

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

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

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

**Akfen Holding Anonim Şirketi**

Consolidated Balance Sheet as at 30 September 2016

(Currency: Thousands of TL)

ASSETS	<u>Footnote Reference</u>	<u>Not Audited 30 September 2016</u>	<u>Audited Restated 31 December 2015</u>	<u>Audited Restated 1 January 2015</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6	135,707	39,315	74,310
Financial Investments		51,877	--	--
- <i>Restricted Bank Balances</i>	7	51,877	--	--
Trade Receivables		21,229	33,811	115,109
- <i>Trade Receivables Due From Related Parties</i>	9-32	5,582	1,859	888
- <i>Trade Receivables Due From Unrelated Parties</i>	9	15,647	31,952	114,221
Other Receivables		1,071	100,174	2,190
-Other Receivables Due From Related Parties	10-32	--	99,587	652
-Other Receivables Due From Unrelated Parties	10	1,071	587	1,538
Inventories		--	--	252,387
Prepayments	22	12,575	16,378	8,174
Current Tax Assets		175	964	7,729
Other current assets		9,326	20,215	115,974
<b>SUB-TOTAL</b>		<b>231,960</b>	<b>210,857</b>	<b>575,873</b>
<b>Disposal Groups Classified as Held for Sale</b>	<b>12</b>	<b>1,952,481</b>	<b>--</b>	<b>--</b>
<b>Total current assets</b>		<b>2,184,441</b>	<b>210,857</b>	<b>575,873</b>
<b>NON-CURRENT ASSETS</b>				
Financial Investments	7	--	47,664	--
Trade Receivables		52,519	50,073	135,624
-Trade Receivables Due from Related Parties	9-32	42,301	38,583	
-Trade Receivables Due From Unrelated Parties	9	10,218	11,490	135,624
Other Receivables		279,434	451,419	66,282
-Other Receivables Due From Related Parties	10-32	276,093	431,387	51,690
-Other Receivables Due From Unrelated Parties	10	3,341	20,032	14,592
Investments accounted for using equity method	13	907,836	864,249	631,082
Investment property	14	--	1,428,361	1,351,891
Property, plant and equipment	15	860,910	884,856	879,245
Intangible assets and goodwill		53,641	87,313	89,283
- <i>Goodwill</i>		3,309	3,309	3,309
-Other intangible assets	16	50,332	84,004	85,974
Prepayments	22	5,074	16,903	14,333
Deferred Tax Asset	30	59,259	69,521	77,457
Other Non-current Assets	21	60,351	101,291	103,585
<b>Total non-current assets</b>		<b>2,279,024</b>	<b>4,001,650</b>	<b>3,348,782</b>
<b>Total assets</b>		<b>4,463,465</b>	<b>4,212,507</b>	<b>3,924,655</b>

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

**Akfen Holding Anonim Şirketi**

Consolidated Balance Sheet as at 30 September 2016

(Currency: Thousands of TL)

LIABILITIES AND EQUITY	<u>Footnote Reference</u>	<u>Not Audited 30 September 2016</u>	<u>Audited Restated 31 December 2015</u>	<u>Audited Restated 1 January 2015</u>
<b>CURRENT LIABILITIES</b>				
Current Borrowings	8	4,502	42,728	31,809
Current Portion of Non-current Borrowings	8	764,165	337,288	331,719
Trade Payables		23,471	40,612	31,171
-Trade Payables to Related Parties	9-32	11,499	8,678	1,530
-Trade Payables to Unrelated Parties	9	11,972	31,934	29,641
Other Payables		3,468	19,480	50,253
-Other Payables to Related Parties	10-32	--	8,153	34,344
-Other Payables to Unrelated Parties	10	3,468	11,327	15,909
Employee Benefit Obligations		581	839	571
Deferred Income		--	683	278,772
Current provisions		2,026	2,335	3,655
-Current provisions for employee benefits	18-20	2,026	2,335	3,655
Other Current Liabilities		280	--	1,476
<b>SUB-TOTAL</b>		<b>798,493</b>	<b>443,965</b>	<b>729,426</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>12</b>	<b>851,857</b>	<b>--</b>	<b>--</b>
<b>Total current liabilities</b>		<b>1,650,350</b>	<b>443,965</b>	<b>729,426</b>
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	8	956,683	1,928,739	1,423,549
Other financial liabilities		131,755	--	--
-Related to non-controlling interests, sales optional liabilities	23	131,755	--	--
Trade Payables		4,057	1,462	8,431
-Trade Payables To Related Parties	32	2,771	1,411	39
-Trade Payables To Unrelated Parties		1,286	51	8,392
Other Payables		10,613	14,060	12,408
-Other Payables to Related Parties	10-32	10,238	9,066	7,737
-Other Payables to Unrelated parties	10	375	4,994	4,671
Deferred Tax Liabilities	30	8,520	78,990	76,828
Non-current provisions		2,545	2,818	2,919
-Non-current provisions for employee benefits	18-20	2,545	2,443	2,919
- Other non-current provisions		--	375	--
<b>Total non-current liabilities</b>		<b>1,114,173</b>	<b>2,026,069</b>	<b>1,524,135</b>
<b>Total liabilities</b>		<b>2,764,523</b>	<b>2,470,034</b>	<b>2,253,561</b>
<b>EQUITY</b>		<b>1,698,942</b>	<b>1,742,473</b>	<b>1,671,094</b>
<b>Equity attributable to owners of parent</b>		<b>1,354,251</b>	<b>1,395,106</b>	<b>1,296,192</b>
Issued capital	24	667,081	261,900	291,000
Inflation Adjustments on Capital		(7,257)	(7,257)	(7,257)
Share Premium (Discount)	24	(78,773)	157,694	211,695
Treasury Shares (-)	24	(935)	(76,029)	(167,264)
Effects of Business Combinations Under Common Control		(58,028)	19,077	5,587
Non-controlling interest put option valuation fund	23	(83,110)	--	--
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		132,556	133,279	78,697
Gains (Losses) on Revaluation and Remeasurement		132,556	133,279	78,697
-Increases (Decreases) on Revaluation of Property, Plant and Equipment		137,068	137,068	81,192
-Gains (Losses) on Remeasurements of Defined Benefit Plans		(4,512)	(3,789)	(2,495)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	24	229,825	177,894	63,102
-Exchange Differences on Translation	24	252,476	199,899	81,675
-Gains (Losses) on Hedge	24	(22,651)	(22,005)	(18,573)
Restricted Reserves Appropriated From Profits	24	20,479	96,508	187,743
Prior Years' Profits or Losses		549,162	600,501	632,889
Current Period Net Profit Or Loss		(16,749)	31,539	--
<b>Non-controlling interests</b>	<b>24</b>	<b>344,691</b>	<b>347,367</b>	<b>374,902</b>
<b>Total Liabilities and Equity</b>		<b>4,463,465</b>	<b>4,212,507</b>	<b>3,924,655</b>

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

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

**Akfen Holding Anonim Şirketi**

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

**For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

<b>PERIOD PROFIT (LOSS)</b>	<b>Footnote Reference</b>	<b><u>Not Audited</u> 1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b><u>Not Audited</u> 1 January - 30 September 2015 (Restated)</b>	<b>1 July- 30 September 2015 (Restated)</b>
<b>PROFIT (LOSS)</b>					
Revenue	25	213,561	56,400	162,554	43,163
Cost of sales	25	(107,523)	(38,681)	(61,282)	(24,698)
<b>GROSS PROFIT (LOSS)</b>		<b>106,038</b>	<b>17,719</b>	<b>101,272</b>	<b>18,465</b>
General Administrative Expenses	26	(61,207)	(14,659)	(34,629)	(11,627)
Other Income from Operating Activities	27	6,871	2,358	30,280	6,561
Other Expenses from Operating Activities		(2,516)	(1,105)	(3,961)	(1,186)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	13	95,232	29,054	30,034	10,511
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>144,418</b>	<b>33,367</b>	<b>122,996</b>	<b>22,724</b>
Investment Activity Income		541	43	269	107
Investment Activity Expenses	28	(29,947)	--	--	--
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>115,012</b>	<b>33,410</b>	<b>123,265</b>	<b>22,831</b>
Finance income	29	79,690	15,611	23,203	9,280
Finance costs	30	(198,838)	(101,794)	(456,147)	(258,720)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>(4,136)</b>	<b>(52,773)</b>	<b>(309,679)</b>	<b>(226,609)</b>
<b>Tax (Expense) Income, Continuing Operations</b>		<b>(7,935)</b>	<b>(1,154)</b>	<b>40,810</b>	<b>26,651</b>
Current Period Tax (Expense) Income	31	(4,112)	(1,162)	(3,380)	(1,680)
Deferred Tax (Expense) Income	31	(3,823)	8	44,190	28,331
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>(12,071)</b>	<b>(53,927)</b>	<b>(268,869)</b>	<b>(199,958)</b>
<b>DISCONTINUED OPERATIONS</b>					
Profit (Loss) From Discontinued Operation	12	--	--	(85,466)	(48,470)
<b>PROFIT (LOSS)</b>		<b>(12,071)</b>	<b>(53,927)</b>	<b>(354,335)</b>	<b>(248,428)</b>
<b>Profit (loss), attributable to</b>					
Non-controlling Interests		4,678	1,901	(39,044)	(41,636)
Owners of Parent		(16,749)	(55,828)	(315,291)	(206,792)
<b>Profit (loss) for period</b>		<b>(12,071)</b>	<b>(53,927)</b>	<b>(354,335)</b>	<b>(248,428)</b>
<b>Earnings per share</b>					
Basic Earnings (Loss) Per Share from Continuing Operations		(0.03)	(0.08)	(0.34)	(0.24)
Basic Earnings (Loss) Per Share from Discontinued Operations		--	--	(0.13)	(0.07)
<b>Diluted Earnings Per Share</b>	32	<b>(0.03)</b>	<b>(0.08)</b>	<b>(0.47)</b>	<b>(0.31)</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 2016**

(Currency: Thousands of TL)

	<u>Not Audited</u> <u>1 January - 30</u> <u>September</u> <u>2016</u>	<u>1 July - 30</u> <u>September</u> <u>2016</u>	<u>Not Audited</u> <u>1 January - 30</u> <u>September</u> <u>2015 (Restated)</u>	<u>1 July - 30</u> <u>September</u> <u>2015</u> <u>(Restated)</u>
<b>Other Comprehensive Income</b>				
<b>PROFIT (LOSS)</b>	<b>(12,071)</b>	<b>(53,927)</b>	<b>(354,335)</b>	<b>(248,428)</b>
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>				
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss	(723)	(573)	36,698	(208)
<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>				
Exchange Differences on Translation Other Comprehensive Income (Loss) Related with Cash Flow Hedges	8,051	3,229	11,311	(12,254)
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss	--	--	(5,230)	(4,241)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	51,930	48,024	171,868	89,562
	--	--	1,046	847
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>59,258</b>	<b>50,680</b>	<b>215,693</b>	<b>73,706</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>47,187</b>	<b>(3,247)</b>	<b>(138,642)</b>	<b>(174,722)</b>
<b>Total Comprehensive Income Attributable to:</b>				
Non-controlling Interests	12,728	6,756	(34,602)	(40,412)
Owners of Parent	34,459	(10,003)	(104,040)	(134,310)

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 2016

(Currency: Thousands of TL)

						Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss		Retained Earnings					
	Issued Capital	Inflation Adjustments on Capital	Treasury Shares	Share premiums or discounts	Effects of Combinations of Entities or Businesses Under Common Control	Exchange Differences on Translation	Reserve Of Gains or Losses on Hedge	Gains/Losses on Revaluation and Remeasurement	Gains (Losses) on Remeasurements of Defined Benefit Plans	Restricted Reserves Appropriate From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Total	Non-controlling interest	Total equity
<b>Balances at 1 January 2015 (previously reported)</b>	<b>291,000</b>	<b>(7,257)</b>	<b>(167,264)</b>	<b>211,695</b>	<b>6,236</b>	<b>81,675</b>	<b>(18,573)</b>	<b>81,192</b>	<b>(2,495)</b>	<b>187,743</b>	<b>632,889</b>	<b>--</b>	<b>1,296,841</b>	<b>374,865</b>	<b>1,671,706</b>
<b>Effects of Business Combinations Under Common Control</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(649)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(649)</b>	<b>37</b>	<b>(612)</b>
<b>Balances at 1 January 2015 after adjustments</b>	<b>291,000</b>	<b>(7,257)</b>	<b>(167,264)</b>	<b>211,695</b>	<b>5,587</b>	<b>81,675</b>	<b>(18,573)</b>	<b>81,192</b>	<b>(2,495)</b>	<b>187,743</b>	<b>632,889</b>	<b>--</b>	<b>1,296,192</b>	<b>374,902</b>	<b>1,671,094</b>
<b>Total comprehensive income/(expense) for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>177,910</b>	<b>(3,354)</b>	<b>37,951</b>	<b>(1,253)</b>	<b>--</b>	<b>--</b>	<b>(315,291)</b>	<b>(104,037)</b>	<b>(34,603)</b>	<b>(138,640)</b>
Net profit (loss)	--	--	--	--	--	--	--	--	--	--	--	(315,291)	(315,291)	(39,042)	(354,333)
Other comprehensive income (expense)	--	--	--	--	--	177,910	(3,354)	37,951	(1,253)	--	--	--	211,254	4,439	215,693
Capital decrease	(29,100)	--	29,100	--	--	--	--	--	--	--	--	--	--	--	--
Distribution of dividend	--	--	104,641	(104,641)	13,016	--	--	--	--	(91,235)	91,235	--	13,016	24	13,039
Increase (Decrease) through Share-Based Payment Transactions (**)	--	--	--	--	--	--	--	--	--	--	(18,981)	--	(18,981)	--	(18,981)
Increase (Decrease) through Treasury Share Transactions (*)	--	--	(42,506)	--	--	--	--	--	--	--	--	--	(42,506)	--	(42,506)
<b>Balances at 30 September 2015</b>	<b>261,900</b>	<b>(7,257)</b>	<b>(76,029)</b>	<b>107,054</b>	<b>18,603</b>	<b>259,585</b>	<b>(21,927)</b>	<b>119,143</b>	<b>(3,748)</b>	<b>96,508</b>	<b>705,143</b>	<b>(315,291)</b>	<b>1,143,684</b>	<b>340,322</b>	<b>1,484,006</b>

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

(\*\*) Explained in Note 22.

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

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

## Akfen Holding Anonim Şirketi

### Consolidated Statements of Changes in Equity For the Nine Month Period Ended 30 September 2016

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss		Retained Earnings					
	Issued Capital	Inflation Adjustments on Capital	Treasury Shares	Share premiums or discounts	Non-controlling interests related to sales optional fund	Effects of Combinations of Entities or Businesses Under Common Control	Exchange Differences on Translation	Reserve Of Gains or Losses on Hedge	Gains/Losses on Revaluation and Remeasurement	Gains (Losses) on Remeasurements of Defined Benefit Plans	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Total	Non-controlling interest	Total equity
<b>Balances at 1 January 2016 (previously reported)</b>	<b>261,900</b>	<b>(7,257)</b>	<b>(76,029)</b>	<b>157,694</b>	--	<b>6,236</b>	<b>199,899</b>	<b>(22,005)</b>	<b>137,068</b>	<b>(3,789)</b>	<b>96,508</b>	<b>600,501</b>	<b>37,465</b>	<b>1,388,191</b>	<b>347,622</b>	<b>1,735,813</b>
<b>Other adjustments (Note 3)</b>	--	--	--	--	--	<b>12,841</b>	--	--	--	--	--	--	<b>(5,926)</b>	<b>6,915</b>	<b>(255)</b>	<b>6,660</b>
<b>Balances at 1 January 2016 after adjustments</b>	<b>261,900</b>	<b>(7,257)</b>	<b>(76,029)</b>	<b>157,694</b>	--	<b>19,077</b>	<b>199,899</b>	<b>(22,005)</b>	<b>137,068</b>	<b>(3,789)</b>	<b>96,508</b>	<b>600,501</b>	<b>31,539</b>	<b>1,395,106</b>	<b>347,367</b>	<b>1,742,473</b>
<b>Total comprehensive income/(expense) for the period</b>	--	--	--	--	--	--	52,577	(646)	--	(723)	--	--	(16,749)	(34,459)	12,729	47,187
Net profit (loss)	--	--	--	--	--	--	--	--	--	--	--	--	(16,749)	(16,749)	4,678	(12,072)
Other comprehensive income (expense)	--	--	--	--	--	--	52,577	(646)	--	(723)	--	--	--	51,208	8,051	60,628
Transferler	--	--	--	--	--	--	--	--	--	--	--	31,359	(31,539)	--	--	--
Increase and decrease in subsidiaries which is concluded loss of control in the change of share rate	--	--	--	--	(83,110)	(83,110)	--	--	--	--	--	33,734	--	(49,376)	--	(49,376)
Affiliate company	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital increase	420,000	--	--	(299,189)	--	--	--	--	--	--	--	(120,811)	--	--	--	--
Capital decrease	(14,819)	--	14,819	--	--	--	--	--	--	--	--	--	--	--	--	--
Effects of Business Combinations Under Common Control	--	--	--	--	--	(77,105)	--	--	--	--	--	--	--	(77,105)	255	(76,850)
Increase (Decrease) through Share-Based Payment Transactions (*)	--	--	61,210	12,038	--	--	--	--	--	--	(76,029)	2,781	--	--	--	--
Transactions with subsidiaries	--	--	--	50,684	--	--	--	--	--	--	--	1,418	--	52,102	(15,659)	36,443
Acquisition or Disposal of a Subsidiary	--	--	--	(2,722)	--	--	--	--	--	--	--	--	--	(935)	--	(935)
<b>Balances at 30 September 2016</b>	<b>667,081</b>	<b>(7,257)</b>	<b>(935)</b>	<b>(78,773)</b>	<b>(83,110)</b>	<b>(58,028)</b>	<b>252,475</b>	<b>(22,651)</b>	<b>137,068</b>	<b>(4,512)</b>	<b>20,479</b>	<b>549,162</b>	<b>(16,749)</b>	<b>1,354,251</b>	<b>344,692</b>	<b>1,698,942</b>

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

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

(\*\*) Based on the "Share Buyback Program" decided at Akfen REIT's Extraordinary General Assembly dated 24 May 2016, as of 30 September 2016 Akfen REIT has purchased 640,000 Akfen REIT shares worth TL935,264, as of 30 September 2016 Akfen REIT shares that were boughtback make up 0.34% of Akfen REIT's paid-in capital.

