250	304,902
<b>Total</b>	<b>1,440,528</b>	<b>1,351,891</b>

As at 30 September 2015 and 31 December 2014 the distribution of investment property per companies is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Akfen REIT	728,385	716,292
Akfen Commerce	217,317	217,240
Akfen Karaköy	179,336	146,366
RHI	140,492	125,776
RPI	18,674	16,725
HDI	156,324	129,492
<b>Total</b>	<b>1,440,528</b>	<b>1,351,891</b>

As at 30 September 2015 and 31 December 2014, the movement of investment property is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Opening balance	1,351,891	1,418,899
Additions	56,980	59,699
Foreign currency translation difference	31,657	(145,372)
Change in fair value	--	18,665
<b>Closing balance</b>	<b>1,440,528</b>	<b>1,351,891</b>

**Additions**

As at 30 September 2015 and 31 December 2014, additions are made by Akfen REIT. TL 380 of additions arises from additions to operating investment properties and TL 56,600 arises from additions to investment property under development.

**Pledges and Insurance Amounts**

As at 30 September 2015 total insurance amount on investment property is TL 1,309,570 (31 December 2014: TL 1,198,138).

As at 30 September 2015 the amount of pledge on investment property is TL 996,603 (31 December 2014: TL 914,612).

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## 12 PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2015, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
<b>Costs</b>								
Balance at 1 January 2015	159,136	681,401	2,732	11,298	62	82,768	3,100	940,497
Changes in group structure (*)	(20,867)	(8,553)	(2,496)	(8,307)	(62)	(2,669)	(2,606)	(45,560)
Additions (**)	1,443	2,473	--	408	--	22,731	198	27,253
Disposals	--	(4,168)	(87)	(3)	--	--	--	(4,258)
Balance at 30 September 2015	139,712	671,153	149	3,396	--	102,830	692	917,932
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2015	(4,907)	(48,468)	(774)	(10,046)	(62)	--	(891)	(65,148)
Changes in group structure (*)	35	7,003	869	7,721	62	--	984	16,674
Depreciation charge for the period	(920)	(17,813)	(305)	(301)	--	--	(473)	(19,812)
Disposals	--	73	87	--	--	--	--	160
Balance at 30 September 2015	(5,792)	(59,205)	(123)	(2,626)	--	--	(380)	(68,126)
<b>Net book value</b>								
Net book value at 31 December 2014	154,229	632,933	1,958	1,252	--	82,768	2,209	875,349
Net book value at 30 September 2015	133,920	611,948	26	770	--	102,830	312	849,806

(\*) As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale and due to this reason there is no trade receivables from third parties due to this reason Akfen Construction's tangible asset movement is show at changes in group structure.

(\*\*) As at 30 September 2015, TL 14,965 of additions, which corresponds to 68% of additions, arises from construction in progress additions of HEPP projects. As at 30 September 2015, capitalized finance expense amounting TL 1,658, which corresponds from HEPP projects (31 December 2014: TL 16,036).

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## Akfen Holding Anonim Şirketi

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As at and For the Nine Month Period Ended 30 September 2015

(Currency: Thousands of TL)

## 12 PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2014, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
<b>Costs</b>								
Balance at 1 January 2014	46,077	451,164	964	10,570	62	336,095	1,712	846,644
Additions (*)	21,910	7,116	1,871	733	--	71,055	1,388	104,073
Transfers	91,730	231,898	--	--	--	(323,628)	--	--
Disposals	(581)	(8,777)	(103)	(5)	--	(754)	--	(10,220)
Balance at 31 December 2014	159,136	681,401	2,732	11,298	62	82,768	3,100	940,497
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2014	(2,561)	(30,423)	(532)	(9,660)	(62)	--	(273)	(43,511)
Depreciation charge for the period	(2,360)	(18,351)	(335)	(387)	--	--	(618)	(22,051)
Disposals	14	306	93	1	--	--	--	414
Balance at 31 December 2014	(4,907)	(48,468)	(774)	(10,046)	(62)	--	(891)	(65,148)
<b>Net book value</b>								
Net book value at 31 December 2013	43,516	420,741	432	910	--	336,095	1,439	803,133
Net book value at 31 December 2014	154,229	632,933	1,958	1,252	--	82,768	2,209	875,349

(\*) As at 31 December 2014, TL 64,444 of additions, which corresponds to 62% of additions, arises from construction in progress additions of HEPP projects.

As at 31 December 2014, capitalized finance expense amounting TL 16,036 arises from HEPP projects (31 December 2013: TL 12,279).

As at 31 December 2014, costs for property, plant and equipment acquired by financial leasing amounted to TL 1,871 (Net book value: TL 1,832).

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

**13 INTANGIBLE ASSETS**

As at and 30 September 2015 and 31 December 2014, movement of cost of intangible fixed assets is as follows:

	Licenses	Other intangible assets	Total
<b>Costs</b>			
<b>Balance at 1 January 2014</b>	62,004	31,778	93,782
Additions	173	320	493
<b>Balance at 31 December 2014</b>	62,177	32,098	94,275
<b>Balance at 1 January 2015</b>	62,177	32,098	94,275
Changes in group structure (*)	(68)	(1,554)	(1,622)
Additions	15	327	342
<b>Balance at 30 September 2015</b>	62,124	30,871	92,995
<b>Accumulated amortization</b>			
<b>Balance at 1 January 2014</b>	(7,445)	(1,621)	(9,066)
Amortization charge for the period	(1,310)	(339)	(1,649)
<b>Balance at 31 December 2014</b>	(8,755)	(1,960)	(10,715)
<b>Balance at 1 January 2015</b>	(8,755)	(1,960)	(10,715)
Changes in group structure (*)	68	1,205	1,273
Amortization charge for the period	(995)	(282)	(1,277)
<b>Balance at 30 September 2015</b>	(9,682)	(1,037)	(10,719)
<b>Net book value</b>			
<b>Net book value at 31 December 2014</b>	53,422	30,138	83,560
<b>Net book value at 30 September 2015</b>	52,442	29,834	82,276

(\*) As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale and due to this reason there is no trade receivables from third parties due to this reason Akfen Construction's intangible asset movement is show at changes in group structure.

