

(Convenience translation of the independent auditors' report and condensed consolidated interim financial statements originally issued in Turkish)

Akfen Holding Anonim Őirketi and its Subsidiaries

**Consolidated financial statements as of and
for the nine month period ended September
30, 2017**

AKFEN HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2017

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEET	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3-4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5-6
CONSOLIDATED STATEMENT OF CASH FLOWS.....	7-8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9-75
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS THE COMPANY	9
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	20
NOTE 3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS	26
NOTE 4 SALE OF SHARE OF SUBSIDIARIES AND JOINT VENTURES	27
NOTE 5 SEGMENT REPORTING.....	28
NOTE 6 CASH AND CASH EQUIVALENTS.....	33
NOTE 7 FINANCIAL INVESTMENTS	34
NOTE 8 SHORT-TERM AND LONG-TERM BORROWINGS	34
NOTE 9 TRADE PAYABLES	38
NOTE 10 OTHER RECEIVABLES AND PAYABLES.....	39
NOTE 11 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	40
NOTE 12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD.....	42
NOTE 13 PROPERTY, PLANT AND EQUIPMENT.....	50
NOTE 14 INTANGIBLE ASSETS.....	52
NOTE 15 GOVERNMENT INCENTIVES AND GRANTS.....	53
NOTE 16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	53
NOTE 17 COMMITMENTS	54
NOTE 18 EMPLOYEE BENEFITS	55
NOTE 19 EQUITY	55
NOTE 20 SALES AND COST OF SALES	58
NOTE 21 GENERAL ADMINISTRATIVE EXPENSES	59
NOTE 22 OTHER INCOME FROM OPERATING ACTIVITIES.....	59
NOTE 23 OTHER EXPENSE FROM OPERATING ACTIVITIES	59
NOTE 24 INCOME FROM INVESTMENT ACTIVITIES	60
NOTE 25 FINANCE INCOME	60
NOTE 26 FINANCE EXPENSES	60
NOTE 27 TAX ASSETS AND LIABILITIES	61
NOTE 28 EARNINGS PER SHARE.....	64
NOTE 29 RELATED PARTY DISCLOSURES	64
NOTE 30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS	67
NOTE 31 SUBSEQUENT EVENTS.....	75

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as of September 30, 2017

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

ASSETS	<u>References</u>	<u>Unreviewed</u> <u>September 30,</u> <u>2017</u>	<u>Audited</u> <u>December 31,</u> <u>2016</u>
Current Assets			
Cash and cash equivalents	6	102,519	46,132
Financial investments		--	60,938
-Restricted bank balances	7	--	60,938
Trade receivables		142	--
-- Due from related parties	29	142	--
Other receivables		117	5,611
-- Due from related parties	10-29	117	5,611
Prepaid expenses		2,553	308
Current income tax assets		418	93
Other current assets		3,530	--
SUB-TOTAL		109,279	113,082
- Assets held for sale	11	695,799	1,520,583
TOTAL CURRENT ASSETS		805,078	1,633,665
Non-Current Assets			
Other receivables		862,372	401,359
- Due from related parties	10-29	862,372	401,092
- Due from third parties	10	--	267
Investments accounted using the equity method	12	1,216,513	1,978,045
Property, plant and equipment	13	1,122	4,848
Intangible assets		3,808	308
-Other intangible assets	14	3,808	308
Prepaid expenses		66	--
Other non-current assets		--	870
TOTAL NON-CURRENT ASSETS		2,083,881	2,385,430
TOTAL ASSETS		2,888,959	4,019,095

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

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Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as of September 30, 2017