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 2016**  
(Currency: Thousands of TL)

	<u>Footnote Reference</u>	<u>Not Audited 30 September 2016</u>	<u>Not Audited (Restated) 30 September 2015</u>
<b>CASH FLOWS FROM (USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Profit (Loss) from Continuing Operations		(12,071)	(268,869)
Profit (Loss) from Discontinued Operations		--	(85,466)
<b>Adjustments to Reconcile Profit (Loss)</b>			
Adjustments for depreciation and amortisation expense	15-16	25,033	21,089
Adjustments for Impairment Loss (Reversal of Impairment Loss)		29,418	--
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets	28	29,418	--
Adjustments for (Reversal of) Provisions Related with Employee Benefits		491	33
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	13	(95,230)	(30,034)
Adjustments for unrealised foreign exchange losses (gains)		(6,164)	375,226
Adjustments for Interest (Income) Expenses	29-30	79,973	106,927
Adjustments for Tax (Income) Expenses	31	7,935	(40,810)
<b>Cash flow from operating activities before changes in working capital</b>		<b>29,383</b>	<b>78,096</b>
<b>Changes in Working Capital</b>			
Adjustments for decrease (increase) in trade accounts receivable		(223,685)	(131,685)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		184,683	(13,466)
Adjustments for decrease (increase) in inventories		--	(90,258)
Adjustments for increase (decrease) in trade accounts payable		32,232	23,744
Adjustments for increase (decrease) in other operating payables		(10,501)	19,653
Other Adjustments for Other Increase (Decrease) in Working Capital		13,261	33,154
Cash Flows from (used in) Operations		<b>25,372</b>	<b>(80,762)</b>
Dividends received	13	78,081	56,195
Payments Related with Provisions for Employee Benefits		(175)	(246)
Income taxes refund (paid)		(3,823)	(38,692)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>99,455</b>	<b>(63,505)</b>

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

**Akfen Holding Anonim Şirketi**

**Consolidated Statement of Cash Flow**

**For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

	<u>Footnote Reference</u>	<u>Not Audited 30 September 2016</u>	<u>Not Audited (Restated) 30 September 2015</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>			
Cash Outflows from Purchase of Additional Shares of Subsidiaries		--	(4,500)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		--	(36,756)
Proceeds from sales of property, plant, equipment and intangible assets		(62,494)	(56,015)
Purchase of Property, Plant, Equipment and Intangible Assets		--	2,202
Cash Outflows from Acquisition of Investment Property Interest received	14	(17,909) 1,778	(56,980) 2,717
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(78,625)</b>	<b>(149,332)</b>
Payments to Acquire Entity's Shares or Other Equity Instruments		(935)	(42,506)
Payments from changes in ownership interests in subsidiaries that do not result in loss of control		129,840	--
Proceeds from borrowings		325,837	853,709
Repayments of borrowings		(189,653)	(440,889)
Interest paid		(134,902)	(110,362)
Dividends paid		--	(18,983)
Other inflows (outflows) of cash		(51,532)	(30,712)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>78,655</b>	<b>210,257</b>
Net increase (decrease) in cash and cash equivalents		99,485	(2,580)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	31,527	58,713
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>131,012</b>	<b>56,133</b>

(\*) As at 30 September 2016, TL 4,695 of project reserve and grant balances are not shown in cash flow table which were shown in cash and cash equivalents line of balance sheet.

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

## **Akfen Holding Anonim Şirketi**

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

#### **As at and For the Nine Month Period Ended 30 September 2016**

*(Currency: Thousands of TL)*

## **1 REPORTING ENTITY**

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

As at 30 September 2016, Akfen Holding has 4 (31 December 2015: 6) subsidiaries and 6 (31 December 2015: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 30 September 2016 and concluded in the same period include the shares of Akfen Holding and its affiliates and the Group’s stakes in the participations and investments in equity accounted investees. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through its shares. The Company has joint management rights on TAV Havalimanları Holding A.Ş. (“TAV Airports”), Tav Yatırım Holding A.Ş. (“TAV Investment”), Mersin Uluslararası Liman İşletmeciliği A.Ş. (“MIP”), PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. (“PSA Liman”), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Water”) and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (“İDO”).

Group manages the partnerships together with the nationally and internationally recognized companies Grup Tepe İnşaat Sanayi A.Ş. (“Tepe İnşaat”), PSA International (“PSA”), Souter Investments LLP (“Souter”), Kardan N.V. and Aéroports de Paris Management, European Bank for Reconstruction and Development (“EBRD”) and International Finance Corporation (“IFC”). There is also a Memorandum of Understanding (“MoU”) between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, regarding the Novotel and Ibis hotels to be constructed in Turkey.

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

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

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

With the board decision dated 01 June 2016, it was decided to keep the shares of companies that have a positive effect on our Company’s assets, that have reached an optimum capital structure considering their existing business plans, that can generate strong cash flows to equity and that have the potential to, that have rising dividend yields, whereas shares in companies that have investment requirements and that are still in development phase, were decided to be excluded from scope and to have our Company’s operating area and participations restructured accordingly.

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

#### As at and For the Nine Month Period Ended 30 September 2016

(Currency: Thousands of TL)

## 1 REPORTING ENTITY (continued)

Hence, it was decided to spin-off of the shares of; Akfen Thermal Energy., İDO, Akfen Water, Tav Investment, Akfen REIT, and to contribute these to Akfen Mühendislik A.Ş., as capital in kind.

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

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

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

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

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

The address of the registered office of Akfen Holding is as follows:

Koza Sokak No: 22 Gaziosmanpaşa

06700/Ankara-Turkey

Tel: 90 312 408 10 00 Fax: 90 312 441 07 82

Web: <http://akfen.com.tr>

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 30 September 2016 is 286 (31 December 2015: 265) and 36,945 (31 December 2015: 37,839), respectively.

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

### i) Subsidiaries

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

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 CMB’s approval numbered 31/894 and dated 14 July 2006 with the result of the Company’s conversion to “Real Estate Investment Trust” registered on 25 August 2006. The change of title and activities was published on Official Trade Gazette on 31 August 2006.

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

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

The shares of Akfen REIT have been trading on the BİAŞ under 'AKFGY' code since 11 May 2011. Akfen REIT acquired the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Ticaret") based on their nominal value on 21 February 2007, which was owned by Akfen Holding. Akfen Ticaret's main operations are also investing in real estates, forming real estate portfolio and developing real estate projects.

Akfen REIT has set up a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in İstanbul Karaköy on 31 May 2011. 70% of the shares of Akfen Karaköy belong to Akfen REIT.

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

Akfen REIT established a subsidiary named Hotel Development and Investment BV ("HDI"), with a 100% ownership, in the Netherlands on 18 March 2011 in order to develop hotel projects in Russia. HDI took over the shares of Severnyi Avtovokzal LLC (which is based in Russia) through a share sales agreement between HDI and Beneta Limited on 4 September 2013. Severny has the rights of a project with a 2,010 m<sup>2</sup> sized plot of land and 317-rooms capacity hotel (over the land) in Central Moscow with a license for construction. On 16 July 2015 Ibis Hotel Moscow started to operate within the mentioned project.

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

**i) Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable")**

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

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

On 15 December 2015, a partnership agreement was signed between Akfen Holding and European Bank for Reconstruction and Development (“EBRD”). Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine SPP and Akfen HEPP would be consolidated under one roof, a renewable energy company would be structured and EBRD would participate in this company with an up to 20% stake, paying USD100 million. On 23.06.2016 the agreement with EBRD was revised, so that both EBRD and IFC would participate in Akfen Renewable with an up to 16.667% stake, paying USD100 million each.

At the initial phase, once the closing conditions were met, Akfen Renewable’s paid-in capital was raised from TL634,500 to TL705,000 at a premium, and both EBRD and IFC have transferred USD 44,444,444 in exchange for 5% stake, respectively. The raise in the paid-in capital was registered as of 12 July 2016.

**HEPP Group**

Akfen Holding has been investing in hydroelectric power plants through its subsidiaries since January 2007. As at 30 September 2016, Akfen Holding grouped the hydroelectric power plants portfolio under Akfen Renewable.

As at 30 September 2016, HEPP Group owns a total of 14 projects with a total installed capacity of 238.2 MW and an electricity generation capacity of 959.3 GWh/year, 11 power plants having 204.1 MW installed power capacity and 852.6 GWh electricity generation capacity are operational and the construction of 2 power plants with 24.1 MW installed power capacity and 64.2 GWh electricity generation capacity is in progress; these are Çalıkobası HEPP project of HHK Enerji Elektrik Üretim A.Ş. (“HHK”) and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. (“Kurtal”). In addition, there is 1 hydroelectrical power plant with 10.0 MW installed power capacity and 42.5 GWh annual electricity generation capacity in planning phase.

As at 30 September 2016, there are 12 direct subsidiaries and subsidiaries owned through companies with the same control structure of HEPP Group and these are, Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş. (“Akörenbeli”), Beyobası Enerji Üretim A.Ş. (“Beyobası”), Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (“Bt Bordo”), Çamlıca Elektrik Üretim A.Ş. (“Çamlıca”), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Elen”), HHK Enerji Elektrik Üretim A.Ş. (“HHK”), Kurtal Elektrik Üretim A.Ş. (“Kurtal”).

Memülü Enerji Elektrik Üretim A.Ş. (“Memülü”), Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Pak”), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş. (“Rize İpekyolu”), Yeni Doruk Enerji Elektrik Üretim A.Ş. (“Yeni Doruk”), Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (“Zeki”). From these companies Akörenbeli, Memülü and Rize İpekyolu are currently dormant. Currently, HEPP projects under HHK Kurtal are under construction while HEPP projects under Zeki are under development

**WPP Group**

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**WPP Group (continued)**

As at 30 September 2016, Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavaçca Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Pruva Enerji A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. are the 15 wholly owned direct subsidiaries of WPP Group or companies with the same control structure. The process of developing wind power plant projects has begun, and the process continues with preparation works for 14 projects having an estimated 984 MW installed capacity. Applications to EMRA have been completed on 28 April 2015, the companies' paid-in capital amounts were increased, and letters of guarantee were submitted to the EMRA. As a result of the review process by the EMRA 14 project by 12 subsidiaries have been evaluated and approved.

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

**SPP Group**

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

All of the HEPP companies projects are under the scope of the Renewable Energy Law. Projects under this scope enjoy purchase guarantee at USDcent7.3/kWh for the first 10 years of their operations if they obtain the related document and complete their investments by 31 December 2020. Within the same guarantee mechanism WPP portfolio enjoys a USDcent7.3/kWh and SPP portfolio enjoys USDcent13.3/kWh purchase guarantee. Also, under the same law, there are various additions to the guarantee price if domestically produced equipment is used at the generation facility. Within this context, Gelinkaya HEPP which is under Pak, a subsidiary of Akfen Renewable is receiving 1.17 USDcent/kWh additional guarantee price due to the use of local equipment.

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

***Akfen Termik Enerji Yatırımları A.Ş. (“Akfen Thermal Energy”) (continued)***

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

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

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

The main activity field of Akfen Enerji Dağıtım ve Ticaret A.Ş. (“Akfen Energy Distribution”) is energy investments. Subsidiaries of Akfen Energy Distribution are; Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş., Akfen Uluslararası Enerji Faaliyetleri ve Ticaret A.Ş., Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ve Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş, which are dormant.

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

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

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

**ii) Joint Ventures**

***TAV Havalimanları Holding A.Ş. (“TAV Airports”)***

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

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

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



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**TAV Havalimanları Holding A.Ş. (“TAV Airports”) (continued)**

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**TAV Havalimanları Holding A.Ş. (“TAV Airports”) (continued)**

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

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

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

BTA has been declared as the preferred bidder to operate the food and beverages areas at New Muscat International Airport in Oman. The operating period is 10 years starting from 2017. BTA started to operate the food and beverage areas at Zagreb International Airport, the capital of Croatia, and to offer inflight food and beverage services, on 1 August 2016.

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

**TAV Yatırım Holding A.Ş.**

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

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

**MIP**

MIP was founded on 4 May 2007 by PSA and Akfen Joint Venture, who were awarded the transfer of operation right of Mersin Port for 36 years belonging to T.C. Devlet Demiryolları (“TCDD”) upon bidding the highest offer by T.R. Directorate of Privatization Administration (“PA”). MIP took over Mersin Port from TCDD upon a Concession Agreement signed with PA and TCDD on 11 May 2007 in order to operate it for 36 years. Akfen Holding and PSA, each with a 50% stake, have joint management in MIP. Mersin International Port is one of the most important ports of Turkey, Middle East and East Mediterranean with its geographical status, capacity, wide hinterland and advantages with multimode connection characteristics.

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

## **Akfen Holding Anonim Şirketi**

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

#### **As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

## **1 REPORTING ENTITY (continued)**

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

#### **Akfen Water**

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Water”) has started operating on 24 August 2006. Akfen Water, having completed all of its investments, served 7,185 subscribers as at 30 September 2016.

Akfensu-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. was founded on 19 July 2007. It completed its investments on 1 July 2010 and started operating and currently it still serves the Dilovası district with a 40,000 population together with factories and operations in Dilovası Organized Industrial Zone.

In line with its customers’ needs, Akfen Water offers development and management of sustainable and ecological Solid Waste Management systems service by using new technologies. Akfen Water has signed its first agreement for solid waste management services with İDO and started to give solid waste management and removal services to all sea vehicles, vehicles, plants, offices and other port fields. Akfen Water has also started preparations to offer solid waste management services to hospital PPPs of the Health Ministry. In this context Akfen Water has signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and will be offering the services of the management of the waste management process, establishment of the appropriate staff, procurement of equipment which is in line with regulations and the reporting and monitoring of the types and amounts of waste. Additionally, Akfen Water is in the process of signing an agreement to give solide waste management services to Mersin integrated health compus and Yozgat city hospital projects.

#### **İDO**

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011 by Akfen Holding, Tepe Construction; Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. joint venture. İDO provides passenger and vehicle transportation service under ‘Sea Bus and Fast Ferry Lines’ title both in innercity and the intercity seaways. İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 55 sea vehicles (24 sea buses, 20 conventional ferries, 9 fast ferries, and 2 service vessels) and 15 lines consisting of 9 sea buses, 2 conventional ferries and 4 fast ferries. The sea buses, fast ferries and conventional ferries have a total of 36,435 passengers capacity for the summer period and 30,113 passengers capacity for the winter period and 2,869 vehicles capacity for both periods as at 30 September 2016.

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

### **2.1 Basis of Presentation**

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

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

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 accompanying consolidated financial statements are in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

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

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's annual financial statements, as at 31 December 2015.

The accompanying consolidated financial statements as of 30 September 2016 are approved by the Company's Board of Directors on 9 November 2016. General assembly and related legal institutions have right to correct these financial statements and statutory financial statements.

**(b) Preparation of financial statements**

The consolidated financial statements as of 30 September 2016 are in accordance with the Communiqué serial II, No: 14,1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué") which is published in official gazette, no 28676.

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

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

**(d) Basis of measurement**

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

**(e) Functional and presentation currency**

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

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

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

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

As at and For the Nine Month Period Ended 30 September 2016

(Currency: Thousands of TL)

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

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

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

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

### (f) Basis of consolidation

The accompanying financial statements include the accounts of the parent company Akfen Holding, its subsidiaries and its investments in equity accounted investees. The financial statements of the entities included in the consolidation have been prepared as 30 September 2016 of the consolidated financial statements. Subsidiaries and joint ventures are consolidated based on the methods described below:

### (i) Subsidiaries

When preparing the consolidated financial statements, subsidiaries that the Group has control power on its financial and activity policy are determined as below:

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

As at 30 September 2016 and 31 December 2015, ownership and voting rights rates of subsidiaries included in the consolidated financial statements are as follows:

	Akfen Holding's ownership		Akfen Holding's direct or indirect voting rights		Voting rights of Akın Family		Total voting right		Principal Activity
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	
					r16	2015	2016	2015	
Akfen REIT (*)	56.88	56.88	56.88	56.88	16.41	16.41	73.29	73.29	Realestate investment
HEPP Group	--	100.00	--	100.00	--	--	--	100.00	Energy
Akfen Renewable	90.00	--	90.00	--	--	--	90.00	--	Energy
Akfen Energy Distribution	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	Energy
Akfen Electricity Wholesale(**)	--	100.00	--	100.00	--	--	--	100.00	Electricity Sales
Akfen Thermal Energy	99.64	70.25	99.64	70.25	0.36	29.75	100.00	100.00	Energy
Akfen RES(**)	--	100.00	--	100.00	--	--	--	100.00	Energy
Akfen Costruction (***)	--	--	--	--	--	100	--	--	Construction

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

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

In consolidated financial statements, shares of Akin Family are shown in non-controlling interest. (\*) Within the “Share Buyback Program” decided at the General Assembly of Akfen REIT on 24 May 2016, as of 30 September 2016 Akfen REIT has purchased 640,000 Akfen REIT shares, worth TL935,264. As of 30 September 2016 shares bought back make up 0.34% of Akfen REIT’s paid-in capital.