## Akfen Holding Anonim Şirketi

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#### 14 GOODWILL

As at 30 September 2015, the amount of goodwill is TL 3,309 (31 December 2014: TL 3,309). This amount arises from purchase of shares of Akfen REIT by the Company. Impairment of goodwill is conducted through use of market value.

#### 15 GOVERNMENT GRANTS

According to the Investment Incentive Code No.47/2000, Akfen REIT, has a 100% investment incentive on any investments made until 31 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 December 2004 and numbered 2004/5266 of the Cabinet, any revenues obtained from operation and transfer of any vessels and yachts registered in the Turkish International Ship Registry are exempt from income and corporate taxes and funds. Purchase and sales, mortgage, registration, loan and freight agreements for any vessels and yachts registered in the Turkish International Ship Registry are not subject to stamp tax, duties, taxes and funds of bank and insurance procedures. IDO makes use of discounts of corporate tax and income tax in this scope.

As at 30 September 2015 and 2014, 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.

Hacettepe Teknokent application to Ministry of Economy for dormitory project was approved on 27 November 2014 for TL 117,028 related to machinery and equipment investment.

Akfen Construction's subsidiary Isparta Şehir Hastanesi Yatırım İşletme A.Ş. has custom tax exemption, tax deduction, employer's national insurance contribution support and VAT exemption due to regional incentives.

#### 16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### Current provisions

As at 30 September 2015 and 31 December 2014, the short term debt provisions are as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Provision for litigations	--	790
Employee benefits (Note 18)	2,331	2,865
	<u>2,331</u>	<u>3,655</u>

##### Non-current provisions

###### *Provision for litigations*

As at 31 December 2014, TL 122 of non-current debt provisions amounting TL 100 arises from provision for litigations of Akfen Construction. These provisions are determined by taking into account professional advices and sample cases.

**Akfen Holding Anonim Şirketi**

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**17 COMMITMENTS AND CONTINGENCIES**

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

As at 30 September 2015 and 31 December 2014 the group's position related to letter of guarantees given, pledges and mortgages are as follows:

<u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
A. Total amount of CPM is given on behalf of own legal personality	1,124,751	970,049
B. Total amount of CPM is given in favor of subsidiaries, which are fully consolidated	1,495,555	1,094,435
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	71,289	--
D. Total amount of other CPM	17,657	35,269
i. Total amount of CPM given in favor of parent company	--	--
ii. Total amount of CPM given in favor of other group companies, which articles B and C don't include	17,657	35,269
iii. Total amount of CPM given to the third parties not included in the article C	--	--
<b>Total</b>	<b>2,709,252</b>	<b>2,099,753</b>

As at 30 September 2015, the ratio of total amount of other CPM given by the Group to the Group's equity is 1% (31 December 2014: 2%).

As at 30 September 2015 and 31 December 2014, the distribution of CPM given per Group companies is as follows:

	<u>30 December 2015<sup>(*)</sup></u>			<u>31 December 2014<sup>(*)</sup></u>		
	TL	Euro	US Dollar	TL	Euro	US Dollar
Total amount of CPM given on behalf of own legal personality	287,885	777,557	59,309	139,743	784,871	45,435
Total amount of CPM given in favor of subsidiaries which are	63,768	543,151	888,636	58,067	393,962	642,407
Total amount of CPM given in favor of other third parties	--	--	71,289	--	--	--
Other CPMs given	--	17,657	--	--	11,618	23,650
	<b>351,653</b>	<b>1,338,365</b>	<b>1,019,234</b>	<b>197,810</b>	<b>1,190,451</b>	<b>711,492</b>

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

**(b) Letter of guarantees received**

As at 30 September 2015, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have nature of letter of guarantees amounting to TL 282,135 (31 December 2014: TL 251,988) from subcontractors. As at 30 September 2015 TL 69,909 (31 December 2014: TL 63,387) of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 3,988 (31 December 2014: TL 3,375) were given to hydro electrical power plants of the Group.

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**18 EMPLOYEE BENEFITS**

As at 30 September 2015 and 31 December 2014, employee benefits are comprised of vacation pay liabilities and reserve for employee severance indemnity. As at 30 September 2015 and 31 December 2014 employee benefits are as follows:

	<u>30 September</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Vacation pay liability – short term	2,331	2,865
Employee severance indemnity – long term	2,036	2,797
	<u>4,367</u>	<u>5,662</u>

**19 OTHER ASSETS AND LIABILITIES**

**Other current assets**

As at 30 September 2015 and 31 December 2014, other current assets comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
VAT carried forward	25,762	59,492
Advances given to sub-contractors	--	53,123
Other	8	3,343
	<u>25,770</u>	<u>115,958</u>

As at 30 September 2015 VAT carried forward is comprised of VAT receivables of HEPP Group, Akfen REIT and Akfen Thermal Energy amounting TL 20,014, TL 1,271, and TL 4,477, respectively.

As at 30 September 2015, the major part of the advances given to subcontractors are comprised of advances given by Akfen Construction for Isparta City Hospital, İncek Loft project, hotel projects and hydroelectrical power plant projects amounting TL 24,156. TL 19,219, TL 4,590 and TL 2,280, respectively.

**Other non-current assets**

As at 30 September 2015 and 31 December 2014, other non-current assets comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
VAT carried forward	89,807	101,967
Taxes and funds to be refunded through progress	--	1,235
Other	762	42
	<u>90,569</u>	<u>103,244</u>

As at 30 September 2015, TL 54,693 of VAT carried forward arises from the VAT payments made for investments in hydroelectrical power plants (31 December 2014: TL 70,390). Since these hydroelectrical power plants are in construction process Group does not have enough VAT liability to offset. Akfen REIT has VAT carried forward amounting to TL 35,114 (31 December 2014: TL 51,577). 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.