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

LIABILITIES	<u>References</u>	<u>Unreviewed</u> <u>September 30,</u> <u>2017</u>	<u>Audited</u> <u>December 31,</u> <u>2016</u>
Current Liabilities			
Short term borrowings	8	--	4,504
Short term portion of long-term borrowings	8	550,815	884,961
Trade payables		2,989	2,736
- <i>Due to related parties</i>	9-29	1,188	1,019
- <i>Due to third parties</i>	9	1,801	1,717
Other payables		4,090	2,298
- <i>Due to third parties</i>	10	4,090	2,298
Employee benefit obligations		224	175
Current provisions		3,052	3,001
- <i>Provision for employee benefits</i>	16-18	3,052	3,001
Other current liabilities		--	50
SUB-TOTAL		561,170	897,725
Liabilities related to assets held for sale	11	--	944,445
TOTAL CURRENT LIABILITIES		561,170	1,842,170
Non-Current Liabilities			
Long term borrowings	8	427,522	201,430
Other payables		12,025	10,581
- <i>Due to related parties</i>	10-29	12,025	10,581
Non-current provisions		1,493	1,410
- <i>Long term provisions for employee benefits</i>	16-18	1,493	1,410
TOTAL NON-CURRENT LIABILITIES		441,040	213,421
TOTAL LIABILITIES		1,002,210	2,055,591
EQUITY			
Equity attributable to equity holders of the parent		1,886,749	1,963,504
Issued capital	19	72,493	667,081
Adjustment to share capital		(7,257)	(7,257)
Share premiums (discounts)		44,649	(131,785)
Treasury shares (-)		--	(1,899)
Effect of bussiness combinations under common control		--	6,236
Other accumulated comprehensive income that will not be reclassified to profit or loss		58,769	187,732
<i>Gains on revaluation and remeasurement</i>		58,769	187,732
- <i>Increases on revaluation of property, plant and equipment</i>		58,432	192,431
- <i>Losses on remeasurement of defined benefit plans</i>		337	(4,699)
Other accumulated comprehensive income that will be reclassified to profit or loss		308,681	373,492
- <i>Currency translation difference</i>	19	308,681	388,923
- <i>Losses on hedge</i>	19	--	(15,431)
Restricted reserves appropriated from profits		20,479	20,479
Retained earnings		1,018,031	110,028
Net profit for the period		370,904	485,081
Non-controlling interests	19	--	254,316
TOTAL LIABILITIES AND EQUITY		2,888,959	4,019,095

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

(Convenience translation of the independent auditors' report and 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 September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	<i>References</i>	<u>Unreviewed</u> <u>January 1 –</u> <u>September 30</u> <u>2017</u>	<u>Unreviewed</u> <u>July 1 –</u> <u>September</u> <u>30 2017</u>	<u>Unreviewed</u> <u>January 1 –</u> <u>September 30</u> <u>2016</u> <u>(Restated)</u>	<u>Unreviewed</u> <u>July 1 –</u> <u>September 30</u> <u>2016</u> <u>(Restated)</u>
PROFIT OR LOSS FROM CONTINUING OPERATIONS					
PROFIT OR LOSS					
Revenue	20	3,530	1,406	131,024	--
Cost of sales (-)	20	--	--	(65,563)	--
GROSS PROFIT		3,530	1,406	65,461	--
General administrative expenses (-)	21	(29,503)	(11,413)	(52,567)	(10,322)
Other income from operating activities	22	468	142	5,747	1,327
Other expenses from operating activities (-)	23	(4,711)	(847)	(529)	(214)
Share of profit from investments accounted using the equity method	12	121,487	19,313	67,400	1,222
OPERATING PROFIT FROM OPERATING ACTIVITIES		91,271	8,601	85,512	(7,987)
Income from investment activities	24	370,986	326,615	897,699	897,201
Expense from investment activities	24	(20)	--	(29,947)	--
PROFIT BEFORE FINANCE INCOME/(EXPENSES)		462,237	335,216	953,264	889,214
Finance income	25	63,035	23,868	69,175	14,127
Finance expenses	26	(148,098)	(60,490)	(115,839)	(32,742)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		377,174	298,594	906,600	870,599
Tax (Expense)/ Income, Continuing Operations		(49)	--	(2,312)	(708)
Current period tax expenses	27	--	--	(4,112)	(1,162)
Deferred tax income / (expense)	27	(49)	--	1,800	454
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		377,125	298,594	904,288	869,891
PROFIT/(LOSS) AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS					
Period (loss)/profit from discontinued operations	11	(11,852)	--	(15,008)	(21,154)
PROFIT FOR THE PERIOD		365,273	298,594	889,280	848,737
Attributable to					
Non-controlling interests		(5,631)	--	4,790	2,013
Equity holders of the parent		370,904	298,594	884,490	846,724
Net profit for the period		365,273	298,594	889,280	848,737
Earnings Per Share					
Earnings per share from continued operations	28	5.20	4.12	12.47	12.00
Losses per share from discontinued operations	28	(0.09)	--	(0.27)	(0.32)
Diluted Earnings Per Share (TRY in full)	28	5.12	4.12	12.20	11.68