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

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

**(ii) Joint arrangements**

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

**(g) Basis of consolidation (continued)**

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

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

**(iv) Transactions eliminated on consolidation**

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

**(v) Business combinations**

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

**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Except for the differences arising from cash flow hedging instruments accounted under other comprehensive income, foreign exchange differences arising on translation are recognized in the consolidated statement of profit or loss.

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

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

**2.1 Basis of Presentation (continued)**

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

**(i) Foreign currency transactions (continued)**

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

	Average Rate		Period End Rate	
	30 September 2016	30 September 2015	30 September 2016	31 December 2015
US Dollar	2.9309	2.6562	2.9959	2.9076
Euro	3.2710	2.9626	3.3608	3.1776
Georgian Lari (“GEL”)	1.2620	1.1924	1.2862	1.2142
Macedonian Denar (“MKD”)	0.0530	0.0480	0.0548	0.0515
Tunisian Dinar (“TND”)	1.3941	1.3657	1.3598	1.4321
Swedish Krona (“SEK”)	0.3493	0.3161	0.3489	0.3479
Saudi Riyal (“SAR”)	0.7814	0.7078	0.7989	0.7753
Croatian Kuna (“HRK”)	0.4341	0.3890	0.4473	0.4140
Russian Ruble (“RUB”)	0.0431	0.0446	0.0476	0.0396

**(ii) Foreign operations**

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

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

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

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

*The arrangements made in the financial statements 2015*

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

**2.2 Summary of Significant Accounting Policies**

The condensed interim consolidated financial statements of the Group for the six months period ended 30 September 2016 have been prepared in accordance with TAS 34 “Interim Financial Reporting” standard of TFRS. In addition, except for the new and amended standards effective as of 1 January 2015 summarized below, accounting policies taken into account for preparation of condensed interim consolidated financial statements as at 30 September 2016 are consistent with policies applied for previous periods. Effects of these standards and interpretations on Group’s financial position and performance are disclosed in related paragraphs. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015.



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Nine Month Period Ended 30 September 2016**

(Currency: Thousands of TL)

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

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

**Changes In Turkish Financial Reporting Standarts**

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

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

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

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

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

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

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

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

IAS 1 Disclosure Initiative (Amendments to IAS 1)

TFRS 14 Regulatory Deferral Accounts

Annual Improvements to TFRSs – 2012–2014 Cycle

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

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

TFRS 9 - Financial Instruments – Classification and measurement

The potential impact of these amendments on the financial position or performance of the Group is being evaluated.

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

Annual Improvements to IFRSs - 2010 - 2012 Cycle

Annual Improvements to IFRSs - 2011 - 2013 Cycle

IFRS 15 Revenue from Contracts with Customers

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

FRS 9 Financial Instruments - Final standard (2014)

IFRS 16 Leases

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

IAS 7 Statement of Cash Flows (Amendments)

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

The potential impact of these amendments on the financial position or performance of the Group is being evaluated.

**Akfen Holding Anonim Şirketi**

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

**Effect of combination**

The Company purchased 100% of Karine SPP from Selim Akın, member of Board of Directors of Company, with a price of USD 24.000.000 on February 22, 2016 (Note 4). Additionally, merger process was completed as of March 9, 2016 through the merger of Karina SPP to Akfen Renewable without liquidation as a whole. The aforementioned acquisition transaction is considered as “Common control business combination” and recognized with “Pooling of interest” method. Therefore, balance sheet dated December 31, 2015 and January 1, 2015 and statement of profit or loss for the period end September 30, 2015 are rearranged. Effect of combination is recognized under same items since the renewable energy section, including Karine SPP, is classified as asset and liability held for sale on December 31, 2015.

**Reclassifications of previous period**

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

All of the assets and liabilities of Akfen WPP, Akfen SPP and Electricity Wholesale, which have been reported under “assets and liabilities held for sale” in the 31 December 2015 consolidated financials, have been classified in the financial tables as below:

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

(continued)

Effect of combination (continued)

ASSETS	<u>Previously reported 31 December 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>Restated 31 December 2015</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	22,424	11,780	5,111	39,315
Trade Receivables	17,867	15,225	719	33,811
-Trade Receivables Due From Related Parties	--	1,859	--	1,859
-Trade Receivables Due From Unrelated	17,867	13,366	719	31,952
Other Receivables	99,734	179	261	100,174
-Other Receivables Due From Related Parties	99,587	--	--	99,587
-Other Receivables Due From Unrelated	147	179	261	587
Restricted Bank Balances	47,664	(47,664)	--	--
Prepayments	8,119	7,964	295	16,378
Current Tax Assets	886	69	9	964
Other current assets	24	20,191	--	20,215
<b>SUB-TOTAL</b>	<b>196,718</b>	<b>7,744</b>	<b>6,395</b>	<b>210,857</b>
<b>Disposal Groups Classified as Held for Sale</b>	<b>1,113,570</b>	<b>(1,113,570)</b>	<b>--</b>	<b>--</b>
<b>Total current assets</b>	<b>1,310,288</b>	<b>(1,105,826)</b>	<b>6,395</b>	<b>210,857</b>
<b>NON-CURRENT ASSETS</b>				
Financial Investments	--	47,664	--	47,664
Trade Receivables	--	50,073	--	50,073
-Other Receivables Due From Related Parties	--	38,583	--	38,583
-Other Receivables Due From Unrelated Parties	--	11,490	--	11,490
Other Receivables	448,730	2,687	2	451,419
-Other Receivables Due From Related Parties	431,387	--	--	431,387
-Other Receivables Due From Unrelated Parties	17,343	2,687	2	20,039
Investments accounted for using equity method	864,249	--	--	864,249
Investment property	1,428,361	--	--	1,428,361
Property, plant and equipment	64,624	788,003	32,229	884,856
Intangible assets and goodwill	33,649	51,507	2,157	87,313
-Goodwill	3,309	--	--	3,309
-Other intangible assets	30,340	51,507	2,157	84,004
Prepayments	11,797	5,106	--	16,903
Deferred Tax Asset	6,364	63,157	--	69,521
Other Non-current Assets	44,445	55,386	1,461	101,292
<b>Total non-current assets</b>	<b>2,902,219</b>	<b>1,063,583</b>	<b>35,848</b>	<b>4,001,650</b>
<b>Total assets</b>	<b>4,212,507</b>	<b>(42,243)</b>	<b>42,243</b>	<b>4,212,507</b>

**Akfen Holding Anonim Şirketi**

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

(continued)

<b>CURRENT LIABILITIES</b>	<u>Previously reported 31 December 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>Restated 31 December 2015</u>
Current Borrowings	42,728	--	--	42,728
Current Portion of Non-current Borrowings	224,119	112,043	1,126	337,288
Trade Payables	19,316	16,817	4,479	40,612
-Trade Payables to Related Parties	3,783	4,895	--	8,678
-Trade Payables to Unrelated Parties	15,533	11,922	4,479	31,934
Other Payables	10,022	2,865	6,593	19,480
-Other Payables to Related Parties	1,603	--	6,550	8,153
-Other Payables to Unrelated Parties	8,419	2,865	43	11,327
Employee Benefit Obligations	548	273	18	839
Deferred Income	402	281	--	683
Current provisions	2,053	282	--	2,335
-Current provisions for employee benefits	2,053	283	--	2,335
<b>SUB-TOTAL</b>	<b>299,188</b>	<b>132,561</b>	<b>12,217</b>	<b>443,965</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>824,144</b>	<b>(824,144)</b>	<b>--</b>	<b>--</b>
<b>Total current liabilities</b>	<b>1,123,332</b>	<b>(691,583)</b>	<b>12,217</b>	<b>443,965</b>
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	1,262,779	642,647	23,313	1,928,739
Trade Payables	--	1,411	51	1,462
- Other Payables to Related Parties	--	1,411	--	1,411
-Other Payables to Unrelated Parties	--	--	51	51
Other Payables	12,687	1,373	--	14,060
-Other Payables to Related Parties	9,066	--	--	9,066
-Other Payables to Unrelated parties	3,621	1,373	--	4,994
Deferred Tax Liabilities	69,795	9,195	--	78,990
Non-current provisions	1,441	1,377	--	2,818
-Non-current provisions for employee benefits	1,441	1,002	--	2,443
-Other current provisions	--	375	--	375
<b>Total non-current liabilities</b>	<b>1,346,702</b>	<b>656,003</b>	<b>23,364</b>	<b>2,026,069</b>
<b>Total liabilities</b>	<b>1,735,813</b>	<b>--</b>	<b>6,660</b>	<b>1,742,473</b>
<b>EQUITY</b>	<b>1,388,191</b>	<b>--</b>	<b>6,915</b>	<b>1,395,106</b>
Issued capital	261,900	--	--	261,900
Inflation Adjustments on Capital	(7,257)	--	--	(7,257)
Share Premium (Discount)	157,694	--	--	157,694
Treasury Shares (-)	(76,029)	--	--	(76,029)
Effects of Business Combinations Under Common Control	6,236	--	12,841	261,900
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	133,279	--	--	(7,257)
Gains (Losses) on Revaluation and Remeasurement	133,279	--	--	157,694
-Increases (Decreases) on Revaluation of Property, Plant and Equipment	137,068	--	--	137,068
-Gains (Losses) on Remeasurements of Defined Benefit Plans	(3,789)	--	--	(3,789)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	177,894	--	--	177,894
-Exchange Differences on Translation	199,899	--	--	199,899
-Gains (Losses) on Hedge	(22,005)	--	--	(22,005)
Restricted Reserves Appropriated From Profits	96,508	--	--	96,508
Prior Years' Profits or Losses	600,501	--	--	600,501
Current Period Net Profit Or Loss	37,465	--	(5,926)	31,539
<b>Non-controlling interests</b>	<b>347,622</b>	<b>--</b>	<b>(255)</b>	<b>347,367</b>
<b>Total Liabilities and Equity</b>	<b>4,205,847</b>	<b>(35,580)</b>	<b>42,240</b>	<b>4,212,507</b>

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*(Currency: Thousands of TL)*

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

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

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

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

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

**Akfen Holding Anonim Şirketi**

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

**Reclassifications of previous period**

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

	<u>Previously reported</u> <u>1January-30</u> <u>September 2015</u>	<u>Reclassifications</u> <u>of previous period</u>	<u>Effect of</u> <u>combination</u>	<u>Restated</u> <u>1January-30</u> <u>September2015</u>
Revenue	293,745	(132,982)	1,791	162,554
Cost of sales	(181,810)	122,215	(1,687)	(61,282)
<b>GROSS PROFIT (LOSS)</b>	<b>111,935</b>	<b>(10,767)</b>	<b>104</b>	<b>101,272</b>
General Administrative Expenses	(54,453)	22,253	(2,429)	(34,629)
Other Income from Operating	40,531	(10,251)	(0)	30,280
Other Expenses from Operating	(4,706)	745	(0)	(3,961)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	21,520	8,514	--	30,034
<b>PROFIT (LOSS) FROM</b>	<b>114,827</b>	<b>10,494</b>	<b>(2,325)</b>	<b>122,996</b>
Investment Activity Income	429	(160)	--	269
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>115,256</b>	<b>10,334</b>	<b>(2,325)</b>	<b>123,265</b>
Finance income	24,408	(1,541)	336	23,203
Finance costs	(539,134)	86,902	(3,915)	(456,147)
<b>PROFIT (LOSS) FROM</b>	<b>(399,470)</b>	<b>95,695</b>	<b>(5,904)</b>	<b>(309,679)</b>
<b>Tax (Expense) Income, Continuing</b>	<b>51,039</b>	<b>(10,229)</b>	<b>--</b>	<b>40,810</b>
Current Period Tax (Expense) Income	(3,380)	--	--	(3,380)
Deferred Tax (Expense) Income	54,419	(10,229)	--	44,190
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(348,431)</b>	<b>85,466</b>	<b>(5,904)</b>	<b>(268,869)</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit (Loss) From Discontinued	--	(85,466)	--	(85,466)
<b>PROFIT (LOSS)</b>	<b>(348,431)</b>	<b>--</b>	<b>(5,904)</b>	<b>(354,335)</b>
<b>Profit (loss), attributable to</b>				
Non-controlling Interests	(39,049)	--	5	(39,044)
Owners of Parent	(309,382)	--	(5,909)	(315,291)
<b>Profit (loss) for period</b>	<b>(348,431)</b>	<b>--</b>	<b>(5,904)</b>	<b>(354,335)</b>

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

	<u>Previously reported</u>			<u>Restated</u>
	<u>1 July– 30 September 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>1 July– 30 September 2015</u>
Revenue	93,450	(51,917)	1,630	43,163
Cost of sales	(70,211)	46,697	(1,184)	(24,698)
<b>GROSS PROFIT (LOSS)</b>	<b>23,239</b>	<b>(5,220)</b>	<b>446</b>	<b>18,465</b>
General Administrative Expenses	(15,459)	5,142	(1,310)	(11,627)
Other Income from Operating Activities	7,403	(842)	--	6,561
Other Expenses from Operating Activities	131	(1,317)	--	(1,186)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	6,206	4,305	--	10,511
<b>PROFIT (LOSS) FROM OPERATING</b>	<b>21,520</b>	<b>2,068</b>	<b>(864)</b>	<b>22,724</b>
Investment Activity Income	116	(9)	--	107
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>21,636</b>	<b>2,059</b>	<b>(864)</b>	<b>22,831</b>
Finance income	5,059	3,938	283	9,280
Finance costs	(307,624)	52,397	(3,493)	(258,720)
<b>PROFIT (LOSS) FROM CONTINUING</b>	<b>(280,929)</b>	<b>58,394</b>	<b>(4,074)</b>	<b>(226,609)</b>
<b>Tax (Expense) Income, Continuing</b>	<b>36,575</b>	<b>(9,924)</b>	<b>--</b>	<b>26,651</b>
Current Period Tax (Expense) Income	(1,680)	--	--	(1,680)
Deferred Tax (Expense) Income	38,255	(9,924)	--	28,331
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(244,354)</b>	<b>48,470</b>	<b>(4,074)</b>	<b>(199,958)</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit (Loss) From Discontinued Operation	--	(48,470)	--	(48,470)
<b>PROFIT (LOSS) after Discontinued Operations</b>	<b>(244,354)</b>	<b>--</b>	<b>(4,074)</b>	<b>(248,428)</b>
<b>Profit (loss), attributable to</b>				
Non-controlling Interests	(41,638)	--	2	(41,636)
Owners of Parent	(202,716)	--	(4,076)	(206,792)
<b>Profit (loss) for period</b>	<b>(244,354)</b>	<b>--</b>	<b>(4,074)</b>	<b>(248,428)</b>



**Akfen Holding Anonim Şirketi**

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

(continued)

	<u>Previously reported 30 September 2015</u>	<u>Reclassifications of previous period</u>	<u>Effect of combination</u>	<u>Restated 30 September 2015</u>
Profit (Loss) from Continuing Operations	(348,431)	85,466	(5,904)	(268,869)
Profit (Loss) from Discontinued Operations	--	(85,466)	--	(85,466)
Adjustments to Reconcile Profit (Loss)	484,200	--	(51,769)	432,431
<b>Cash flow from operating activities before changes in working capital</b>	<b>135,769</b>	<b>--</b>	<b>(57,673)</b>	<b>78,096</b>
Changes in Working Capital	(147,174)	--	(11,684)	(158,858)
<b>Cash Flows From (used in) Operational Activities</b>	<b>(11,405)</b>	<b>--</b>	<b>(69,357)</b>	<b>(80,762)</b>
Cash Flows From (used in) Operational Activities	5,853	--	(69,358)	(63,505)
Cash Flows From (used in) Investing Activities	(140,561)	--	(8,771)	(149,332)
Cash Flows From (used in) Financing Activities	138,105	--	72,152	210,257
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,397</b>	<b>--</b>	<b>(5,977)</b>	<b>(2,580)</b>
Cash and Cash Equivalents at the Beginning of the Period	48,139	--	10,574	58,713
Cash and Cash Equivalents at the End of the Period	51,536	--	4,597	56,133

**4 BUSINESS COMBINATIONS**

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

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

**5 SEGMENT REPORTING**

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

The information regarding the results of each reported segment is for Akfen REIT and Akfen Renewable. As at 30 October 2015 after the transfer of Akfen Construction shares to Akfen Altyapı. Akfen Construction and all of its subsidiaries and affiliates were subtracted from the consolidation.

*Other*

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

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#### 5 SEGMENT REPORTING (continued)

<u>1 January-30 September 2016</u>	<u>Akfen REIT</u>	<u>Akfen Renewable</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	41,367	172,194	--	--	--	213,561
Inter segment revenue	--	40	--	--	(40)	--
<b>Total revenue</b>	<b>41,367</b>	<b>172,234</b>	<b>--</b>	<b>--</b>	<b>(40)</b>	<b>213,561</b>
Cost of sales	(6,360)	(102,033)	--	--	870	(107,523)
<b>Gross profit</b>	<b>35,007</b>	<b>70,201</b>	<b>--</b>	<b>--</b>	<b>830</b>	<b>106,038</b>
General administrative expenses	(6,169)	(8,266)	(46,812)	--	40	(61,207)
Other operating income	115	1,761	81,532	--	(76,537)	6,871
Other operating expense	(2,006)	(100)	(192)	--	(218)	(2,516)
Investment in equity accounted investees	--	--	--	95,232	--	95,232
<b>Operating profit/ (loss)</b>	<b>26,947</b>	<b>63,596</b>	<b>34,528</b>	<b>95,232</b>	<b>(75,885)</b>	<b>144,418</b>
Income from investment activities	--	--	541	--	--	541
Expense from investment activities	--	--	(29,947)	--	--	(29,947)
Financial income	22,152	92,271	119,293	--	(154,026)	79,690
Financial expense	(58,135)	(160,661)	(135,411)	--	155,369	(198,838)
<b>Profit / (loss) of continuing operations before tax</b>	<b>(9,036)</b>	<b>(4,794)</b>	<b>(10,996)</b>	<b>95,232</b>	<b>(74,542)</b>	<b>(4,136)</b>
Tax income/(expense) for the period	(5,971)	(4,614)	2,333	--	317	(7,935)
<b>Profit/(loss) of period</b>	<b>(15,007)</b>	<b>(9,408)</b>	<b>(8,663)</b>	<b>95,232</b>	<b>(74,225)</b>	<b>(12,071)</b>
Profit (loss) for the period attributable to the parent of the Company	(13,642)	(9,293)	(9,201)	95,232	(79,845)	(16,749)
Depreciation and amortization expenses	25	25,383	496	--	(870)	25,033
Investments of tangible and intangible assets, investment properties and other investments (*)	17,939	59,295	3,169	--	--	80,403
<b>30 September 2016</b>						
Segment assets	1,652,131	1,271,789	2,268,241	907,836	(1,636,532)	4,463,465
Segment liabilities	845,298	893,455	1,019,806	--	5,964	2,764,523

(\*) As at 30 September 2016 investments amounting to TL 17,909 were made for investment property, TL 62,160 for plant and equipment and TL334 for intangible assets.