**Akfen Holding Anonim Şirketi**

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**20 PREPAID EXPENSES AND INCOMES**

**Prepaid Expenses**

As at 30 September 2015 and 31 December 2014, current prepaid expenses are as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Prepaid expenses (*)	4,758	2,423
Advances given	1,239	4,676
Advances given to personnel	163	288
Job advances	176	418
	<b>6,336</b>	<b>7,805</b>

As at 30 September 2015 and 31 December 2014, non-current prepaid expenses are as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Prepaid expenses (*)	11,736	8,550
Advances given	5,960	5,783
	<b>17,696</b>	<b>14,333</b>

(\*) Akfen Karaköy took over the “Conditional Construction Lease Agreement” on 22 June 2011 that was signed between 1. Regional Directorate of Foundations and ‘Hakan Mining ve Elektrik Üretim Sanayi Ticaret A.Ş. (“Hakan Mining”) under the build-operate-transfer model for a period of 49 years on 1 September 2009 for the land in İstanbul, Beyoğlu, Kemankeş district, Rihtim Street, 121-77 map section, 28-60 parcels. Transfer payment, which also includes the 5 years of rent prepaid by Hakan Mining, 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 2015 the amount of expenses paid in advance for short and long-term is TL 211 (31 December 2014: TL 196) and TL 7,635 (31 December 2014: TL 7,771), respectively. As at 30 September 2015, TL 3,864 of the long-term prepaid expenses is related to the advance payment of the commission and attorney costs for Akfen REIT’S 10-year refinancing loan amounting to EUR 116,000,000. (31 December 2014: None).

**Deferred income**

As at 30 September 2015 and 31 December 2014, the detail of current deferred income is as follows:

	<b><u>30 September 2015</u></b>	<b><u>31 December 2014</u></b>
Advances received	546	278,717
Deferred income	--	55
	<b>546</b>	<b>278,772</b>

As at 30 September 2015, Akfen Construction is included in asset classified as held for sale and liabilities classified as held for sale and due to this reason there is no trade receivables from third parties due to this reason received advances is decreased. As at 31 December 2014, TL 272,396 of advances received arises from advances taken from apartment sales in İncek Loft project of Akfen Construction.

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

#### As at and For the Nine Month Period Ended 30 September 2015

(Currency: Thousands of TL)

21

### EQUITY

As at 30 September 2015, Akfen Holding had 261,900,000 shares, each has full TL 1 of nominal value. As at 30 September 2015, the whole of TL 261,900 capital was paid.

	<u>30 September 2015</u>	<u>31 December 2014</u>
Registered equity ceiling	1,000,000	1,000,000
Paid in capital	261,900	291,000

57,458,736 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 204,441,264 B Group shares are wholly bearer shares

	<u>30 September 2015</u>		<u>31 December 2014</u>	
	<u>Share Amount</u>	<u>Ownership Rate %</u>	<u>Share Amount</u>	<u>Ownership Rate %</u>
Hamdi Akın (*)	198,500	75.79	198,500	68.21
Akfen Holding A.Ş. (**)	7,990	3.05	7,990	2.75
Other Partners	2,278	0.87	2,278	0.78
Public Shares (***)	53,132	20.29	82,232	28.26
<b>Paid in Capital (nominal)</b>	<b>261,900</b>	<b>100</b>	<b>291,000</b>	<b>100</b>

\* There are 109,074 shares belonging to Hamdi Akın in the publicly owned section of shares. Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on the BİAŞ.

\*\* Publicly owned.

\*\*\* As at 30 September 2015 there are 6,829,508 shares of Akfen Holding, 2.61% of the paid-in capital, which are public in nature and so 14,1819,314 shares in total are being held by Akfen Holding, which make up 5.66% of the paid-in capital of the Company (As at 31 December 2014 there are 29,100,00 Akfen Holding shares held by Akfen Holding, 10% of the paid-in capital, which are public in nature).

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

Concessions related with 57,458,736 shares in Group A are as follows:

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

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 2015, 40,000,000 Akfen Holding shares owned by Hamdi Akın has been presented as sureties for the loans used by Akfen Holding and Akfen Construction.

#### Dividend Payments

As a result of the General Assembly held on 16 April 2015, Company decided to distribute dividend from the profit of 2014 and previous years with a gross amount of TL 20,000 (full TL 0.076365 gross per share, which is full TL 1 nominal value) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 28 April 2015 and completed on 30 April 2015.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**21 EQUITY (continued)**

*Dividend Payments (continued)*

As a result of the General Assembly held on 28 April 2014, Company decided to distribute dividend from the profit of 2013 (none) and previous years (2007) with a gross amount of TL 12.000 (full TL 0.041237 gross per share) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 15 May 2014 and completed on 20 May 2014.

*Treasury shares*

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

In the framework of the Buy Back Programme approved at the General Assembly of the Company on 15 January 2015, as at 30 September 2015, 6,829,508 Akfen Holding A.Ş. shares were purchased by Akfen Holding amounting to TL 42,506, The Company holds 7,989,806 Akfen Holding shares, acquired within the previous share buyback program. As at 30 September 2015 in total share purchases have reached 14,819,314 shares, making up 5.66% of the Company's paid-in capital. As at 30 September 2015, share purchases amounted to TL 76,029 (31 December 2014: TL 167,264).

*Translation reserve*

As at 30 September 2015 the translation reserve amounting to TL 259,585 (31 December 2014: TL 81,675) is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, Akfen Water, TAV Investment, Akfen REIT, Akfen Construction and TAV Airports from their functional currency of USD and EUR to the presentation currency TL and is recognized in equity.