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Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

STATEMENT OF OTHER COMPREHENSIVE INCOME	<u>Unreviewed</u> <u>January 1 –</u> <u>September 30</u> <u>2017</u>	<u>Unreviewed</u> <u>July 1 –</u> <u>September 30</u> <u>2017</u>	<u>Unreviewed</u> <u>July 1 –</u> <u>September 30</u> <u>2016</u> <u>(Restated)</u>	<u>Unreviewed</u> <u>January 1 –</u> <u>September 30 2016</u> <u>(Restated)</u>
PROFIT FOR THE PERIOD	365,273	298,594	889,280	848,737
Other Comprehensive income that will not be reclassified to Profit or Loss	(1,050)	(68)	(723)	(573)
Share of other comprehensive income of investments accounted using the equity method that will not be reclassified to profit or loss	(1,050)	(68)	(723)	(573)
Other comprehensive income that will be reclassified to profit or loss	34,424	10,805	59,979	47,651
Currency translation difference	5,644	--	8,049	2,202
Share of other comprehensive income of investments accounted using the equity method that will be reclassified to profit or loss	28,780	10,805	51,930	45,449
OTHER COMPREHENSIVE INCOME	33,374	10,737	59,256	47,078
TOTAL COMPREHENSIVE INCOME	398,647	309,331	948,536	895,815
Distribution of Total Comprehensive Income				
Non-controlling interests	(3,456)	--	12,838	3,731
Equity holders of the parent	402,103	309,331	935,698	892,084
Total Comprehensive Income	398,647	309,331	948,536	895,815

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Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Adjustments		Treasury shares	Share premiums or discounts	Effects of combinations of entities of businesses under common control	Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit or Loss		Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit or Loss		Restricted reserves appropriated from profits	Retained Earnings		Total	Non-controlling interests	Total Equity
	Issued capital	s to share capital				Currency translation differences	Losses on hedge	Increases/(Revaluation fund)	Gains/(Losses) on remeasurements of defined benefit plans		Retained earnings	Net profit for the period			
Balances as of January 1, 2016	261,900	(7,257)	(76,029)	157,694	18,046	199,902	(22,005)	137,068	(3,789)	96,508	610,178	29,186	1,401,402	371,087	1,772,489
Total comprehensive income/(expense) total	--	--	--	--	--	52,577	(646)	--	(723)	--	--	884,490	935,698	12,838	948,536
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	884,490	884,490	4,790	889,280
Other comprehensive income/(expense)	--	--	--	--	--	52,577	(646)	--	(723)	--	--	--	51,208	8,048	59,256
Transfers	--	--	--	--	--	--	--	--	--	--	29,186	(29,186)	--	--	--
Transactions with non-controlling interests	--	--	--	(1,145)	--	--	--	--	--	--	(2,362)	--	(3,507)	(15,659)	(19,166)
Capital increase	420,000	--	--	(299,189)	--	--	--	--	--	--	(120,811)	--	--	--	--
Capital decrease (*)	(14,819)	--	14,819	--	--	--	--	--	--	--	--	--	--	--	--
Effects of business combinations under common control	--	--	--	--	(76,074)	--	--	--	--	--	4,753	--	(71,321)	(531)	(71,852)
Increase / (decrease) through share-based payment transactions (*)	--	--	61,210	12,038	--	--	--	--	--	(76,029)	2,781	--	--	--	--
Increase (Decrease) through Treasury Share Transactions (**)	--	--	(935)	--	--	--	--	--	--	--	--	--	(935)	--	(935)
Balances as of September 30, 2016	667,081	(7,257)	(935)	(130,602)	(58,028)	252,479	(22,651)	137,068	(4,512)	20,479	523,725	884,490	2,261,337	367,735	2,629,072