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#### 5 SEGMENT REPORTING (continued)

<u>1 July-30 September 2016</u>	<u>Akfen REIT</u>	<u>Akfen Renewable</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	15,231	41,170	--	--	--	56,401
Inter segment revenue	--	14	--	--	(14)	--
<b>Total revenue</b>	<b>15,231</b>	<b>41,183</b>	<b>--</b>	<b>--</b>	<b>(14)</b>	<b>56,401</b>
Cost of sales	(2,167)	(36,806)	--	--	292	(38,681)
<b>Gross profit</b>	<b>13,064</b>	<b>4,377</b>	<b>--</b>	<b>--</b>	<b>278</b>	<b>17,719</b>
General administrative expenses	(1,892)	(2,703)	(10,077)	--	14	(14,659)
Other operating income	30	1,028	1,366	--	(66)	2,358
Other operating expense	(891)	19	(190)	--	(43)	(1,105)
Investment in equity accounted investees	--	--	--	29,054	--	29,054
<b>Operating profit/ (loss)</b>	<b>10,311</b>	<b>2,721</b>	<b>(8,901)</b>	<b>29,054</b>	<b>182</b>	<b>33,367</b>
Income from investment activities	--	--	43	--	--	43
Financial income	7,904	85,672	67,459	--	(145,424)	15,611
Financial expense	(39,046)	(120,742)	(87,535)	--	145,529	(101,794)
<b>Profit / (loss) of continuing operations before tax</b>	<b>(20,831)</b>	<b>(32,349)</b>	<b>(28,934)</b>	<b>29,054</b>	<b>287</b>	<b>(52,773)</b>
Tax income/(expense) for the period	(322)	348	(1,122)	--	(58)	(1,154)
<b>Profit/(loss) of period</b>	<b>(21,153)</b>	<b>(32,001)</b>	<b>(30,056)</b>	<b>29,054</b>	<b>229</b>	<b>(53,927)</b>
Profit (loss) for the period attributable to the parent of the Company	(19,765)	(31,908)	(30,345)	29,054	(2,865)	(55,828)
Depreciation and amortization expenses	9	8,580	239	--	(291)	8,537
Investments of tangible and intangible assets, investment properties and other investments(**)	2,082	39,320	754	--	--	42,156

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#### 5 SEGMENT REPORTING (continued)

<b>1 January-30 September 2015</b>	<b><i>Akfen</i></b> <b><i>Construction</i></b>	<b><i>Akfen</i></b> <b><i>REIT</i></b>	<b><i>HEPP</i></b> <b><i>Group</i></b>	<b><i>Akfen Electricity</i></b> <b><i>Wholesale(*)</i></b>	<b><i>Other</i></b>	<b><i>Investment in equity</i></b> <b><i>accounted investees</i></b>	<b><i>Inter segment</i></b> <b><i>eliminations</i></b>	<b><i>Toplam</i></b>
External revenues	--	40,245	80,238	40,283	1,788	--	--	162,554
Inter segment revenue	--	--	23,455	129	--	--	(23,584)	--
<b>Total revenue</b>	--	<b>40,245</b>	<b>103,693</b>	<b>40,412</b>	<b>1,788</b>	--	<b>(23,584)</b>	<b>162,554</b>
Cost of sales	--	(4,946)	(40,639)	(40,642)	(1,687)	--	26,632	(61,282)
<b>Gross profit</b>	--	<b>35,299</b>	<b>63,054</b>	<b>(230)</b>	<b>101</b>	--	<b>3,048</b>	<b>101,272</b>
General administrative expenses	--	(5,049)	(3,198)	(257)	(26,182)	--	57	(34,629)
Other operating income	--	405	15,754	6	59,070	--	(44,955)	30,280
Other operating expense	--	(509)	(3,334)	--	(118)	--	--	(3,961)
Investment in equity accounted investees	--	--	--	--	--	30,034	--	30,034
<b>Operating profit/ (loss)</b>	--	<b>30,146</b>	<b>72,276</b>	<b>(481)</b>	<b>32,871</b>	<b>30,034</b>	<b>(41,850)</b>	<b>122,996</b>
Income from investment activities	--	--	--	37	232	--	--	269
Expense from investment activities	--	--	--	--	--	--	--	--
Financial income	--	21,348	191	82	49,067	--	(47,485)	23,203
Financial expense	--	(139,077)	(234,388)	(114)	(103,895)	--	21,327	(456,147)
<b>Profit / (loss) of continuing operations before tax</b>	--	<b>(87,583)</b>	<b>(161,921)</b>	<b>(476)</b>	<b>(21,725)</b>	<b>30,034</b>	<b>(68,008)</b>	<b>(309,679)</b>
Tax income/(expense) for the period	--	2,929	31,480	78	(3,009)	--	9,332	40,810
<b>Profit/(loss) of continuing operations after tax</b>	--	<b>(84,654)</b>	<b>(130,441)</b>	<b>(398)</b>	<b>(24,734)</b>	<b>30,034</b>	<b>(58,676)</b>	<b>(268,869)</b>
Profit/(loss) of discontinuing operations after tax	(108,720)	--	--	--	--	--	23,254	(85,466)
<b>Profit/(loss) of period</b>	<b>(108,720)</b>	<b>(84,653)</b>	<b>(130,443)</b>	<b>(398)</b>	<b>(24,733)</b>	<b>30,034</b>	<b>(35,422)</b>	<b>(354,335)</b>
Profit (loss) for the period attributable to the parent of the Company	(108,720)	(80,116)	(130,219)	(398)	(24,945)	30,034	(927)	(315,291)
Depreciation and amortization expenses	1,092	34	22,667	32	1,639	--	(3,284)	22,180
Investments of tangible and intangible assets, investment properties and other investments (**)	223,308	57,001	22,376	6	34,047	--	--	336,738
<b>31 December 2015</b>								
Segment assets	--	1,585,858	1,063,990	9,629	2,137,056	864,249	(1,448,275)	4,212,507
Segment liabilities	--	781,751	923,528	10,194	1,071,606	--	(317,045)	2,470,034

(\*) Akfen Electricity Wholesale, which was consolidated under Energy Group as of 30 September 2014, was fully transferred to Akfen Holding as of 31 December 2014 and hence Akfen Electricity Whole., which was recorded under Other as of 30 September 2014 was shown as a separate segment as of 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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#### 5 SEGMENT REPORTING (continued)

<u>1 July-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	--	16,195	6,820	18,520	1,627	--	--	43,162
Inter segment revenue	--	--	9,117	44	--	--	(9,160)	--
<b>Total revenue</b>	<b>--</b>	<b>16,195</b>	<b>15,937</b>	<b>18,564</b>	<b>1,627</b>	<b>--</b>	<b>(9,160)</b>	<b>43,163</b>
Cost of sales	--	(1,717)	(13,785)	(17,430)	(1,184)	--	9,418	(24,698)
<b>Gross profit</b>	<b>--</b>	<b>14,478</b>	<b>2,152</b>	<b>1,134</b>	<b>443</b>	<b>--</b>	<b>258</b>	<b>18,465</b>
General administrative expenses	--	(1,465)	(961)	(86)	(9,133)	--	18	(11,627)
Other operating income	--	163	360	4	2,375	--	3,659	6,561
Other operating expense	--	(17)	(1,109)	--	(60)	--	--	(1,186)
Investment in equity accounted investees	--	--	--	--	--	10,511	--	10,511
<b>Operating profit/ (loss)</b>	<b>--</b>	<b>13,159</b>	<b>442</b>	<b>1,052</b>	<b>(6,375)</b>	<b>10,511</b>	<b>3,935</b>	<b>22,724</b>
Income from investment activities	--	--	--	26	81	--	--	107
Expense from investment activities	--	--	--	--	--	--	--	--
Financial income	--	3,344	130	74	18,662	--	(12,930)	9,279
Financial expense	--	(100,355)	(104,672)	(103)	(56,395)	--	2,807	(258,719)
<b>Profit / (loss) of continuing operations before tax</b>	<b>--</b>	<b>(83,852)</b>	<b>(104,100)</b>	<b>1,049</b>	<b>(44,027)</b>	<b>10,511</b>	<b>(6,190)</b>	<b>(226,609)</b>
Tax income/(expense) for the period	--	7,923	20,307	(222)	(1,298)	--	(59)	26,651
Profit/(loss) of continuing operations after tax	--	(75,930)	(83,795)	827	(45,326)	10,511	(6,245)	(199,958)
Profit/(loss) of discontinuing operations after tax	(57,823)	--	--	--	--	--	9,353	(48,470)
Profit of the period(loss)	(57,823)	(75,930)	(83,795)	827	(45,326)	10,511	3,108	(248,428)
Profit (loss) for the period attributable to the parent of the Company	(57,823)	(72,189)	(83,767)	827	(45,212)	10,511	40,861	(206,792)
Depreciation and amortization expenses	365	16	7,643	8	943	--	(431)	8,544
Investments of tangible and intangible assets, investment properties and other investments	97,672	11,517	9,371	--	1,589	--	--	120,149

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**6 CASH AND CASH EQUIVALENTS**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Cash on hand	464	252
Cash at banks	130,548	31,254
-Demand deposits	93,162	11,646
-Time deposits	37,386	19,608
Other cash and cash equivalents(*)	--	21
Project, reserve and fund	4,695	7,788
<b>Cash and cash equivalents</b>	<b>135,707</b>	<b>39,315</b>
Project, reserve and fund	(4,695)	(7,788)
<b>Cash and cash equivalent in cash flow table</b>	<b>131,012</b>	<b>31,527</b>

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

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Akfen Renewable	112,443	--
Akfen Holding	23,265	5,229
Akfen REIT	--	16,239
HEPP Group	--	9,234
Akfen WPP	--	5,111
Akfen Electricity Wholesale	--	2,250
Other	--	1,252
<b>Total</b>	<b>135,707</b>	<b>39,315</b>

As at 30 September 2016, Akfen Renewable has TL 4,695 project, reserve and assignment accounts within cash and cash equivalents (31 December 2015: 7,788).

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

<b>Currency</b>	<u>30 September 2016</u>	<u>31 December 2015</u>
TL	9,828	10,076
US Dollar	66,680	304
Euro	16,654	1,165
Other	--	101
	<b>93,162</b>	<b>11,646</b>

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

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

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>30 September 2016</u>
TL	October 2016	8.20 – 10.80	2,579
US Dollar	October 2016	2.75 – 2.80	34,333
Euro	October 2016	1.10	474
			<b>37,386</b>
<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 December 2015</u>
TL	January 2016	10.00	2,050
Euro	January 2016	0.10 – 7.20	16,821
Other	January 2016	11.50	737
			<b>19,608</b>

**Project reserve and Assignment Accounts**

Within the framework of the general loan agreement Akfen Renewable (for 31 December 2015 Akfen HEPP) has opened Assignment Account and Project Account to make the repayment of the projects' debt and to fund the investment spending, operational and management expenses.

As at 30 September 2016 and 31 December 2015, the details of the Group's project reserve accounts and the interest rates are as follows:

<u>Unit of currency</u>		<u>30 September 2016</u>
Checking Accounts		4,695
		<b>4,695</b>
<u>Unit of currency</u>	<u>Interest rate %</u>	<u>31 December 2015</u>
TL	3.00	1,500
US Dollar	0.10 – 2.05	4,179
		<b>5,679</b>
Checking Accounts		2,109
		<b>7,788</b>

In Note 33, financial asset and liabilities for exchange, risk of interest rate and sensitivity analysis is completely defined. As of 30 September 2016 and 31 December 2015, in Group's bank arrears, there is no blocked cash except for the project reserve and assignment account presented in Note 7.

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## 7 FINANCIAL INVESTMENTS

### Restricted bank balances

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

<b>Currency</b>	<b>30 September 2016</b>
US Dollar	51,877
	<b>51,877</b>

### Long term financial investments

As at 30 September 2016 none.

As at 31 December 2015 the TL conversion of long term financial investments of the Group and based on currency and bank are as follows:

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

<sup>(1)</sup> As at 31 December 2015, time deposit on Credit Europe Bank is a portion of the long term financial investments - in amount of Euro 15,000,000 in time blockage deposit - of Euro 30,000,000 loan obtained from Credit Europe Bank - details are disclosed in Note 8 - as guarantee of the loans used by HDI and RPI from the same bank. The time deposit has the same interest rate with the loans and as the principal payments are made by HDI and RPI, the guarantee amount in the blockage will be deducted in the same level with the loans paid. The acquired interest income is netted off from the interest expense.

As at 30 September 2016 deposits amounting to TL 50,412 were classified under “Assets held for sale” (Note 12).

## 8 SHORT TERM AND LONG TERM LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group’s interest bearing loans and borrowings, which are measured at amortized cost, For more information about the Group’s exposure to interest rate, foreign currency and liquidity risk, see Note 33.

The detail of Group’s financial liabilities as at 30 September 2016 is as follows:

<b>Current financial liabilities</b>	<b>Nominal Value</b>	<b>Carrying Amount</b>
Short term secured bank loans	4,500	4,502
	4,500	4,502
<b>Current portion of long term financial liabilities</b>	<b>Nominal Value</b>	<b>Carrying Amount</b>
Current portion of long term secured bank loans	381,769	419,942
Current portion of long term issued bonds	340,000	344,223
	<b>721,769</b>	<b>764,165</b>
<b>Non-current financial liabilities</b>		
Long term secured bank loans	919,170	896,245
Long-term issued bonds	60,000	60,438
	<b>979,170</b>	<b>956,683</b>



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

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

<b>Current financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Short term secured bank loans	42,506	42,728
	<b>42,506</b>	<b>42,728</b>
<b>Current portion of long term financial liabilities</b>		
Current portion of long term secured bank loans	230,512	325,053
Current portion of long term issued bonds	--	12,235
	<b>230,512</b>	<b>337,288</b>
<b>Non-current financial liabilities</b>		
Long term secured bank loans	1,600,187	1,528,739
Long-term issued bonds	400,000	400,000
	<b>2,000,187</b>	<b>1,928,739</b>

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

	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Bank loans	1,305,440	1,320,689
Bonds	400,000	404,661
	<b>1,705,440</b>	<b>1,725,350</b>

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

	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Bank loans	1,873,206	1,896,520
Bonds	400,000	412,235
	<b>2,273,206</b>	<b>2,308,755</b>

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 30 September 2016 are as follows:

<b><u>Carrying Amount</u></b>	<b><u>Short-term liabilities</u></b>	<b><u>Long –term liabilities</u></b>	<b><u>Total</u></b>
Akfen Holding	701,724	258,680	960,404
Akfen Renewable	66,943	698,003	764,946
	<b>768,667</b>	<b>956,683</b>	<b>1,725,350</b>
<b><u>Nominal Value</u></b>	<b><u>Short-term liabilities</u></b>	<b><u>Long –term liabilities</u></b>	<b><u>Total</u></b>
Akfen Holding	681,855	264,807	946,662
Akfen Renewable	44,415	714,363	758,778
	<b>726,270</b>	<b>979,170</b>	<b>1,705,440</b>

**Akfen Holding Anonim Şirketi**

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**8 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 2015 are as follows

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	222,116	603,493	825,609
Akfen REIT	44,730	659,287	704,017
HEPP Group	112,043	642,646	754,689
Akfen SPP	1,127	23,313	24,440
	<b>380,016</b>	<b>1,928,739</b>	<b>2,308,755</b>
<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	200,097	609,087	809,184
Akfen REIT	--	699,072	699,072
HEPP Group	72,135	669,019	741,154
Akfen SPP	786	23,009	23,795
	<b>273,018</b>	<b>2,000,187</b>	<b>2,273,206</b>

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September</u>	<u>31 December</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
Within 1	726,269	273,018	768,667	380,016
1 – 2 years	345,574	624,769	371,645	685,855
2 – 3 years	80,864	186,826	102,278	226,896
3 – 4 years	81,946	119,588	93,531	146,411
5 years and	470,787	1,069,005	389,229	869,577
	<b>1,705,440</b>	<b>2,273,206</b>	<b>1,725,350</b>	<b>2,308,755</b>

**Conditions and repayment schedules**

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

**Akfen Holding Anonim Şirketi**

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(Currency: Thousands of TL)

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

The currency distribution of the bank loans and the issued bonds as at 30 September 2016 and 31 December 2015 are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2016</u>	<u>31 December 2015</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
TL	404,500	442,506	409,164	454,963
US Dollar	1,030,141	900,502	1,042,807	916,378
Euro	270,799	930,198	273,379	937,414
	<b>1,705,440</b>	<b>2,273,206</b>	<b>1,725,350</b>	<b>2,308,755</b>

Since majority of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk, As at 30 September 2016 and 31 December 2015 the lowest and highest interest rates of loans that the Company used are as follows:

	<u>30 September 2016<sup>(*)</sup></u>			<u>31 December 2015<sup>(*)</sup></u>		
	<u>TL</u>	<u>US Dollar</u>	<u>Euro</u>	<u>TL</u>	<u>US Dollar</u>	<u>Euro</u>
<b>Fixed rate loans</b>				<b>Fixed rate loans</b>		
The Lowest	14.50%	3.75%	3.80%	The Lowest	14.00%	3.75%
The Highest	14.50%	6.00%	5.50%	The Highest	14.00%	6.00%
<b>Fixed rate loans</b>				<b>Fixed rate loans</b>		
The Lowest	3.00%	3.48%	2.42%	The Lowest	3.00%	3.11%
The Highest	3.50%	5.25%	5.50%	The Highest	16.80%	5.25%

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

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

As at 30 September 2016, total amount of project loans is TL 764,946 (31 December 2015: TL 1,483,146) and its share in total loans is 44% (31 December 2015: 64%).