*Restricted reserves allocated from profit*

Article 520 of Law No. 6102 foresees reserves equaling to the acquisition value for bought back shares. As at 30 September 2015 the Group allocated reserves in consolidated financial statements that includes the amount of restricted reserves for bought back shares allocated from profit amounting to TL 76,029 (31 December 2014: TL 167,264).

*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 2015 the total hedging reserves for TAV Airports, Isparta Şehir Hastanesi Yatırım İşletmeleri A.Ş. and İDO amounting to TL 21,927 (TAV Airports: TL 9,564, İDO: TL 8,180 and Isparta Şehir Hastanesi Yatırım İşletmeleri A.Ş.: TL 4,184) is recognized in equity and it is related to the interest rate and cross currency swap contracts made by TAV Airports and the interest rate swap contracts made by Isparta Şehir Hastanesi Yatırım İşletmeleri A.Ş. and İDO (31 December 2014: TL 18,573 (TAV Airports TL 16,161, İDO: TL 2,413)).

*Entities under common control*

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**21 EQUITY (continued)**

***Revaluation surplus***

The customer relationship and DHMI license were remeasured to their fair values by TAV Airports in 2007, The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Airports. In addition, vessels owned by İDO have been revaluated in 2013 and respective revaluation increase is shown under revaluation reserve in financial statements.

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 30 September 2015 and 31 December 2014.

***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 REIT increased its capital by TL 46,000 upon the decision of the Board of Directors dated 24 January 2011. 46,000,000 shares corresponding to this increase and total 54,117,500 Akfen REIT shares with TL 54,118 nominal value and 8,117,500 shares of Akfen REIT held by Akfen Holding corresponding to TL 8,118 were offered to public on 11 May 2011. In the following days, Akfen Holding repurchased total 8,040,787 shares in order to provide price stability of Akfen REIT shares. After these transactions ownership has changed without losing control, and these transactions were recognized under the share premium item after the transaction costs were netted off.

Group's share on Akfen REIT's total share has reached 56.88% as at 30 September 2015, after the purchases number of shares belonging to Akfen Holding has reached 104,656,831 and 9,500,447 (5.16% of total shares) of them are publicly traded on the BİAŞ.

***Non-controlling interests***

The shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' item in the consolidated financial statement.

As at 30 September 2015 and 31 December 2014, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 340,255 and TL 374,865 respectively. In addition, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the periods ended 30 September 2015 and 2014 are TL (39,049) and TL 9,397, respectively.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(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 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
Revenue from construction (*)	132,983	51,917	--	--
Revenue from electricity sales	120,518	25,337	46,564	13,747
Rent income from investment property	39,902	15,985	37,613	12,932
Other	342	211	249	70
	<b>293,745</b>	<b>93,450</b>	<b>84,426</b>	<b>26,749</b>

(\*) TL of 132,374 construction revenues arises from Isparta City Hospital's revenue within TFRIC 12.

As at 30 September 2015, the amount of other sales revenues comes from Akfen REIT's interest incomes.

**22.2 Cost of sales**

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

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
Costs from construction (*)	121,292	46,575	--	--
Outsourcing expenses	20,610	9,144	16,329	8,502
Depreciation and amortization	19,495	7,342	12,765	4,290
Personnel expenses	6,597	2,395	4,613	1,569
Insurance expenses	3,862	1,519	3,067	1,216
Rent expenses	3,688	1,272	3,142	1,057
Construction contract cost	923	122	777	67
Other	5,343	1,842	3,045	1,200
	<b>181,810</b>	<b>70,211</b>	<b>43,738</b>	<b>17,901</b>

(\*) Construction costs arise from Isparta City Hospital's cost within TFRIC 12.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**23 SELLING, 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 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
Personnel expenses	23,287	7,681	19,663	6,387
Advertisement expenses	9,346	1,676	10,259	1,839
Grant and charities	5,648	1,331	401	66
Rent expenses	3,385	1,153	2,807	932
Consultancy expenses	2,984	1,071	2,749	553
Travel expenses	1,558	348	1,378	360
Taxes and duties	1,329	193	3,338	658
Depreciation and amortization	1,276	427	1,045	384
General office expenses	928	315	823	318
Outsourcing expenses	899	120	507	88
Office supplies expenses	717	221	484	134
Representation expenses	378	111	663	267
Insurance expenses	214	102	164	65
Other	2,504	710	2,069	399
	<b>54,453</b>	<b>15,459</b>	<b>46,350</b>	<b>12,450</b>

**24 OTHER INCOME/EXPENSE**

**Other operating income:**

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

	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>	<u>1 January-30</u> <u>September</u> <u>2014</u>	<u>1 July-30</u> <u>September</u> <u>2014</u>
Insurance compensation income	19,434	--	--	--
Notes receivables discount income	3,318	175	--	--
Trade receivables/payables foreign exchange income	1,306	1,276	578	62
Rent income	1,052	1,052	110	28
Provision cancelation	--	--	6,078	(71)
Guarantee income	--	--	4,151	--
Scrap sales income	--	--	565	--
Other	15,421	4,900	15,331	12,781
	<b>40,531</b>	<b>7,403</b>	<b>26,813</b>	<b>12,800</b>

As at 30 September 2015, TL 14,243 and TL 5,191 of insurance income arises from the income obtained from the insurance company as a result of damage occurred in HEPP projects and Akfen Construction.

As at 30 September 2015, TL 12,184 is derived from the severance amount received from the Moscow government on 3 July 2014 since the Group won the lawsuit related to Moscow project that Akfen REIT is planning to develop in Russia.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**24 OTHER INCOME/EXPENSE (continued)**

**Other operating expense:**

For the periods ended 30 September, other expenses comprised the following:

	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>	<u>1 January-30</u> <u>September</u> <u>2014</u>	<u>1 July-30</u> <u>September</u> <u>2014</u>
Fixed asset selling loss (*)	1,893	--	--	--
Exchange arising from trade receivables and payables	94	(75)	495	300
Rediscount loss on notes receivable	--	--	9,166	(1,969)
Other	2,719	(56)	3,786	1,344
	<b>4,706</b>	<b>(131)</b>	<b>13,447</b>	<b>(325)</b>

(\*) As at 30 September 2015, arises from transfer of energy transmission line from Yenidoruk to TEİAŞ.