(*) For shares bought back as per Article 520 of the Law No. 6102, contingency reserves at an amount that meets the acquisition value are earmarked. The Group annulled reserves for 14,819,000 shares constituting the basis for the capital reduction on January 28, 2016.

(**) As of September 30, 2016, Akfen REIT purchased 640,000 shares of Akfen REIT worth TRY 935,264 within the framework of the "Share Buyback Program" as decided during the Ordinary General Assembly Meeting of Akfen REIT on May 24, 2016. As of September 30, 2016, the ratio of Akfen REIT share-buyback to Akfen REIT's capital is 0.34%.

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Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

						Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit or Loss	Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit or Loss			Retained Earnings					
	Issued capital	Adjustment s to share capital	Treasury shares	Share premiums or discounts	Effects of combinations of entities of businesses under common control	Currency translation differences	Losses on hedge	Increases/(Revaluation fund	Gains/(Losses) on remeasurements of defined benefit plans	Restricted reserves appropriate d from profits	Retained earnings	Net profit for the period	Total	Non- controlling interests	Total Equity
Balances as of January 1, 2017	667,081	(7,257)	(1,899)	(131,785)	6,236	388,923	(15,431)	192,431	(4,699)	20,479	110,028	485,081	1,709,188	254,316	1,963,504
Total comprehensive income/(expense)	--	--	--	--	--	32,195	1,463	(358)	(692)	--	(1,409)	370,904	402,103	(3,456)	398,647
Profit (loss) for the period	--	--	--	--	--	--	--	--	--	--	--	370,904	370,904	(5,631)	365,273
Other comprehensive income / (expense)	--	--	--	--	--	32,195	1,463	(358)	(692)	--	(1,409)	--	31,199	2,175	33,374
Transfers	--	--	--	--	--	--	--	--	--	--	485,081	(485,081)	--	--	--
Capital decrease (Note 1) (*)	(594,588)	--	--	--	--	--	--	--	--	--	--	--	(594,588)	--	(594,588)
Effect of merger or liquidation or division (Note 1) (**)	--	--	1,899	176,434	(5,179)	(30,546)	7,876	(119,499)	1,368	--	337,692	--	370,046	(250,860)	119,186
Increase (decrease) through other changes, equity (***)	--	--	--	--	(1,057)	(81,892)	6,092	(14,142)	4,360	--	86,639	--	--	--	--
Balances as of September 30, 2017	72,493	(7,257)	--	44,649	--	308,681	--	58,432	337	20,479	1,018,031	370,904	1,886,749	--	1,886,749

(*) Following the spin-off procedure of Akfen Holding on February 16, 2017, The Company's capital decreased to 72,493 and there is no change in the shares of its shareholders.

(**) Equity transfer adjustments belonging to companies transferred to Akfen Engineering following the spin-off of Akfen Holding on February 16, 2017.

(***) Effect of the consolidated statement of change in the equity of the sale of shares owned by Akfen Holding at Tav Airports on July 7, 2017.