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

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

**Akfen Holding**

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

	<b><u>Currency</u></b>	<b><u>Nominal Interest Rate</u></b>	<b><u>Maturity</u></b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Secured bank loans <sup>(1)</sup>	USD	6.00	2016	43,032	44,054
Secured bank loans <sup>(2)</sup>	USD	4.85	2016	29,060	30,472
Secured bank loans <sup>(2)</sup>	USD	3.75	2017	149,797	153,811
Secured bank loans <sup>(2)</sup>	USD	4.50	2017	20,971	20,974
Secured bank loans <sup>(1)</sup>	USD	Libor+5.25	2017	17,975	18,074
Secured bank loans <sup>(1)</sup>	USD	5.60	2017	17,975	18,016
Secured bank loans <sup>(2)</sup>	Euro	Euribor+5.50	2017	30,247	30,810
Secured bank loans <sup>(2)</sup>	Euro	4.75	2017	14,788	14,790
Secured bank loans <sup>(2)</sup>	Euro	4.60	2017	50,412	51,561
Secured bank loans <sup>(2)</sup>	Euro	4.15	2018	58,814	59,029
Secured bank loans <sup>(2)</sup>	Euro	4.00	2018	22,382	22,457
Secured bank loans <sup>(2)</sup>	Euro	4.70	2018	33,608	33,687
Secured bank loans	Euro	3.80	2018	23,526	23,728
Secured bank loans	Euro	5.50	2018	29,575	29,777
Secured bank loans	TL	14.50	2017	4,500	4,502
Bond <sup>(3)</sup>	TL	GDS (*) + 3.25	2017	140,000	143,621
Bond <sup>(4)</sup>	TL	GDS (*) + 3.50	2017	200,000	200,603
Bond <sup>(5)</sup>	TL	GDS (*) + 3.00	2017	60,000	60,438
				<b><u>946,662</u></b>	<b><u>960,404</u></b>

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

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

<sup>(3)</sup> Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140.000. The 11<sup>th</sup> period coupon payment date is 10 October 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 11<sup>th</sup> period coupon payment is 2.87%.

<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 6<sup>th</sup> period coupon payment date is 23 March 2017. According to the determined additional rate of return, coupon interest rate that will be valid for the 6<sup>th</sup> period coupon payment is 6.09%.

<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 8<sup>th</sup> period coupon payment date is 8 September 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 8<sup>th</sup> period coupon payment is 2.89%.

<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 the Undersecretariat of Treasury.

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

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

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

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

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

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

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

<sup>(5)</sup> Represents the share purchase loan. Akfen Holding and Akfen REIT shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

<sup>(6)</sup> Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140.000. The 8<sup>th</sup> period coupon payment date is 11 January 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 8<sup>th</sup> period coupon payment is 3.41%.

<sup>(7)</sup> Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200.000. The 4<sup>th</sup> period coupon payment date is 24 March 2015. According to the determined additional rate of return, coupon interest rate that will be valid for the 4<sup>th</sup> period coupon payment is 7.19%.

<sup>(8)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60.000. The 5<sup>th</sup> period coupon payment date is 10 March 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 5<sup>th</sup> period coupon payment is 3.33%.

(\*) As of 31 December 2015 the simple ON interest rate of the share purchase loan.

(\*\*) 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 the Undersecretariat of Treasury.

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

**Akfen Holding (continued)**

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2016</u>	<u>31 December 2015</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
Within 1 year	681,855	200,097	701,724	222,117
1 – 2 years	264,807	532,380	258,680	532,214
2 – 3 years	--	76,707	--	71,278
	<b>946,662</b>	<b>809,184</b>	<b>960,404</b>	<b>825,609</b>

**Akfen REIT:**

As at 30 September 2016, loans and borrowings are shown in the “assets held for sale” note.

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

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

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

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

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

**Akfen Holding Anonim Şirketi**

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

**Akfen REIT (continued)**

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

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

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

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

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

(4) The loan agreement in the amount of Euro 59,000,000 having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to HDI – subsidiary of Akfen REIT- and RHI and RPI – subsidiaries of Akfen GT- and the loan has been used on 6 November 2015 and 17 November 2015. Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding has been pledged to the favor of creditor.
- All shares of HDI, RHI and RPI have been pledged to the favor of creditor.
- Akfen GT has corporate guarantee in amount of the loans used by RHI and RPI.
- Akfen REIT has corporate guarantee in amount of the loans used by HDI.
- Euro 15,000,000 portion of the loan used by Akfen GT is kept as guarantee.
- Right of tenancies of Yaroslavl Ibis Hotel, Samara Ibis Hotel, Samara Office, Kaliningrad Ibis Hotel and Moscow Ibis Hotel are pledged in favor of the creditors.
- Rent revenues of the projects are alienated in favor of the creditor.

The detail of loans and borrowings is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2016</u>	<u>31 December 2015</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
Within 1 year	--	--	--	44,730
1 – 2 years	--	15,848	--	47,370
2 – 3 years	--	33,577	--	59,116
3 – 4 years	--	43,046	--	58,877
5 years and more	--	606,601	--	493,924
	--	<b>699,072</b>	--	<b>704,017</b>

**Akfen Holding Anonim Şirketi**

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

**Akfen Renewable (continued)**

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying Amount</u>
Secured bank loans (1)	USD	5.90	2025	652,244	654,374
Secured bank loans (2)	USD	5.50	2026	57,671	61,156
Secured bank loans (3)	USD	4.60	2024	9,835	9,998
Secured bank loans (4)	USD	3.53	2027	7,329	7,387
Secured bank loans (5)	USD	3.53	2027	674	684
Secured bank loans (5)	USD	3.53	2027	854	860
Secured bank loans (6)	USD	3.48	2030	22,724	22,946
Secured bank loans (7)	Euro	2.92	2025	6,368	6,406
Secured bank loans (4)	Euro	2.42	2026	286	332
Secured bank loans (4)	Euro	2.42	2027	397	402
Secured bank loans (4)	Euro	2.42	2027	397	402
				<b>758,778</b>	<b>764,946</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
- 1<sup>st</sup> 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
- 1<sup>st</sup> degree pledge on real estate



## Akfen Holding Anonim Şirketi

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

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

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.

<sup>(3)</sup> Used for the project finance of Yeşilvadi Elektrik Üretim A.Ş and Murel Elektrik Üretim San. Ve Tic. A.Ş. Within the project finance guarantee letter is given as a pledge for this loan.

<sup>(4)</sup> Used for the financing of the SPP projects of Yeşilvadi Elektrik Üretim A.Ş.. Farez Elektrik Üretim San. Ve Tic A.Ş. Within the project finance guarantee letter is given as a pledge for this loan.

<sup>(5)</sup> Used for the financing of the unlicensed SPP projects of Solentegre Enerji Yatırımları Ticaret A.Ş. Within the project finance guarantee letter is given as a pledge for this loan.

<sup>(6)</sup> Used for the project finance of Solentegre Enerji Yatırımları Ticaret A.Ş. licensed SPP project.

Within the project finance guarantee letter is given as a pledge for this loan.

<sup>(7)</sup> Used for the project finance of Günova Elektrik Üretim San. Ve Tic. A.Ş. and Yeşildere Elektrik Üretim A.Ş.. Within the project finance guarantee letter is given as a pledge for this loan.

The repayment schedule of loans and borrowings is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30September 2016</u>	<u>31 December</u>	<u>30 Se 2016</u>	<u>31 December 2015</u>
Within 1 year	44,415	--	66,943	--
1 – 2 years	80,766	--	112,965	--
2 – 3 years	80,864	--	102,278	--
3 – 4 years	81,946	--	93,531	--
5 years and	470,787	--	389,229	--
	<b>758,778</b>	--	<b>764,946</b>	--

### HEPP Group

As of 30 September 2016 loans and borrowings are shown under Akfen Renewable.

The detail of loans and borrowings as of 31 December 2015 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	USD	5.90	2025	703,354	716,047
Secured bank loans <sup>(2)</sup>	USD	5.50	2026	37,800	38,642
				<b>741,154</b>	<b>754,689</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

**Akfen Holding Anonim Şirketi**

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

**HEPP Group (continued)**

- 1<sup>st</sup> degree pledge on real estate
- Undertaking about electricity production license
- Assignment of consecutive receivables

As at 31 December 2015, 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 Enability Ratios to be reached within the scope of loan agreements. In the case of having excess cash after periodical loan repayments. use of excess cash and dividend payment option is permissive.

<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
- 1<sup>st</sup> degree pledge on real estate

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

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.

The repayment schedule of loans and borrowings is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2016</u>	<u>31 December 2015</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
Within 1 year	--	72,135	--	112,043
1 – 2 years	--	73,935	--	103,302
2 – 3 years	--	73,935	--	93,687
3 – 4 years	--	73,935	--	84,819
5 years and more	--	447,212	--	360,839
		<b>741,154</b>		<b>754,689</b>

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

### SPP Group

As at 30 September 2016, loans and borrowings are shown under Akfen Renewable.

As at 31 December 2015, the repayment schedule 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 (1)	USD	3.11	2027	7,240	7,358
Secured bank loans (2)	USD	4.60	2024	9,450	9,862
Secured bank loans (1)	Euro	2.59	2027	750	759
Secured bank loans (3)	Euro	3.05	2025	6,355	6,461
				<b>23,795</b>	<b>24,440</b>

<sup>(1)</sup> Used for the project financing of Yeşilvadi Elektrik Üretim A.Ş.. Farez Elektrik Üretim San. Ve Tic A.Ş. Within the project finance guarantee letter is given as a pledge for this loan.

<sup>(2)</sup> Used for the project finance of Yeşilvadi Elektrik Üretim A.Ş and Murel Elektrik Üretim San. Ve Tic. A.Ş. Within the project finance guarantee letter is given as a pledge for this loan.<sup>(3)</sup> Used for the project finance of Günova Elektrik Üretim San. Ve Tic. A.Ş. and Yeşildere Elektrik Üretim A.Ş.. Within the project finance guarantee letter is given as a pledge for this loan.

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>30 September 2016</u>	<u>31 December 2015</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
Within 1 year	--	785	--	1,127
1 – 2 years	--	2,606	--	2,968
2 – 3 years	--	2,606	--	2,816
3 – 4 years	--	2,606	--	2,714
5 years and more	--	15,191	--	14,815
		<b>23,795</b>		<b>24,440</b>

## 9 TRADE RECEIVABLES AND PAYABLES

### **Current trade receivables**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Due from related parties (Note 32)	5,582	1,859
Trade receivables from third parties	15,647	31,952
	<b>21,229</b>	<b>33,811</b>

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

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Account receivable	4,367	22,325
Income accruals	11,280	9,627
	<b>15,647</b>	<b>31,952</b>

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Akfen Renewable	15,647	--
Akfen REIT	--	17,867
HEPP Group	--	8,923
Akfen SPP	--	719
Other	--	4,442
	<b>15,647</b>	<b>31,952</b>

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

	<u>30 September 2016</u>	<u>30 September 2015</u>
Opening balance	--	(1,034)
Currency differences (*)	---	1,034
<b>Closing balance</b>	<b>--</b>	<b>--</b>

(\*) Based on Akfen Holding's board decision dated 13 July 2015 it was decided to transfer Akfen Construction shares belonging to Akfen Holding, as a result as at 30 September 2015, Akfen Construction's assets were included in asset classified as held for sale.

**Current trade payables**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Due from related parties (Note 32)	11,499	8,678
Trade receivables from third parties	11,972	31,934
	<b>23,471</b>	<b>40,612</b>

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Trade payables	11,878	25,997
Expense accruals	94	5,937
	<b>11,972</b>	<b>31,934</b>

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

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen Renewable	10,594	--
Akfen Holding	1,378	3,187
Akfen Thermal Energy	--	8,909
HEPP Group	--	6,472
Electricity Wholesale	--	4,930
Akfen REIT	--	3,436
Other	--	5,000
	<b>11,972</b>	<b>31,934</b>

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

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
0 - 3 months	1,302	8,351
3 months - 1 year	10,670	23,583
	<b>11,972</b>	<b>31,934</b>

**10 OTHER RECEIVABLES AND PAYABLES**

**Other current receivables**

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 32)	--	99,587
Other receivables from third parties	1,071	587
	<b>1,071</b>	<b>100,174</b>

**Other non-current receivables**

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Due from related parties (Note 30)	276,093	431,387
Other receivables from third parties	3,341	20,032
	<b>279,434</b>	<b>451,419</b>

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

**Other non-current receivables**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Akfen Renewable	3,341	--
Akfen REIT	--	17,075
HEPP Group	--	2,399
Other	--	558
	<b>3,341</b>	<b>20,032</b>

**Other current payables**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Due to related parties (Note 32)	--	8,153
Other payables to third parties	3,468	11,327
	<b>3,468</b>	<b>19,480</b>

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Akfen Holding	1,749	4,383
Akfen Renewable	1,719	--
Akfen REIT	--	2,062
HEPP Group	--	2,085
Other	--	2,797
	<b>3,468</b>	<b>11,327</b>

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Taxes and duties payable	3,468	9,738
Other payables	--	1,589
	<b>3,468</b>	<b>11,327</b>

As at 30 September 2016, TL 1,748 and TL 1,720 of taxes and duties payables arises from tax payables by Akfen Holding and Akfen Renewable, respectively.

**Other non-current payables**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Due to related parties (Note 32)	10,238	9,066
Other payables to third parties	375	4,994
	<b>10,613</b>	<b>14,060</b>

As at 31 December 2015, Akfen REIT's other payables to third parties are comprised of TL 3,601 rent accruals.

**11 INVENTORIES**

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

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

With the board decision dated 01 June 2016 and 20 June 2016 it was decided to determine whether the spin-off of the shares of; Akfen Thermal Energy, İDO, Akfen Water, Tav Investment, Akfen REIT, Adana İpekyolu, Akfen Enerji Gaz, Akfen Enerji Üretim, Akfen Rüzgar Enerji, Akfen Karaköy, Akfen Su Güllük, Akfensu-Arbiogaz Dilovası, Akfen Güneş Enerji and Batı Karadeniz Elk. Dağ .Ve Sis . A.Ş. and to contribute these to Akfen Mühendislik A.Ş., as capital in kind, is appropriate, The notification process with regards to the demerger process according to Turkish Commercial Code Article 174 based on this decision has been started.

As a result, as of 30 September 2016, all assets belonging to Akfen REIT, Akfen Thermal Energy and Akfen Energy Distribution are shown under “assets classified as held for sale”, while all liabilities under “liabilities of assets classified as held for sale”.