**25 FINANCIAL INCOME**

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

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
Foreign exchange gain	19,270	1,575	23,556	(6,770)
Interest income	5,138	3,484	5,957	1,265
Unearned interest income, net	--	--	2,746	493
	<b>24,408</b>	<b>5,059</b>	<b>32,259</b>	<b>(5,012)</b>

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

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
Foreign currency translation differences	11,311	(12,254)	(22,013)	(16,646)
Unearned interest expense, net	(5,230)	(4,241)	--	--
Other	1,046	848	--	--
	<b>7,127</b>	<b>(15,647)</b>	<b>(22,013)</b>	<b>(16,646)</b>

As at 30 September 2015, foreign exchange translation differences accounted under equity amounting to TL 259,585 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Investment, Akfen Water, Akfen REIT, Akfen Construction and TAV Airports conversion from their functional currency of USD and EUR to the presentation currency of TL (31 December 2014: TL 81,675, TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT and TAV Airports).

As at 30 September 2015, finance income/(expense) accounted under other comprehensive income arises from MIP, TAV Investment, Akfen Water, Akfen REIT, Akfen Construction, HEPP Group and TAV Airports.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**26 FINANCIAL EXPENSE**

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

	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>	<u>1 January-30</u> <u>September</u> <u>2014</u>	<u>1 July-30</u> <u>September</u> <u>2014</u>
Interest expense	353,258	219,637	68,594	45,786
Foreign exchange losses	158,649	71,387	80,857	27,287
Unearned interest expense, net	18,162	12,005	--	--
Other	9,065	4,595	2,370	85
	<b>539,134</b>	<b>307,624</b>	<b>151,821</b>	<b>73,158</b>

**27 ASSET CLASSIFIED AS HELD FOR SALE**

According to the Board Decision dated 13 July 2015 it is decided to dispose the shares of Akfen Construction due to high amount of investment requirement and potential negative impact on dividend distribution of Akfen Holding as a result of equity need and to replace the disposed shares of Akfen Construction, it is decided to purchase shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio.

As at 30 September 2015, Akfen Construction is included in asset classified as held for sale, at an amount of TL 1,007,744 and liabilities classified as held for sale at an amount of TL 688,075.



**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

28

**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 2015, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

<b>Country</b>	<b>Tax rate</b>
Tunus	25
Gürcistan	15
Mısır	25
Makedonya	10
Letonya	15
Libya	20
Katar	10
Umman	12
Kıbrıs	23.5
Suudi Arabistan	20
Rusya	20

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

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

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

Tunisian corporate income tax is levied at a rate of 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%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

28

**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.

**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.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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(Currency: Thousands of TL)

**28 TAXATION (continued)**

**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.

**28.1 Taxation income/(expense)**

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

	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>	<u>1 January-30</u> <u>September 2014</u>	<u>1 July-30</u> <u>September 2014</u>
Corporate tax expense	(3,380)	(1,680)	(3,288)	(1,215)
Deferred tax benefit/(expense)	54,419	38,255	21,269	15,256
<b>Tax expense recognized in profit / loss</b>	<b>51,039</b>	<b>36,575</b>	<b>17,981</b>	<b>14,041</b>
Deferred tax expense recognized in comprehensive income	1,046	848	--	--
	<b>52,085</b>	<b>37,423</b>	<b>17,981</b>	<b>14,041</b>

**28.2 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 2015 and 31 December 2014 were attributable to the items detailed in the table below:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>30</u> <u>September</u> <u>2015</u>	<u>31</u> <u>December</u> <u>2014</u>	<u>30</u> <u>September</u> <u>2015</u>	<u>31</u> <u>December</u> <u>2014</u>	<u>30</u> <u>September</u> <u>2015</u>	<u>31</u> <u>December</u> <u>2014</u>
Trade and other receivables	--	7,225	--	--	--	7,225
Tangible and intangible fixed assets	33,303	35,181	(16,576)	(17,597)	16,727	17,584
Investment incentives	11,895	12,888	--	--	11,895	12,888
Investment properties	--	--	(73,360)	(72,284)	(73,360)	(72,284)
Tax losses carried forward	60,849	34,572	--	--	60,849	34,572
Loans and borrowings	--	147	--	(129)	--	18
Other temporary differences	165	626	(375)	--	(210)	626
<b>Subtotal</b>	<b>106,212</b>	<b>90,639</b>	<b>(90,311)</b>	<b>(90,010)</b>	<b>15,901</b>	<b>629</b>
Net-off tax	(12,269)	(13,182)	12,269	13,182	--	--
<b>Total deferred tax assets/(liabilities)</b>	<b>93,943</b>	<b>77,457</b>	<b>(78,042)</b>	<b>(76,828)</b>	<b>15,901</b>	<b>629</b>

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**28 TAXATION (continued)**

**28.2 Deferred tax assets and liabilities (continued)**

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years, Group management has assessed that it is possible for the Company to have taxable profit in the years ahead and as at 30 September 2015 has reflected TL 60,849 (31 December 2014: TL 34,572) of deferred tax assets arising from tax losses to its consolidated financial statements

*Unrecognized deferred tax assets and liabilities*

At the balance sheet date, the Group has statutory tax losses of TL 158,887 (31 December 2014: TL 132,089) available for offset against future profits that is unused. TL 31,777 deferred tax asset (31 December 2014: TL 26,418) was not recorded since the profit for the future cannot be estimated. The expiry dates of previous years' losses that are not recognized as deferred tax asset are as follows.