**Assets classified as held for sale**

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

	<b>AKFEN REIT</b>	<b>Thermal Energy</b>	<b>Energy Distribution</b>	<b>30 September 2016</b>
<b>Current Assets</b>	<b>42,217</b>	<b>1,192</b>	<b>393</b>	<b>43,803</b>
Cash and cash equivalents	14,252	1,167	292	15,712
Trade receivables	18,177	--	99	18,275
- Due from related parties	-	-	99	99
- Trade receivables from third parties	18,177	-	-	18,177
Other receivables	149	--	--	149
- Other receivables from third parties	-	-	-	--
- Other receivables from non-related parties	149	-	-	149
Prepaid expenses	8,876	10	2	8,888
Current tax assets	123	14	-	137
Other current assets	641	--	0,081	641
<b>Non-Current Assets</b>	<b>1,616,183</b>	<b>280,016</b>	<b>12,479</b>	<b>1,908,678</b>
Trade receivables	--	203,364	12,184	215,548
- Trade receivables from related parties	-	203,364	12,184	215,548
- Trade receivables from third parties	-	-	-	--
Other receivables	19,067	4	--	19,072
- Other receivables from third parties	19,067	4	-	19,072
Financial investments	50,412	-	-	50,412
Investment Property	1,494,875	-	-	1,494,875
Property, plant and equipment	138	66,573	-	66,712
Intangible assets	53	2,760	-	2,813
Deferred tax assets	3,279	554	269	4,102
Prepaid expenses	11,381	2	-	11,383
Other non-current assets	36,977	6,758	26	43,762
<b>Total Assets</b>	<b>1,652,131</b>	<b>281,208</b>	<b>12,872</b>	<b>1,952,481</b>

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

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

	AKFEN REIT	Thermal Energy	Energy Distribution	30 September 2016
<b>Current Liabilities</b>	<b>78,414</b>	<b>5,815</b>	<b>47</b>	<b>84,276</b>
Short term loans and borrowings	65,324	--	--	65,324
Trade payables	6,904	3,552	6	10,462
-Due to related parties	3,16	3,493	--	6,653
-Trade payables to third parties	3,744	59	6	3,809
Other payables	1,59	2,255	41	3,886
-Due to parties	--	--	--	-
-Other payables to third parties	1,59	2,255	41	3,886
Employee benefit obligations	30	5	--	35
Deferred income	4,004	--	--	4,004
Short term provisions	492	3	-	495
Other current liabilities	70	--	--	70
<b>Non-Current Liabilities</b>	<b>766,884</b>	<b>697</b>	<b>--</b>	<b>767,581</b>
Long term loans and borrowings	693,798	--	--	693,798
Trade payables	0,002	156	--	156
-Due to related parties	--	156	--	156
Other payables	3,642	--	--	3,642
-Due to unrelated parties	--	--	--	--
-Other payables to third parties	3,642	--	--	3,642
Long term provisions	--	--	--	--
Provision for employee benefits	109	24	--	133
Deferred tax liability	69,335	517	--	69,852
Postponed income	--	--	--	--
Other non-current liabilities	--	--	--	--
<b>Total Liabilities</b>	<b>845,298</b>	<b>6,512</b>	<b>47</b>	<b>851,857</b>

**Discontinued operations**

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

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



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

**Discontinued operations (continued)**

	<u>1 January - 30</u> <u>September</u> <u>2015</u>	<u>1 July - 30</u> <u>September</u> <u>2015</u>
Revenue	132,983	51,917
Cost of sales	(122,216)	(46,698)
<b>Gross Profit</b>	<b>10,767</b>	<b>5,219</b>
General administrative expenses	(22,253)	(5,142)
Other operating income	6,049	(216)
Other operating expense	(745)	1,318
Share on profit/(loss) of equity-accounted investees	(8,514)	(4,305)
<b>Operating Profit</b>	<b>(14,696)</b>	<b>(3,126)</b>
Income from investment activities	159	9
Financial income	2,426	2,036
Financial expense	(83,584)	(57,312)
<b>Profit/(Loss) Before Tax</b>	<b>(95,695)</b>	<b>(58,393)</b>
Tax Income/(Expense)	10,229	9,923
Profit/(Loss) For The Period	(85,466)	(48,470)
<b>Profit/(Loss) After Discontinuing Operations For The Period</b>	<b>(85,466)</b>	<b>(48,470)</b>

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**13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

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

	<b>Ownership Rate (%)</b>	<b>30 September 2016</b>	<b>Ownership Rate (%)</b>	<b>31 December 2015</b>
MIP	50.00	600,785	50.00	536,906
TAV Airports	8.12	207,074	8.12	199,634
TAV Investment	21.68	43,320	21.68	76,021
İDO	30.00	40,688	30.00	37,851
Akfen Water	50.00	15,968	50.00	13,837
		<b>907,836</b>		<b>864,249</b>

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

	<b>1 January-30 September 2016</b>	<b>1 July-30 September 2016</b>	<b>1 January-30 September 2015</b>	<b>1 July-30 September 2015</b>
MIP	97,202	29,091	79,431	21,927
TAV Airports	29,169	20,828	40,486	19,959
TAV Investment	(34,640)	(17,080)	5,135	754
İDO	2,368	(4,533)	(93,273)	(32,256)
Akfen Water	1,131	747	(1,745)	127
	<b>95,232</b>	<b>29,054</b>	<b>30,034</b>	<b>10,511</b>

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

	<b>1 January 2016</b>	<b>Profit for the period</b>	<b>Other equity transactions</b>	<b>Profit distribution</b>	<b>30 September 2016</b>
MIP	536,906	97,202	16,539	(49,862)	600,785
TAV Airports	199,634	29,169	6,490	(28,219)	207,074
TAV Investment	76,021	(34,640)	1,939	--	43,320
İDO	37,851	2,368	469	--	40,688
Akfen Water	13,837	1,131	1,000	--	15,968
	<b>864,249</b>	<b>95,230</b>	<b>26,437</b>	<b>(78,081)</b>	<b>907,836</b>

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

	<b>1 January 2015</b>	<b>Profit for the period</b>	<b>Capital increase</b>	<b>The influence of alteration on group</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>

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

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

**MIP:**

The summary of financials of MIP is as follow:

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	2,929,882	2,768,195
Total Liabilities	1,728,311	1,694,384
Net Assets	1,201,571	1,073,812
<b>Group's share on net assets of MIP</b>	<b><u>600,785</u></b>	<b><u>536,906</u></b>

	<b><u>1 January-30 September 2016</u></b>	<b><u>1 July-30 September 2016</u></b>	<b><u>1 January-30 September 2015</u></b>	<b><u>1 July-30 September 2015</u></b>
Revenue	585,352	189,921	547,299	180,190
Gross profit/(loss)	338,041	104,150	321,636	101,136
General administrative expenses	(47,588)	(16,932)	(43,862)	(15,887)
Operating profit	290,453	87,218	277,774	85,249
Profit before tax	230,132	66,015	214,163	62,727
Profit after tax	194,405	58,181	158,862	43,854
Profit attributable to equity holders of parent	194,405	58,181	158,862	43,854
<b>Group's share on MIP's profit</b>	<b><u>97,202</u></b>	<b><u>29,091</u></b>	<b><u>79,431</u></b>	<b><u>21,927</u></b>
Amortization and depreciation expenses	72,666	26,157	63,701	23,620

**TAV Airports:**

The summary of financials of TAV Airports is as follows:

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	10,482,540	10,506,371
Total Liabilities	7,824,754	7,940,218
Net Assets (*)	2,657,786	2,566,153
<b>Group's share on net assets of TAV Airports</b>	<b><u>215,790</u></b>	<b><u>208,350</u></b>

	<b><u>1 January-30 September 2016</u></b>	<b><u>1 July-30 September 2016</u></b>	<b><u>1 January-30 September 2015</u></b>	<b><u>1 July-30 September 2015</u></b>
Revenue	2,458,050	951,329	2,247,468	911,917
Gross profit/(loss)	1,041,190	450,949	1,069,447	487,448
General administrative expenses	(411,740)	(135,792)	(333,858)	(118,048)
Other operating income/(loss), net	244,242	72,086	181,162	83,139
Equity accounted investees	58,994	31,237	59,878	32,138
Operating profit/(loss)	932,686	418,480	976,629	484,677
Profit/(loss) before tax	567,309	340,604	695,323	351,607
Profit/(loss) after tax	338,046	268,084	482,985	246,865
Profit/(loss) attributable to equity holders of parent	359,268	256,540	498,647	245,828
<b>Group's share on TAV Airports's profit</b>	<b><u>29,169</u></b>	<b><u>20,828</u></b>	<b><u>40,486</u></b>	<b><u>19,959</u></b>
Amortization and depreciation expenses	249,876	88,497	186,271	65,310

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

(\*) As at 30 September 2016, Group's share on TAV Airports's net asset includes goodwill amounting to TL 8,716 (31 December 2015: TL 8,716), In addition, non-controlling interest amounting to TL 387 is included in net assets of TAV Airports (31 December 2015: TL 1,514).

As at 30 September 2016, 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., Upravitelji Zračne Luke Zagreb d.o.o and ZAIC-A companies, are included in investment in equity accounted investees in the financials of TAV Airport.

**TAV Investment:**

The summary of financials of TAV Investment is as follows:

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	3,256,175	3,032,811
Total Liabilities	3,056,312	2,682,082
Net Assets	199,863	350,729
<b>Group's share on net assets of TAV Investment</b>	<b><u>43,320</u></b>	<b><u>76,021</u></b>

	<b><u>1 January-30 September 2016</u></b>	<b><u>1 July-30 September 2016</u></b>	<b><u>1 January-30 September 2015</u></b>	<b><u>1 July-30 September 2015</u></b>
Revenue	1,852,484	566,445	1,941,554	628,951
Gross profit/(loss)	(49,035)	(3,799)	58,302	(3,400)
General administrative expenses	(44,092)	(14,725)	(39,186)	(10,656)
Other operating income/(loss), net	(41,659)	(43,308)	10,893	12,174
Operating profit/(loss)	(134,786)	(61,832)	30,009	(1,882)
Profit/(loss) before tax	(163,133)	(73,474)	7,417	(9,659)
Profit/(loss) after tax	(159,813)	(78,802)	23,700	3,490
Profit/(loss) attributable to equity holders of parent	(159,813)	(78,802)	23,692	3,480
<b>Group's share on TAV Investment's profit</b>	<b><u>(34,640)</u></b>	<b><u>(17,080)</u></b>	<b><u>5,135</u></b>	<b><u>754</u></b>
Amortization and depreciation expenses	26,925	7,868	22,214	7,558
Commission expenses of letter of guarantee included in cost of sales	20,498	8,851	14,187	4,667

**İDO:**

The summary of financials of İDO is as follows:

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	1,814,364	1,785,292
Total Liabilities	1,678,739	1,659,121
Net Assets	135,625	126,171
<b>Group's share on net assets of İDO</b>	<b><u>40,688</u></b>	<b><u>37,851</u></b>

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

**İDO: (continued)**

	<u>1 January-30</u> <u>September 2016</u>	<u>1 July-30</u> <u>September 2016</u>	<u>1 January-30</u> <u>September 2015</u>	<u>1 July-30</u> <u>September 2015</u>
Revenue	459,316	181,723	480,705	231,006
Gross profit/(loss)	179,665	72,134	222,282	127,480
General administrative expenses	(42,728)	(11,819)	(33,114)	(12,135)
Other operating income/(loss), net	1,891	(177)	(2,555)	125
Equity accounted investees	2,394	1,612	1,927	1,884
Operating profit/(loss)	141,222	61,750	188,540	117,354
Profit/(loss) before tax	8,559	(15,388)	(309,655)	(105,570)
Profit/(loss) after tax	7,894	(15,388)	(310,910)	(107,519)
Profit/(loss) attributable to equity holders of parent	7,894	(15,388)	(310,910)	(107,519)
<b>Group's share on İDO's profit</b>	<b>2,368</b>	<b>(4,533)</b>	<b>(93,273)</b>	<b>(32,256)</b>
Amortization and depreciation	62,889	21,147	55,353	19,653

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

**Akfen Water:**

The summary of financials of Akfen Water is as follows:

	<u>30 September 2016</u>	<u>31 December 2015</u>
Total Assets	97,537	87,774
Total Liabilities	65,600	60,101
Net Assets	31,937	27,673
<b>Group's share on net assets of Akfen Water</b>	<b>15,968</b>	<b>13,837</b>

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>
Revenue	12,277	4,840	10,170	4,196
Gross profit/(loss)	6,698	2,815	5,313	2,397
General administrative expenses	(2,396)	(740)	(2,434)	(841)
Other operating income/(loss), net	(228)	(2)	(3,887)	(51)
Operating profit/(loss)	4,074	2,073	(1,008)	1,504
Profit/(loss) before tax	3,984	1,755	(2,207)	363
Profit/(loss) after tax	3,477	1,996	(2,526)	641
Profit/(loss) attributable to equity holders of parent	2,262	1,495	(3,491)	253
<b>Group's share on Akfen Water's profit</b>	<b>1,131</b>	<b>747</b>	<b>(1,745)</b>	<b>127</b>
Amortization and depreciation expenses	360	137	383	131
Guaranteed revenue	2,306	219	245	(1,633)
Construction revenue (*)	810	278	375	116
Construction cost (*)	736	252	(341)	(105)

As at 30 September 2016, non-controlling interest amounting to TL 5,924 is included in net assets of Akfen Water (31 December 2015: TL 5,013).

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

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

**Hacettepe Teknokent:**

The summary of financials of Hacettepe Teknokent is as follows:

	<u>30 September 2016</u>	<u>31 December 2015</u>		
Total Assets	--	--		
Total Liabilities	--	--		
Net Assets	--	--		
<b>Group's share on net assets of Hacettepe Teknokent</b>	<b>--</b>	<b>--</b>		
	<u>1 January-30</u>	<u>1 July-30</u>	<u>1 January-30</u>	<u>1 July-30</u>
	<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
Revenue	--	--	--	--
Gross profit/(loss)	--	--	(1,312)	(537)
General administrative expenses	--	--	(2,144)	(779)
Operation loss	--	--	(3,456)	(1,316)
(Loss) before tax	--	--	(3,433)	6,017
(Loss) after tax	--	--	(19,141)	(9,788)
(Loss) attributable to equity holders of parent	--	--	(18,920)	(9,567)
<b>Group's share on Hacettepe Teknokent's loss</b>	<b>--</b>	<b>--</b>	<b>(8,514)</b>	<b>(4,305)</b>
Amortization and depreciation	--	--	1,114	371

Associate of Akfen Construction, Hacettepe Teknokent was not included in equity accounted investments after the sale of shares of Akfen Construction on 30 October 2015. As of 30 September 2016 Group's share in Hacettepe Teknokent's loss is included in discontinued operations.

**14 INVESTMENT PROPERTY**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Operating investment properties	--	1,195,378
Investment property under development	--	232,983
<b>Total (*)</b>	<b>--</b>	<b>1,428,361</b>

(\*) As at 30 September 2016, all companies related to Akfen REIT are included in assets classified as held for sale and liabilities classified as held for sale.

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

	<u>2016</u>	<u>2015</u>
Opening balance – 1 January	1,428,361	1,351,891
Additions	17,909	56,980
Foreign currency translation difference	48,605	31,657
Change in fair value	(1,494,875)	--
<b>Closing balance – 30 September</b>	<b>--</b>	<b>1,440,528</b>

**Additions**

As at 30 September 2016 and 31 December 2015, additions are made by Akfen REIT, TL 3,338 of additions arises from additions to operating investment properties and TL 14,571 arises from additions to investment property under development.

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## 15 PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2016, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements
<b>Costs</b>							
Balance at 1 January 2016 (reported previously)	212	170	197	2,721	63,583	650	67,533
Classifications (*)	143,503	702,108	19	914	47,547	47	894,138
<b>Balance at 1 January 2016 (after classifications)</b>	<b>143,715</b>	<b>702,278</b>	<b>216</b>	<b>3,635</b>	<b>111,130</b>	<b>697</b>	<b>961,671</b>
Additions	44	2,219	--	277	59,620	--	62,160
Classifications (**)	100	(5)	(197)	(331)	(63,007)	--	(63,440)
Balance at 30 September 2016	<b>143,859</b>	<b>704,492</b>	<b>19</b>	<b>3,581</b>	<b>107,743</b>	<b>697</b>	<b>960,391</b>
<b>Less: Accumulated depreciation</b>							
Balance at 1 January 2016 (reported previously)	(22)	(163)	(117)	(2,233)	--	(374)	(2,909)
Classifications (*)	(6,633)	(66,737)	(10)	(488)	--	(38)	(73,906)
<b>Balance at 1 January 2016 (after classifications)</b>	<b>(6,655)</b>	<b>(66,900)</b>	<b>(127)</b>	<b>(2,721)</b>	<b>--</b>	<b>(412)</b>	<b>(76,815)</b>
Changing in group structure	--	--	--	(8)	--	--	(8)
Depreciation charge for the period	(2,999)	(19,744)	(4)	(242)	--	(86)	(23,075)
Transfers	--	3	119	295	--	--	417
Balance at 30 September 2016	<b>(9,654)</b>	<b>(86,641)</b>	<b>(12)</b>	<b>(2,676)</b>	<b>--</b>	<b>(498)</b>	<b>(99,481)</b>
<b>Net book value</b>							
Net book value at 31 December 2015	<b>137,060</b>	<b>635,378</b>	<b>89</b>	<b>914</b>	<b>111,130</b>	<b>285</b>	<b>884,856</b>
Net book value at 30 September 2016	<b>134,205</b>	<b>617,851</b>	<b>7</b>	<b>905</b>	<b>107,743</b>	<b>199</b>	<b>860,910</b>

(\*) As at 31 December 2015, reclassification effect of the classification of HEPP Group, WPP Group and Akfen Electricity Wholesale's assets as held for sale.

(\*\*) As at 30 September 2016, all assets related to Akfen REIT, Akfen Thermal Energy and Akfen Energy Distribution were classified as "assets held for sale", all liabilities as "liabilities related to assets classified as held for sale".

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

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	160,402	683,484	2,732	11,392	62	83,523	3,102	944,697
Changing in group structure (*)	(20,867)	(8,553)	(2,496)	(8,307)	(62)	(2,669)	(2,606)	(45,560)
Additions (*)	1,444	2,473	--	408	--	22,730	198	27,253
Changing in group structure (Reclassification of SPP Group)	368	29,083	--	16	--	(178)	--	29,289
Disposals	--	(4,168)	(88)	(3)	--	--	--	(4,259)
Balance at 30 September 2015	141,347	702,319	148	3,506	--	103,406	694	951,420
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2015	(4,907)	(48,751)	(777)	(10,063)	(62)	--	(892)	(65,452)
Changing in group structure	35	7,003	869	7,721	62	--	984	16,674
Depreciation charge for the period	(920)	(17,813)	(305)	(299)	--	--	(472)	(19,809)
Changing in group structure (Reclassification of SPP Group)	--	(673)	--	(243)	--	--	--	(917)
Disposals	--	73	87	--	--	--	--	160
Balance at 30 September 2015	(5,793)	(60,161)	(126)	(2,884)	--	--	(380)	(69,344)
<b>Net book value</b>								
Net book value at 31 December 2014	155,495	634,733	1,955	1,329	--	83,523	2,210	879,245
Net book value at 30 September 2015	135,554	642,158	22	622	--	103,406	314	882,076

(\*) Effect of Akfen Construction assets shown under “assets classified as held for sale” on 30 September 2015 financials since based on Akfen Holding board decision dated 13 July 2015 Akfen Construction shares belonging to Akfen Holding were transferred.

(\*\*) As at 30 September 2015, 68% of the additions amounting to TL18,412 are related to additions of the HEPP project investments.

As at 30 September 2015, capitalized finances expense amounting TL 1,658, are related to HEPP projects (31 December 2014: TL 16,036).