	<u>30 September 2015</u>	<u>31 December 2014</u>
2015	58	58
2016	35,407	37,867
2017	5,044	5,741
2018	50,005	50,005
2019	38,418	38,418
2020	29,955	--
	<b>158,887</b>	<b>132,089</b>

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

**29 EARNINGS PER SHARE**

For the periods ended 30 September 2015 and 30 September 2014 amounts of earning per share as TL (309,382) and TL 8,917, 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 2015</u>	<u>1 July-30 September 2015</u>	<u>1 January-30 September 2014</u>	<u>1 July-30 September 2014</u>
Income/(loss) on attributable to main shareholders of the Company	(309,382)	(202,716)	8,917	(33,000)
The weighted average number of shares outstanding during the period(*)	252,473,576	251,176,170	260,341,079	257,905,097
<b>(Loss)/Profit per share from operations (full TL)</b>	<b>(1.225)</b>	<b>(0.807)</b>	<b>0.034</b>	<b>(0.128)</b>

(\*) Earnings per share calculation is done by excluding 37,089,806 shares of Akfen Holding at the beginning of the period and 6,829,508 share purchases of Akfen Holding during the period.

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**30 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.

**30.1 Related party balances**

As at 30 September 2015 and 31 December 2014, short term receivables and payables balances are as follows:

	<u>30 September</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Trade receivables	769	822
Non-trade receivables	254	652
	<u>1,023</u>	<u>1,474</u>
Trade payables	2,218	1,530
Non-trade payables	16,799	25,911
	<u>19,017</u>	<u>27,441</u>

As at 30 September 2015 and 31 December 2014, long term receivables and payables balances are as follows:

	<u>30 September</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
Non-trade receivables	5,094	51,690
	<u>5,094</u>	<u>51,690</u>
Trade payables	--	39
Non-trade payables	8,683	7,737
	<u>8,683</u>	<u>7,776</u>

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

As at 30 September 2015 and 31 December 2014, the Group had the following long term non trade receivables from its related parties

	<u>30 September</u> <u>2015</u>	<u>31 December</u> <u>2014</u>
<i>Due from related parties (long term-non trade):</i>		
Akfen Water	4,469	--
İDO	66	31,665
Hyper Foreign Holland N.V.	--	7,373
Hacettepe Teknokent	--	9,114
Other	559	3,538
	<u>5,094</u>	<u>51,690</u>

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**30 RELATED PARTY DISCLOSURES (continued)**

**30.1 Related party balances (continued)**

As at 30 September 2015 and 31 December 2014, the Group had the following short term non trade payables to its related parties:

	<b><u>30 September</u></b>	<b><u>31 December</u></b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
<i>Due to related parties (short term-non trade):</i>		
Adana İpekyolu (*)	16,645	17,109
Akfen Gayrimenkul Geliştirme ve Ticaret A.Ş.	--	8,502
Other	154	300
	<b><u>16,799</u></b>	<b><u>25,911</u></b>

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

As at 30 September 2015 and 31 December 2014, the Group had the following long term non trade payables to its related parties:

	<b><u>30 September</u></b>	<b><u>31 December</u></b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
<i>Due to related parties (long term-non trade):</i>		
TAV Yatırım	8,683	7,737
	<b><u>8,683</u></b>	<b><u>7,737</u></b>

**30.2 Related party transactions**

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

<i>Services rendered to related parties:</i>	<b><u>30 September 2015</u></b>		<b><u>30 September 2014</u></b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>
TAV Airports	20,094	Electric Sales Revenue	17,205	Electric Sales Revenue
MIP	5,123	Electric Sales Revenue	--	Electric Sales Revenue
MIP	1,052	Rental Revenue	--	Rental Revenue
İDO	2,402	Electric Sales Revenue	2,259	Electric Sales Revenue
İDO	734	Financial Income	960	Financial Income
Hacettepe Teknokent	475	Financial Income	313	Financial Income
Akfen Water	532	Electric Sales Revenue	331	Electric Sales Revenue
Akfen Gayrimenkul Geliştirme ve Ticaret A.Ş.	1,823	Financial Income	--	Financial Income
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.	--	Financial Income	150	Financial Income
Other	320	Financial Income	119	Financial Income
	<b><u>32,555</u></b>		<b><u>21,337</u></b>	

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

<i>Services obtained from related parties:</i>	<b><u>30 September 2015</u></b>		<b><u>30 September 2014</u></b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	3,362	Buying	2,451	Buying
	<b><u>3,362</u></b>		<b><u>2,451</u></b>	

**30.3 Key management personnel compensation**

As at 30 September 2015, total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 5,114 (30 September 2014: TL 3,956).

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**31 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:

30 September 2015	Receivables				Deposits on Bank	Other
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>769</b>	<b>40,567</b>	<b>5,348</b>	<b>15,806</b>	<b>109,629</b>	<b>--</b>
- Portion of maximum risk covered any guarantee	--	--	--	--	--	--
<b>A. Net carrying value of financial assets which are not impaired or overdue (2)</b>	769	40,567	5,348	15,806	--	--
<b>B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)</b>	--	--	--	--	--	--
<b>C. Net carrying value of financial assets which are overdue but not impaired (6)</b>	--	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--	--
<b>D. Net carrying value of impaired assets (4)</b>	--	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
<b>E. Off balance sheet items with credit risks</b>	--	--	--	--	--	--
30 September 2015	Alacaklar					
	Ticari Alacaklar	Diğer Alacaklar				
Past due 1-30 days	--	--				
Past due 3-12 months	--	--				
Past due 1-5 years	--	--				
More than 5 years	--	--				
Total undue receivables	--	--				
Total allowances	--	--				
Amount secured by guarantees etc.	--	--				