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**16 INTANGIBLE ASSETS**

As at 30 September 2016, movement of cost of intangible fixed assets is as follows:

	Licenses	Other intangible assets	Total
<b>Costs</b>			
<b>Balance at 1 January 2015</b>	<b>62,177</b>	<b>34,657</b>	<b>96,834</b>
Effect of the change in the group structure (*)	(68)	(1,554)	(1,622)
Additions	15	327	342
<b>Balance at 30 September 2015</b>	<b>62,124</b>	<b>33,430</b>	<b>95,554</b>
Balance at 1 January 2016 (reported previously)	745	30,852	31,597
Classifications (***)	63,593	28	63,621
<b>Balance at 1 January 2016 (after classification)</b>	<b>64,338</b>	<b>30,880</b>	<b>95,218</b>
Effect of the change in the group structure (**)	(2,875)	--	(2,875)
Additions	3	330	333
Immaterial asset impairment	--	(29,468)	(29,468)
<b>Balance at 30 September 2016</b>	<b>61,466</b>	<b>1,742</b>	<b>63,208</b>
<b>Accumulated amortization</b>			
<b>Balance at 1 January 2015</b>	<b>(8,755)</b>	<b>(2,105)</b>	<b>(10,860)</b>
Effect of the change in the group structure (*)	68	1,205	1,273
Amortization charge for the period	(995)	(282)	(1,277)
Effect of the change in the group structure (Reclassification of SPP Group)	--	(192)	(192)
<b>Balance at 30 September 2015</b>	<b>(9,682)</b>	<b>(1,374)</b>	<b>(11,056)</b>
Balance at 1 January 2016 (reported previously)	(140)	(1,117)	(1,257)
Classification (***)	(9,930)	(27)	(9,957)
<b>Balance at 1 January 2016 (after classification)</b>	<b>(10,070)</b>	<b>(1,144)</b>	<b>(11,214)</b>
Effect of the change in the group structure (**)	297	--	297
Amortization charge for the period	(1,755)	(204)	(1,959)
<b>Balance at 30 September 2016</b>	<b>(11,528)</b>	<b>(1,348)</b>	<b>(12,876)</b>
<b>Net book value</b>			
<b>Net book value at 30 September 2015</b>	<b>52,442</b>	<b>32,056</b>	<b>84,498</b>
<b>Net book value at 30 September 2016</b>	<b>49,938</b>	<b>394</b>	<b>50,332</b>

(\*) Effect of the classification of Akfen Construction's assets as "assets held for sale" in the 30 September 2016 financials since based on Akfen Holding board decision dated 13 July 2015 Akfen Construction shares belonging to Akfen Holding were transferred.

(\*\*) Effect of the classification of Akfen REIT, Akfen Thermal Energy and Akfen Energy Distribution as "assets held for sale" as at 30 September 2016.

(\*\*\*) As at 31 December 2015, effect of the classification of HEPP Group, WPP Group and Akfen Electricity Wholesale's assets as "assets held for sale".

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**17 GOVERNMENT GRANTS**

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

Based on the decree dated 1 July 2003 and numbered 2003/5868 of the Cabinet, it is resolved that ratio of the private consumption tax of the fuel oil supplied to any vessels, commercial yachts, service and fishing vessels, which are registered in the Turkish International Ship Registry and National Ship Registry and carry cargo and passengers exclusively in coastal routes, to be reduced to zero as of the beginning of the year 2004, provided that quantity of the fuel oil is determined with regards to technical specifications of and registered in journal of the vessel to consume such fuel oil, İDO utilizes discount in the private consumption tax to this extent since 2004.

According to the decree dated 2 December 2004 and numbered 2004/5266 of the Cabinet, any revenues obtained from operation and transfer of any vessels and yachts registered in the Turkish International Ship Registry are exempt from income and corporate taxes and funds, Purchase and sales, mortgage, registration, loan and freight agreements for any vessels and yachts registered in the Turkish International Ship Registry are not subject to stamp tax, duties, taxes and funds of bank and insurance procedures, İDO makes use of discounts of corporate tax and income tax in this scope.

As at 30 September 2016 and 31 December 2015, TAV Esenboğa and TAV İzmir have investment grants.

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

In addition, with the Communiqué which was published in the Official Gazette dated 25 June 2015 numbered 28329 “Communiqué (No 2016/2) changing the Communiqué regarding government grants on investments (No 2012/1)” the imported solar panels were excluded from the scope of the investment grant and VAT exemption, SPP projects that have not applied for or have not obtained VAT exemption and investment grant prior to the date of the announcement of the Communiqué, will not be making use of the VAT and customs duty exemptions for the imported solar panels.

**18 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Current provisions**

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Employee benefits (Note 20)	2,026	2,335
	<b>2,026</b>	<b>2,335</b>
<b>Non-current provisions</b>	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Provision for employee benefits	2,545	2,443
	<b>2,545</b>	<b>2,443</b>

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## 19 COMMITMENTS AND CONTINGENCIES

### (a) Commitments, pledges and mortgages

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

<b><u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u></b>	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
A. Total amount of CPM is given on behalf of own legal personality	1,253,291	1,133,896
B. Total amount of CPM is given in favor of subsidiaries, which are fully consolidated	1,368,301	1,330,923
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total amount of other CPM	17,345	16,400
i. Total amount of CPM given in favor of parent company	--	--
ii. Total amount of CPM given in favor of other group companies, which articles B and C don't include	17,345	16,400
iii. Total amount of CPM given to the third parties not included in the article C	--	--
<b>Total</b>	<b>2,638,937</b>	<b>2,481,219</b>

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

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

	<b><u>30 September 2016<sup>(*)</sup></u></b>			<b><u>31 December 2015<sup>(*)</sup></u></b>		
	<b>TL</b>	<b>Euro</b>	<b>US Dollar</b>	<b>TL</b>	<b>Euro</b>	<b>US Dollar</b>
Total amount of CPM given on behalf of own legal personality	119,019	1,036,241	98,031	127,531	954,319	52,046
Total amount of CPM given in favor of subsidiaries which are fully consolidated	240,233	377,135	750,933	240,233	349,536	741,154
Other CPMs given	--	17,345	--	--	16,400	--
	<b>359,252</b>	<b>1,430,720</b>	<b>848,964</b>	<b>367,764</b>	<b>1,320,255</b>	<b>793,200</b>

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

### (b) Letter of guarantees received

As at 30 September 2016, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have nature of letter of guarantees amounting to TL 67,574 (31 December 2015: TL 52,755) from subcontractors. As at 30 September 2016 TL 6,405 (31 December 2015: TL 5,404) of notes were given to constructions companies of Akfen Holding and WPP companies, TL 3,656 were given to other Energy Group companies.

## 20 EMPLOYEE BENEFITS

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Vacation pay liability – short term	2,026	2,335
Employee severance indemnity – long term	2,545	2,443
	<b>4,571</b>	<b>4,778</b>

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**21 OTHER ASSETS AND LIABILITIES**

**Other current assets**

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
VAT carried forward	9,325	20,215
	<b>9,325</b>	<b>20,215</b>

**Other non-current assets**

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
VAT carried forward	59,382	99,018
Advances given to sub-contractors	--	1,477
Other	969	796
	<b>60,351</b>	<b>101,291</b>

**22 PREPAID EXPENSES AND INCOME**

**Prepaid Expenses**

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

	<b><u>30 September 2016</u></b>	<b><u>31 December 2015</u></b>
Advances given	9,123	11,789
Prepaid expenses	3,245	4,093
Advances given to personnel	144	149
Job advances	63	347
	<b>12,575</b>	<b>16,378</b>

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

	<b><u>30 September</u></b>	<b><u>31 December</u></b>
	<b><u>2016</u></b>	<b><u>2015</u></b>
Prepaid expenses	559	12,096
Advances given	4,515	4,807
	<b>5,074</b>	<b>16,903</b>

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**23 NON CURRENT FINANCIAL LIABILITIES**

**Put Option Liabilities related to the non-controlling interest**

On 15 December 2015, a partnership agreement was signed between Akfen Holding and European Bank for Reconstruction and Development (“EBRD”). Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine SPP and Akfen HEPP would be consolidated under one roof, a renewable energy company would be structured and EBRD would participate in this company with an up to 20% stake, paying USD100 million. On 22.06.2016 the agreement with EBRD was revised, so that both EBRD and IFC would participate in Akfen Renewable with an up to 16.667% stake, paying USD100 million each. The conditions of the closing were met and at the initial stage, the paid in capital of Akfen Renewable was raised from TL 634,500 to TL 705,000, at a premium. EBRD and IFC have participated in Akfen Renewable with a 5% stake each, paying USD44,444,444. The increase in the paid-in capital was registered on 12 July 2016.

According to the agreement with EBRD and IFC, at any time during the period commencing on the 8<sup>th</sup> anniversary of the first tranche subscription date and ending on the 11<sup>th</sup> anniversary of such date, in case EBRD and IFC make use of their put option, Akfen agrees to buy EBRD and IFC’s total shares or part of their shares in the company at that time at its fair valuation. Hence, non-controlling interest of EBRD and IFC were removed from records and the fair value of these shares were recorded under financial liabilities. The difference between these non-controlling interest that was removed from records and the fair value of these shares was recorded under Equity in “put option liabilities for non-controlling shares”.

	TL
Company’s net active value on the subscription date	356,609
EBRD&IFC’s subscription amounts	129,840
<b>Total</b>	<b>486,449</b>
<b>The value of minority interest (10%) (a)</b>	<b>48,645</b>

Company’s fair value on the subscription date	1,317,551
The value of minority interest (10%) (b)	131,755
<b>Put option liabilities from non-controlling interests</b>	<b>131,755</b>

<b>Put option valuation fund from non-controlling interests (a-b)</b>	<b>83,110</b>
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## 24 EQUITY

As at 30 September 2016, Akfen Holding had 667,080,686 shares, each with a nominal value of full TL 1. As at 30 September 2016, paid-in capital of TL 667,081 was fully paid.

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

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

	<u>30 September 2016</u>		<u>31 December 2015</u>	
	<u>Share Amount</u>	<u>Ownership Rate</u>	<u>Share Amount</u>	<u>Ownership Rate</u>
Hamdi Akın(*)	572,365	85,80	198,500	68,21
Selim Akın	23,174	3,47	-	-
Akfen Altyapı	65,829	9,87	-	-
Akfen Holding A.Ş.(**)	-	-	7,990	2,75
Other partners	5,713	0,86	2,278	0,78
Public shares(***)	-	-	53,132	28,26
<b>Paid-in Capital (nominal)</b>	<b>667,081</b>	<b>100</b>	<b>261,900</b>	<b>100</b>

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

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

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

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

The decrease of Akfen Holding's paid-in capital via cancellation of share buyback programme has been approved by the CMB on 18 December 2015. Akfen Holding share capital reduction from TL 261,900 to TL 247,081 through cancellation of shares with a nominal value of TL 14,819 was approved at the Extraordinary General Assembly held on 20 January 2016 and the paid-in capital reduction was carried out as of 28 January 2016.

Paid-in capital, which amounted to TL 247,081 was raised by TL 420,000 through a bonus share issue to TL 667,081 as of 27 May 2016.

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

At General Assemblies there are three voting rights for each Group A shares, these have voting privileges.

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

### **Dividend Payments**

As a result of the General Assembly held on 16 April 2015, Company decided to distribute dividends 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 the required legal reserves within the frame of legislation. Payments were started to be made on 28 April 2015 and completed on 30 April 2015 (30 September 2016: None).

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**24 EQUITY (continued)**

***Treasury shares***

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

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

When shares that were registered as paid-in capital are bought back, the amount paid including the tax effect of the costs related to share buyback, is deducted from the equity. Shares bought back are shown as a reduction in equity.

Within the Share buyback programme, decided at Akfen REIT's general assembly on 24 May 2016, as of 30 September 2016 Akfen REIT has purchased 640,000 shares worth TL 935,264. As of 30 September 2016, the share of bought back shares in Akfen REIT's paid-in capital is 0.34%.

***Translation reserve***

As at 30 September 2016, the translation reserve amounting to TL 252,476 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Investment, Akfen Water, Akfen REIT and TAV Airports from their functional currency of USD and EUR to the presentation currency TL and is recognized in equity (31 December 2015: TL 199,899, TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT and TAV Airports).

***Restricted reserves allocated from profit***

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

***Hedging reserve***

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 30 September 2016 the total hedging reserves amounting to TL 22,651 (TAV Airports: TL 10,901 and IDO: TL 11,750) is recognized in equity and it is related to the interest rate and cross currency swap contracts made by TAV Airports and interest rate swap contracts by IDO (31 December 2015: TL 22,005 (TAV Airports TL 9,692, IDO: TL 12,313)).

***Entities under common control***

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

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**24 EQUITY (continued)**

**Revaluation surplus**

Vessels owned by İDO have been revaluated in 2015 and respective revaluation increase is shown under revaluation reserve in financial statements.

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 30 September 2016 and 31 December 2015.

**Share premium**

During the public offerings carried out on 14 May 2010 and special sales made to corporate investor at BİAŞ Wholesale Market on 24 November 2010 because of sale of company shares at a higher price than the nominal value, TL 90,505 and TL 364,277 differences were recognized as the share premium, respectively. These premiums are presented in the equity and cannot be distributed; however, these may be used at the capital increases in the future.

On 10 April 2013, Akfen Holding increased its paid in capital from TL 145,500 to TL 291,000 through share premiums.

The Company increased its paid in capital from TL 247,081 to TL 667,081 through a bonus share issue on 27 May 2016. This increase was funded by TL 120,810 from special funds, by TL 299,190 from emission premiums.

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

Group's share on Akfen REIT's total share has reached 56.88% as at 31 December 2015 and 30 September 2016, 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 2016, Akfen Thermal Energy (0.36%), Akfen REIT (43.12%) and Akfen Renewable (10%) are calculated under non-controlling interest, which are Akfen Holding subsidiaries.

As at 30 September 2016 and 31 December 2015, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 382,515 and TL 347,367, respectively. In addition, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the periods ended 30 September 2016 and 2015 are TL 3,782 TL and 39,042, respectively.



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## 25 REVENUE AND COST OF SALES

### 25.1 Revenue

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

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>
Revenue from electricity sales	172,194	41,170	121,775	26,435
Rent income from investment property	41,320	15,208	39,902	15,985
Other	47	22	878	743
	<b>213,561</b>	<b>56,400</b>	<b>162,554</b>	<b>43,163</b>

### 25.2 Cost of sales

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

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>
Outsourcing expenses	60,538	23,092	20,872	9,406
Depreciation and amortization	24,521	8,395	21,088	8,527
Personnel expenses	7,657	2,596	6,679	2,477
Insurance expenses	4,380	1,463	3,862	1,519
Rent expenses	3,833	1,289	3,688	1,272
Other	6,594	1,846	5,093	1,497
	<b>107,523</b>	<b>38,681</b>	<b>61,282</b>	<b>24,698</b>

## 26 GENERAL ADMINISTRATIVE EXPENSES

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

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>
Personnel expenses	36,005	6,832	20,117	6,830
Consultancy expenses	8,049	1,901	3,841	1,964
Taxes and duties	3,313	1,189	951	129
Rent expenses	3,241	1,061	3,031	1,043
Travel expenses	1,703	782	1,376	288
Outsourcing expenses	1,565	92	899	120
Grant and charities	875	500	531	31
General office expenses	837	203	802	276
Office supplies expenses	632	216	640	190
Depreciation and amortization	512	142	513	183
Representation expenses	350	126	358	102
Insurance expenses	134	23	170	95
Advertisement expenses	91	--	69	3
Other expense	3,900	1,592	1,331	373
	<b>61,207</b>	<b>14,659</b>	<b>34,629</b>	<b>11,627</b>

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**27 OTHER INCOME**

**Other operating income:**

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

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>r 2015</u>
Rent income	1,641	553	1,052	1,052
Insurance compensation income	1,123	442	14,243	--
Financial profit income	351	351	25	25
Foreign exchange gain	91	39	421	421
Other	3,665	973	14,539	5,063
	<b>6,871</b>	<b>2,358</b>	<b>30,280</b>	<b>6,561</b>

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

**28 EXPENSE FROM INVESTMENT ACTIVITIES**

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

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>
Impairment of intangible fixed assets	29,418	--	--	--
Other	529	--	--	--
	<b>29,947</b>	<b>--</b>	<b>--</b>	<b>--</b>

**29 FINANCIAL INCOME**

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

	<u>1 January-30</u> <u>September</u>	<u>1 July-30</u> <u>September</u>	<u>1 January-30</u> <u>September</u>	<u>1 July-30</u> <u>September</u>
Interest income	47,839	15,611	2,717	1,454
Foreign exchange gain	31,851	--	20,486	7,826
	<b>79,690</b>	<b>15,611</b>	<b>23,203</b>	<b>9,280</b>

**30 FINANCIAL EXPENSE**

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

	<u>1 January-30</u> <u>September</u>	<u>1 July-30</u> <u>September 2016</u>	<u>1 January-30</u> <u>September</u>	<u>1 July-30</u> <u>September</u>
Interest expenses	127,812	43,081	109,644	39,292
Foreign exchange loss	68,423	57,467	340,874	218,232
Other	2,603	1,246	5,629	1,196
	<b>198,838</b>	<b>101,794</b>	<b>456,147</b>	<b>258,720</b>

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**31 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 2016, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

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

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

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

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

Tunisian corporate income tax is levied at a rate of 25% on income less deductible expenses, According to concession agreement. TAV Tunisia is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

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

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

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**31 TAXATION (continued)**

**Corporate tax: (continued)**

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm’s length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

According to Article 5/1(d) (4) of the New Corporate Tax Law 5220, the income of Real Estate Investment Trusts is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

**Income withholding tax:**

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

**Transfer pricing regulations:**

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

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

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**31 TAXATION** *(continued)*

**31.1 Taxation income/(expense)**

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

	<u>1 January-30</u> <u>September</u> <u>2016</u>	<u>1 July-30</u> <u>September</u> <u>2016</u>	<u>1 January-30</u> <u>September</u> <u>2015</u>	<u>1 July-30</u> <u>September</u> <u>2015</u>
Corporate tax expense	(4,112)	(1,162)	(3,380)	(1,680)
Deferred tax benefit/(expense)	(3,823)	8	44,190	28,331
<b>Tax income recognized in profit/loss from continuing operations</b>	<b>(7,935)</b>	<b>(1,154)</b>	<b>40,810</b>	<b>26,651</b>
Tax income recognized in profit/loss from discontinuing operations	--	--	10,229	9,923
<b>Tax income recognized in profit / loss</b>	<b>(7,935)</b>	<b>(1,154)</b>	<b>51,039</b>	<b>36,574</b>

**31.2 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 2016 and 31 December 2015 were attributable to the items detailed in the table below:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>30</u> <u>September</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>	<u>30</u> <u>September</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>	<u>30</u> <u>September</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>
Tangible and intangible fixed assets	31,791	32,698	(8,520)	(16,597)	23,271	16,101
Investment incentives	--	11,104	--	--	--	11,104
Investment properties	--	--	--	(71,588)	--	(71,588)
Tax losses carried forward	26,364	35,781	--	--	26,364	35,781
Other temporary differences	1,104	216	--	(1,083)	1,104	(867)
<b>Subtotal</b>	<b>59,259</b>	<b>79,798</b>	<b>(8,520)</b>	<b>(89,267)</b>	<b>50,739</b>	<b>(9,469)</b>
Net-off tax	--	(10,277)	--	10,277	--	--
<b>Total deferred tax assets/(liabilities)</b>	<b>59,259</b>	<b>69,521</b>	<b>(8,520)</b>	<b>(78,990)</b>	<b>50,739</b>	<b>(9,469)</b>

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 2016 has reflected TL 26,364 (31 December 2015: TL 35,781) of deferred tax assets arising from tax losses to its consolidated financial statements

*Unrecognized deferred tax assets and liabilities*

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**31 TAXATION (continued)**

At the balance sheet date, the Group has statutory tax losses of TL 291,377 (31 December 2015: TL 243,021) available for offset against future profits that is unused. TL 58,275 deferred tax asset (31 December 2015: TL 48,604) was not recorded since the profit for the future cannot be estimated. The expiry dates of previous years' losses that are not recognized as deferred tax asset are as :

	<u>30 September 2016</u>	<u>31 December 2015</u>
2016	35,376	36,586
2017	1,964	5,740
2018	43,676	50,005
2019	49,935	63,027
2020	89,650	97,732
2021	70,776	--
	<b>291,377</b>	<b>253,090</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.

**32 EARNINGS PER SHARE**

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

	<u>1 January-30 September 2016</u>	<u>1 July-30 September 2016</u>	<u>1 January-30 September 2015</u>	<u>1 July-30 September 2015</u>
Profit/(loss) for the period from continuing operations attributable to equity holders of the parent	(16,749)	(55,828)	(229,825)	(158,323)
Profit/(loss) for the period from discontinued operations attributable to equity holders of the parent	--	--	(85,466)	(48,470)
Profit/(loss) attributable to owners of parent	(16,749)	(55,828)	(315,291)	(206,792)
The weighted average number of shares outstanding during the period	667,080,686	667,080,686	667,080,686	667,080,686
(Loss)/Gainings per share from continuing operations (full TL)	(0.03)	(0.08)	(0,34)	(0,24)
(Loss)/Gainings per share from discontinued operations (full TL)	--	--	(0,13)	(0,07)
<b>(Loss)/Gainings per share from operations (full TL)</b>	<b>(0.03)</b>	<b>(0.08)</b>	<b>(0,47)</b>	<b>(0,31)</b>

**33 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.

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**33 RELATED PARTY DISCLOSURES (continued)**

**33.1 Related party balances**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Trade receivables	5,582	1,859
Non-trade receivables	--	99,587
	<u>5,582</u>	<u>101,446</u>
Trade payables	11,499	8,678
Non-trade payables	--	8,153
	<u>11,499</u>	<u>16,831</u>

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
Trade receivables	42,301	38,583
Non-trade receivables	276,093	431,387
	<u>318,394</u>	<u>469,970</u>
Trade payables	2,771	1,411
Non-trade payables	10,238	9,066
	<u>13,009</u>	<u>10,477</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 2016 and 31 December 2015, the Group had the following short term non trade receivables from its related parties:

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

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

<i>Due from related parties (long term-non trade):</i>	<u>30 September 2016</u>	<u>31 December 2015</u>
Akfen Construction	269,383	425,334
Akfen Water	5,999	5,455
İDO	68	66
Other	642	532
	<u>276,093</u>	<u>431,387</u>

*Due to related parties (long term-other debts):*

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

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**33 RELATED PARTY DISCLOSURES (continued)**

**33.2 Related party transactions**

For the periods ended 30 September 2016 and 30 September 2015, services rendered to related parties comprised the following:

<i>Services rendered to related parties:</i>		<b>30 September 2016</b>		<b>30 September 2015</b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>	
Akfen Construction	29,147	Financial Income	--	Financial Income	
Akfen Construction	393	Electric Sales Revenue	--	Electric Sales Revenue	
TAV Airports	19,376	Electric Sales Revenue	20,094	Electric Sales Revenue	
MIP	3,150	Electric Sales Revenue	5,123	Electric Sales Revenue	
MIP	1,641	Rent Income	1,052	Rent Income	
İDO	2,110	Electric Sales Revenue	2,402	Electric Sales Revenue	
İDO	--	Financial Income	734	Financial Income	
Akfen Water	548	Financial Income	532	Electric Sales Revenue	
Akfen Water	755	Electric Sales Revenue	--	Electric Sales Revenue	
Other	507	Financial Income	320	Financial Income	
	<b>57,627</b>		<b>30,257</b>		

For the periods ended 30 September 2016 and 30 September 2015, services obtained from related parties comprised the following:

<i>Services obtained from related parties:</i>		<b>30 September 2016</b>		<b>30 September 2015</b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>	
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	3,365	Purchases	3,362	Purchases	
	<b>3,365</b>		<b>3,362</b>		

**33.3 Key management personnel compensation**

As at 30 September 2016, total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 13,963 (30 September 2015: TL 2,879).



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**34 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 2016	Receivables				Deposits on Banks (*)
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>47,883</b>	<b>25,865</b>	<b>276,093</b>	<b>4,412</b>	<b>187,120</b>
- Portion of maximum risk covered any guarantee	--	--	--	--	--
<b>A, Net carrying value of financial assets which are not impaired or overdue (2)</b>	<b>47,883</b>	<b>25,865</b>	<b>276,093</b>	<b>4,412</b>	<b>187,120</b>
<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 2016	Receivables				
	Trade Receivables	Other Receivables			
Past due 1-30 days	--	--			
Past due 1-3 months	--	--			
Past due 3-12 months	--	--			
Past due 1-5 years	--	--			
More than 5 years	--	--			
Total undue receivables	--	--			
Total allowances	--	--			

(\*) As at 30 September 2016, TL 51,877 of restricted cash is shown in bank deposits

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

**Credit risk (continued)**

31 December 2015	Receivables				Deposits on Banks (*)
	Trade Receivables		Other Receivables		
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	Related Parties	Third Parties	Related Parties	Third Parties	
- Portion of maximum risk covered any guarantee (*)					
<b>A</b> , Net carrying value of financial assets which are not impaired or overdue (2)	40,442	33,751	530,974	20,619	86,727
<b>B</b> , Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--
<b>C</b> , Net carrying value of financial assets which are overdue but not impaired (6)	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--
<b>D</b> , Net carrying value of impaired assets (4)	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
<b>E</b> , Off balance sheet items with credit risks	--	--	--	--	--
31 December 2015	Receivables				
	Trade Receivables	Other Receivables			
Past due 1-30 days	--	--			
Past due 1-3 months	--	--			
Past due 3-12 months	--	--			
Past due 1-5 years	--	--			
More than 5 years	--	--			
Total undue receivables	--	--			
Total allowances	--	--			

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

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

**Liquidity risk**

The following tables provide an analysis of financial liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 30 September 2016:

30 September 2016							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
<b>Financial liabilities</b>							
Loans and borrowings	8	1,320,689	(1,564,894)	(39,289)	(400,049)	(676,909)	(448,647)
Bonds	8	404,661	(428,897)	(5,752)	(361,411)	(61,734)	--
Trade payables	9	13,258	(13,258)	(1,302)	(11,956)	--	--
Due from related parties	9-10-32	24,508	(24,509)	(499)	(13,772)	(10,238)	--
Other payables (*)		3,468	(3,469)	(1,760)	(1,356)	(353)	--
<b>Total</b>		<b>1,766,584</b>	<b>(2,035,027)</b>	<b>(48,602)</b>	<b>(788,544)</b>	<b>(749,234)</b>	<b>(448,647)</b>

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

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2015:

31 December 2015							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
<b>Financial liabilities</b>							
Loans and borrowings	8	1,896,520	(2,501,352)	(26,225)	(323,752)	(1,018,863)	(1,132,512)
Bonds	8	412,235	(482,973)	(21,145)	(34,689)	(427,139)	--
Trade payables	9	31,934	(31,934)	(8,352)	(23,582)	--	--
Due from related parties	9-10-32	27,308	(27,308)	(429)	(16,403)	(10,476)	--
Other payables (*)		18,667	(18,667)	(11,302)	(3,328)	(4,037)	--
<b>Total</b>		<b>2,386,665</b>	<b>(3,062,236)</b>	<b>(67,454)</b>	<b>(401,754)</b>	<b>(1,460,516)</b>	<b>(1,132,512)</b>

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

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

**Currency risk**

**Exposure to currency risk**

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

	<b>30 September 2016</b>			
	<u>TL</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
	<u>Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
1. Trade receivables	5,295	1,699	61	--
2a. Monetary Financial Assets (including Cash	173,058	51,890	5,236	4
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	2,443	83	653	--
<b>4. Current Assets (1+2+3)</b>	<b>180,796</b>	<b>53,672</b>	<b>5,950</b>	<b>4</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	8,222	61	2,392	--
<b>8. Non-current Assets (5+6+7)</b>	<b>8,222</b>	<b>61</b>	<b>2,392</b>	<b>--</b>
<b>9.Total Assets (4+8)</b>	<b>189,018</b>	<b>53,733</b>	<b>8,342</b>	<b>4</b>
10. Trade Payables	13,805	3,212	1,244	1
11. Financial Liabilities	419,941	117,340	20,353	--
12a. Other Monetary Liabilities	101	--	30	--
12b. Other Non-monetary Liabilities	4	--	0	4
<b>13. Short Term Liabilities (10+11+12)</b>	<b>433,851</b>	<b>120,552</b>	<b>21,627</b>	<b>5</b>
14. Trade Payables	194	12	47	--
15. Financial Liabilities	896,243	230,738	60,990	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	1,233	--	367	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>897,670</b>	<b>230,750</b>	<b>61,404</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,331,521</b>	<b>351,302</b>	<b>83,031</b>	<b>5</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>(1,142,503)</b>	<b>(297,569)</b>	<b>(74,689)</b>	<b>(1)</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>(1,151,931)</b>	<b>(297,713)</b>	<b>(77,367)</b>	<b>3</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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**34 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)**

**Currency risk**

**Exposure to currency risk**

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

	<b>31 December 2015</b>			
	<u>TL</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
	<u>Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
1. Trade receivables	12,259	205	59	11,475
2a. Monetary Financial Assets (including Cash	71,374	2,046	20,556	106
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	963	106	100	337
<b>4. Current Assets (1+2+3)</b>	<b>84,595</b>	<b>2,357</b>	<b>20,715</b>	<b>11,918</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	18,944	50	5,916	--
<b>8. Non-current Assets (5+6+7)</b>	<b>18,944</b>	<b>50</b>	<b>5,916</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>103,539</b>	<b>2,407</b>	<b>26,631</b>	<b>11,918</b>
10. Trade Payables	9,021	1,430	1,529	5
11. Financial Liabilities	325,053	76,709	32,104	--
12a. Other Monetary Liabilities	105	36	--	--
12b. Other Non-monetary Liabilities	1,809	--	94	1,510
<b>13. Short Term Liabilities (10+11+12)</b>	<b>335,988</b>	<b>78,175</b>	<b>33,727</b>	<b>1,515</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	1,528,738	238,457	262,903	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4,888	1,209	432	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,533,626</b>	<b>239,666</b>	<b>263,335</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,869,614</b>	<b>317,841</b>	<b>297,062</b>	<b>1,515</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(1,766,075)</b>	<b>(315,434)</b>	<b>(270,431)</b>	<b>10,403</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7,B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,779,284)</b>	<b>(314,381)</b>	<b>(275,921)</b>	<b>11,576</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

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**34 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 2016</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(89,149)	89,149	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	(89,149)	89,149	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(25,102)	25,102	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	(25,102)	25,102	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	1	(1)	--	--
<b>TOTAL (3+6+9)</b>	(114,250)	114,250	--	--

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

**Currency risk (continued)**

**Sensitivity analysis (continued)**

<b>Currency Sensitivity Analysis</b>				
<b>31 December 2015</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(91,716)	91,716	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	(91,716)	91,716	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(85,931)	85,931	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	(85,931)	85,931	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	1,040	(1,040)
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	--	--	1,040	(1,040)
<b>TOTAL (3+6+9)</b>	(177,647)	177,647	1,040	(1,040)

**Interest rate risk**

**Profile**

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

	<u>30 September 2016</u>	<u>31 December 2015</u>
<b>Fixed rate instruments</b>		
Financial assets	37,386	25,308
Financial liabilities	1,232,386	1,805,111
<b>Variable rate instruments</b>		
Financial assets	--	--
Financial liabilities	492,964	503,644

**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**

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(Currency: Thousands of TL)

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

**Interest rate risk (continued)**

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

When the debt profile of the Group is considered, 100 base points increase in TL Benchmark Interest Rate, Euribor or Libor rate, caused an approximately TL 4,930 (31 December 2015: TL 5,036) increase in the annual interest costs of floating interest rate liabilities of the Group.

As at 30 September 2016 and 31 December 2015, a one basis point increase in interest rates would affect the consolidated comprehensive income in the following way. All variables are assumed constant including foreign exchange rates during analysis.

<b>Interest Rate Profile</b>		<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Fixed Rate Financial Instruments</b>			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
<b>Variable Rate Financial Instruments</b>		--	--
Financial Assets		--	--
Financial Liabilities		(4,930)	(5,036)

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

	<b>30 September 2016</b>	<b>31 December 2015</b>
Total financial liabilities	1,725,350	2,308,755
Cash and banks (*)	(187,584)	(86,979)
Net financial liabilities	1,537,766	2,221,776
Equity	1,830,697	1,742,473
Net financial liability/equity ratio	<b>0.84</b>	<b>1.28</b>

(\*) As at 30 September 2016, in addition to cash and cash equivalents, TL 51,877 of restricted cash balances is included in cash and bank balances (31 December 2015: TL 47,664)

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



**Akfen Holding Anonim Şirketi**

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

With the board decision dated 01 June 2016 and 20 June 2016 it was decided to determine whether the spin-off of the shares of; Akfen Thermal Energy, İDO, Akfen Water, Tav Investment, Akfen REIT, Adana İpekyolu, Akfen Enerji Gaz, Akfen Enerji Üretim, Akfen Rüzgar Enerji, Akfen Karaköy, Akfen Su Güllük, Akfensu-Arbiogaz Dilovası, Akfen Güneş Enerji and Batı Karadeniz Elk. Dağ. Ve Sis. A.Ş. and to contribute these to Akfen Mühendislik AŞ., as capital in kind, is appropriate. The notification process according to TCC Article 174 related to the demerger process based on this decision has been initiated.

**36 SUBSEQUENT EVENTS**

**Akfen Holding and Its Subsidiaries:**

**Akfen Holding**

The notification process according to TCC Article 174 related to the demerger process based on Akfen Holding's board decision dated 1 June 2016 numbered 2016/26 and 20 June 2016 numbered 2016/28, which was announced on the Public Disclosure Platform, was initiated on 1 November 2016.

**Akfen Renewable**

Solentegre SPP project (installed capacity 8 MW), of Solentegre Enerji Yatırımları Ticaret A.Ş. which is under Akfen Renewable, located in Elazığ (with EMRA license number EÜ/5843-13/03381 ) has become operational as of 14 October 2016 at 24:00. This project is the first licensed SPP project that became operational in Turkey.

Within the Renewable Energy Feed-in tariff mechanism, power plants under Akfen Renewable have made the required applications to EMRA to make use of the price guarantee in the year 2017.

On 3 November 2016 Akfen Holding's subsidiary Akfen Renewable won the tender of Privatisation Administration regarding the right to operate Menzelet HEPP (installed capacity 124 MW) and Kılavuzlu HEPP (installed capacity 54 MW) and their properties, for a period of 49 years, giving the highest bid of TL 1,250,000.

**Akfen REIT**

Based on Akfen REIT's board decision dated 10 October 2016, the assignment of the company's General Manager Vedat Tural has ended, instead Sertaç Karaoğlu was assigned as General Manager, in line with the Company's internal directives that have been prepared according to Articles 367 and 371 of TCC and approved at the board meeting dated 20 April 2015.

Share purchases within Akfen REIT's "Share Buyback Programme" decided on the General Assembly on 24 May 2015 have reached 1,145,000 shares following the purchase of 815,000 shares after the reporting period and the share of the total bought back shares in Akfen REIT's paid-in capital has reached 0.79%.