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

**Credit risk (continued)**

31 December 2014	Receivables				Deposits on Bank	Other
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>822</b>	<b>249,845</b>	<b>52,342</b>	<b>16,574</b>	<b>63,439</b>	<b>--</b>
- Portion of maximum risk covered any guarantee (*)	--	5,755	--	--	--	--
<b>A, Net carrying value of financial assets which are not impaired or overdue (2)</b>	822	232,988	52,342	16,574	63,439	--
<b>B, Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)</b>	--	--	--	--	--	--
<b>C, Net carrying value of financial assets which are overdue but not impaired (6)</b>	--	16,857	--	--	--	--
- The portion covered by any guarantee	--	5,755	--	--	--	--
<b>D, Net carrying value of impaired assets (4)</b>	--	--	--	--	--	--
- Past due (gross book value)	--	1,034	--	--	--	--
- Impairment (-)	--	(1,034)	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
<b>E, Off balance sheet items with credit risks</b>	--	--	--	--	--	--
31 December 2014	Receivables					
	Trade Receivables	Other Receivables				
Past due 1-30 days	8,435	--				
Past due 1-3 months	81	--				
Past due 3-12 months	8,782	--				
Past due 1-5 years	593	--				
More than 5 years	17,891	--				
Total undue receivables	(1,034)	--				
Total allowances	5,755	--				

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



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

**Impairment**

Movement in the allowance for doubtful receivables for the years ended 30 September 2015 and 31 December 2014 was as follows:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Balance at the beginning of the period	(1,034)	(1,175)
Transfers to asset classified as held for sale	1,034	--
Provision cancelation	--	151
Foreign exchange difference	--	(10)
<b>Balance at the end of the period</b>	<b>--</b>	<b>(1,034)</b>

**Liquidity risk**

The following tables provide an analysis of financial liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 30 September 2015:

<u>30 September 2015</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>
<b>Financial liabilities</b>							
Loans and borrowings	6	1,891,658	(2,443,498)	(46,066)	(334,622)	(1,042,926)	(1,019,884)
Bonds	6	404,555	(487,958)	(6,438)	(48,061)	(433,459)	--
Trade payables	7	27,864	(27,864)	(5,230)	(22,634)	--	--
Due from related parties	7-8-30	27,699	(27,699)	(161)	(18,855)	(8,683)	--
Other payables (*)		10,483	(10,483)	(5,052)	(1,865)	(3,566)	--
<b>Total</b>		<b>2,362,259</b>	<b>(2,997,502)</b>	<b>(62,947)</b>	<b>(426,037)</b>	<b>(1,488,634)</b>	<b>(1,019,884)</b>

(\*) The non-financial instruments such as deposits and advances received, deferred income 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 2014:

<u>31 December 2014</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>
<b>Financial liabilities</b>							
Loans and borrowings	6	1,367,115	(1,599,463)	(81,723)	(319,560)	(934,997)	(263,183)
Bonds	6	410,951	(520,991)	(18,464)	(30,424)	(472,103)	--
Trade payables	7	37,657	(37,991)	(7,937)	(21,682)	(8,372)	--
Due from related parties	7-8-30	35,217	(35,217)	(236)	(27,205)	(7,776)	--
Other payables (*)		13,237	(13,237)	(3,669)	(4,761)	(4,807)	--
<b>Total</b>		<b>1,864,177</b>	<b>(2,206,899)</b>	<b>(112,029)</b>	<b>(403,632)</b>	<b>(1,428,055)</b>	<b>(263,183)</b>

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

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

**Currency risk**

**Exposure to currency risk**

As at 30 September 2015, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	<b>30 September 2015</b>			
	<b>TL</b>			
	<b>Equivalent</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other (*)</b>
1. Trade receivables	22,141	248	171	20,801
2a. Monetary Financial Assets (including Cash	89,218	19,912	8,289	262
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	38,098	9,027	3,073	114
<b>4. Current Assets (1+2+3)</b>	<b>149,457</b>	<b>29,187</b>	<b>11,533</b>	<b>21,177</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	27,906	4,084	4,523	--
<b>8. Non-current Assets (5+6+7)</b>	<b>27,906</b>	<b>4,084</b>	<b>4,523</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>177,363</b>	<b>33,271</b>	<b>16,056</b>	<b>21,177</b>
10. Trade Payables	21,611	4,619	1,796	1,409
11. Financial Liabilities	405,440	74,762	52,004	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-monetary Liabilities	9,357	194	2,234	1,125
<b>13. Short Term Liabilities (10+11+12)</b>	<b>436,408</b>	<b>79,575</b>	<b>56,034</b>	<b>2,534</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	1,689,058	273,115	250,757	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4,052	1,133	176	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,693,110</b>	<b>274,248</b>	<b>250,933</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>2,129,518</b>	<b>353,823</b>	<b>306,967</b>	<b>2,534</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(1,952,155)</b>	<b>(320,552)</b>	<b>(290,911)</b>	<b>18,643</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7,B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(2,004,750)</b>	<b>(332,336)</b>	<b>(296,097)</b>	<b>19,654</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

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

**Currency risk (continued)**

**Exposure to currency risk (continued)**

As at 31 December 2014, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	<b>31 December 2014</b>			
	<b><u>TL Equivalent</u></b>	<b><u>US Dollar</u></b>	<b><u>Euro</u></b>	<b><u>Other (*)</u></b>
1. Trade receivables	8,296	64	427	6,941
2a. Monetary Financial Assets (including Cash)	25,313	7,064	3,038	363
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	35,695	11,653	3,012	176
<b>4. Current Assets (1+2+3)</b>	<b>69,304</b>	<b>18,781</b>	<b>6,477</b>	<b>7,480</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-monetary Financial Assets	--	--	--	--
7. Other	51,233	17,537	3,612	380
<b>8. Non-current Assets (5+6+7)</b>	<b>51,233</b>	<b>17,537</b>	<b>3,612</b>	<b>380</b>
<b>9. Total Assets (4+8)</b>	<b>120,537</b>	<b>36,318</b>	<b>10,089</b>	<b>7,860</b>
10. Trade Payables	11,573	1,902	1,874	1,876
11. Financial Liabilities	295,144	74,934	43,032	--
12a. Other Monetary Liabilities	5,448	--	1,931	--
12b. Other Non-monetary Liabilities	6,545	77	1,934	910
<b>13. Short Term Liabilities (10+11+12)</b>	<b>318,710</b>	<b>76,913</b>	<b>48,771</b>	<b>2,786</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	1,002,926	252,900	147,650	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4,591	1,359	510	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,007,517</b>	<b>254,259</b>	<b>148,160</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,326,227</b>	<b>331,172</b>	<b>196,931</b>	<b>2,786</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(1,205,690)</b>	<b>(294,854)</b>	<b>(186,842)</b>	<b>5,074</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7,B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,281,482)</b>	<b>(322,608)</b>	<b>(191,022)</b>	<b>5,428</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Currency risk (continued)**

**Sensitivity analysis**

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

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

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

<b>Currency Sensitivity Analysis</b>				
<b>30 September 2015</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(97,553)	97,553	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	<b>(97,553)</b>	<b>97,553</b>	<b>--</b>	<b>--</b>
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(99,526)	99,526	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	<b>(99,526)</b>	<b>99,526</b>	<b>--</b>	<b>--</b>
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1,165	(1,165)	699	699
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	<b>1,165</b>	<b>(1,165)</b>	<b>699</b>	<b>699</b>
<b>TOTAL (3+6+9)</b>	<b>(195,914)</b>	<b>195,914</b>	<b>699</b>	<b>699</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

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

**Currency risk (continued)**

**Sensitivity analysis (continued)**

<b>Currency Sensitivity Analysis</b>				
<b>31 December 2014</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(68,374)	68,374	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	<b>(68,374)</b>	<b>68,374</b>	<b>--</b>	<b>--</b>
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(52,703)	52,703	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	<b>(52,703)</b>	<b>52,703</b>	<b>--</b>	<b>--</b>
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	508	(508)
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	<b>--</b>	<b>--</b>	<b>508</b>	<b>(508)</b>
<b>TOTAL (3+6+9)</b>	<b>(121,077)</b>	<b>121,077</b>	<b>508</b>	<b>(508)</b>

**Interest rate risk**

**Profile**

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

	<b><u>30 September</u></b> <b><u>2015</u></b>	<b><u>31 December</u></b> <b><u>2014</u></b>
<b>Fixed rate instruments</b>		
Financial assets	98,803	58,263
Financial liabilities	1,535,328	865,946
<b>Variable rate instruments</b>		
Financial assets	--	--
Financial liabilities	760,884	912,120

**Fair value sensitivity analysis for fixed rate instruments:**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect equity.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

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

**Interest rate risk (continued)**

**Cash flow sensitivity analysis for variable rate instruments:**

When the debt profile of the Group is considered, 100 base points increase in TL Benchmark Interest Rate, Euribor or Libor rate, caused to approximately TL 7,609 (31 December 2014: TL 9,121) increase in the annual interest costs of floating interest rate liabilities of the Group.

As at 30 September 2015 and 31 December 2014, a one basis point increase in interest rates would affect the consolidated comprehensive income in the following way. All variables are assumed constant including foreign exchange rates during analysis.

<b>Interest rate profile</b>		<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Fixed Rate Financial Instruments</b>			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
<b>Variable Rate Financial Instruments</b>		--	--
Financial Assets		--	--
Financial Liabilities		(7,609)	(9,121)

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

(Currency: Thousands of TL)

**31 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 2015 and 31 December 2014, net financial liabilities/equity ratios are as follows:

	<b><u>30 September</u></b>	<b><u>31 December</u></b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
Total financial liabilities	2,296,213	1,778,066
Cash and banks	(109,973)	(63,736)
Net financial liabilities	2,186,240	1,714,330
Equity	1,477,480	1,671,706
Net financial liability/equity ratio	1.48	1.03

As at 30 September 2015 Akfen Holding shares purchased within the "Buy Back Programme" by Akfen Holding amounting to TL 76,029 (31 December 2014: TL 167,264) were not included in cash and banks.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2015**

*(Currency: Thousands of TL)*

**32 SUBSEQUENT EVENTS**

**Akfen Holding and Its Subsidiaries:**

**Akfen Holding:**

In the contract for the sale of the shares of Tüvtürk Kuzey-Tüvtürk Güney, Tüvtürk İstanbul and AIH Muayene to Bridgepoint Capital Ltd. signed on October 27, 2009, there were two types of payment for the share price; advance payment and conditional payment. Contingent payment was to be calculated according to the terms of the realization rates in case of the fulfillment of conditions specified in the contract. Both parties confirmed in a written manner on 15 October 2015 that since these conditions were not fulfilled there will not be any payment.

According to Company's board decision dated 13 July 2015 and numbered 2015/16 it was decided that 99.85% stake in Akfen Construction would be transferred to our related party Akfen Altyapı Danışmanlık A.Ş. at a value of USD 58,911,500 and the related share transfer agreement was signed on 24 July 2015. The conditions of the closing were met and the transaction was completed as of 30 October 2015.

**HEPP Group ve WPP Group:**

The European Bank for Reconstruction and Development (EBRD) is considering an equity investment in Akfen Holding's subsidiaries Akfen HEPP that owns special purpose companies investing in hydro power plants, Akfen WPP that owns special purpose companies investing in wind power plants and Karine Enerji Üretim Sanayi ve Ticaret A.Ş. that owns special purpose companies investing in solar power plants, which Company will take over once the closing conditions are met in line with the signed share transfer agreement as announced on 24 July 2015. There is no signed agreement between EBRD and Company yet, currently negotiations are ongoing with regards to the main issues.

**Equity Accounted Investees:**

**TAV Airports:**

TAV Airports has undertaken the operation of International Terminal of Milas-Bodrum Airport, in addition to its domestic terminal. Being awarded the tender held in July 2014 for a bid amount of EUR 717 million + VAT, TAV Airports will operate Milas-Bodrum Airport until 2035.

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

None.