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

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Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement

For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

<u>References</u>	<u>Unreviewed</u> <u>July 1 –</u> <u>September 30</u> <u>2017</u>	<u>Unreviewed</u> <u>July 1 –</u> <u>September 30</u> <u>2016</u> <u>(Restated)</u>
A. Cash Flows from Operating Activities	(343,512)	109,200
Profit for the period	365,273	889,280
Profit from continued operations	377,125	904,288
Net loss from discontinued operations	(11,852)	(15,008)
Adjustments to reconcile (loss)/profit	(404,934)	(884,167)
Adjustments for depreciation and amortization	20-21 1,592	17,497
Adjustments for provisions related with employee benefits	161	367
Adjustment for reversal of impairment of property, plant and equipment	24 --	29,468
Adjustments for the undistributed profits of investments accounted using the equity method	12 (121,487)	(67,400)
Adjustments regarding (gain) losses related to changes in share or disposal of associates, joint ventures, and financial investments	24 (370,419)	(897,162)
Adjustments for unrealized foreign exchange	61,105	35
Adjustments for value cancellation	23 3,598	--
Adjustments for interest income and expenses	25-26 19,490	45,510
Adjustments for tax expenses	27 49	2,312
Other adjustment for profit/loss reconciliation	977	(14,794)
Changes in working capital	(342,424)	(14,862)
Adjustments for decreases/ (increases) in trade receivables	(142)	(9,281)
Adjustments for increases in other receivables related with operations	(337,812)	(21,633)
Other adjustments for other increase (decrease) in working capital	(2,657)	(3,643)
Adjustments for increases in trade payables	251	9,086
Adjustments for decreases/(increases) in other payables from operations	(2,064)	10,609
Cash flows from operations	38,573	118,949
Tax payments	(613)	(2,923)
Payments related with provisions for employee benefits	(99)	(90)
Dividends received	12 20,132	78,081
Net cash flows on discontinuing operations	19,153	43,881

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Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement

For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	<i>Reference</i>	<i>Unreviewed July 1 – September 30 2017</i>	<i>Unreviewed July 1 – September 30 2016 (Restated)</i>
B. Cash Flows from Investment Operations		579,728	(50,261)
Interest received		2,928	95
Purchase of property, plant, equipment and intangible assets		(1,367)	(32,419)
Cash inflows caused by share sales or capital decrease of associates and / or joint ventures	4	579,568	--
Net cash flows from discontinued operations		(1,401)	(17,937)
C. Cash Flows from Financing Activities		(179,829)	(40,900)
Proceeds from borrowings		553,228	288,551
Repayments of borrowings		(693,018)	(183,790)
Interest paid		(87,420)	(85,501)
Other cash flow		53,281	(49,224)
Net cash flows from discontinued operations		(5,900)	(10,936)
Net increase/(decrease) in cash and cash equivalents		56,387	18,039
Cash and cash equivalents at the beginning of the period	6	46,132	5,229
Cash and cash equivalents at the end of the period	6	102,519	23,268

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

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Akfen Holding A.Ş. ("Akfen Holding" or the "Company") was established in Turkey in 1999. Having established its first company in 1976, Akfen Holding operates to invest in, administer and coordinate its subsidiaries and affiliates operating in industries such as airport management and operations, construction, seaport management and operations, marine transportation, water distribution and wastewater services, energy and real estate. Akfen Holding, together with its subsidiaries and joint ventures, will be hereinafter referred to as the "Group".

Akfen Holding transferred its contracting operations in infrastructure construction projects that it had been performing since its establishment to a new sphere outside contracting when it was awarded the Build-Operate-Transfer ("BOT") model for Istanbul Atatürk Airport in 1997, transposing the investment planning models it applied for airports to many infrastructure projects in Turkey as an investor and thus transforming into one of Turkey's infrastructure investment holdings.

As of September 30, 2017, Akfen Holding has 3 direct joint ventures (December 31, 2016: 2 subsidiaries and 7 joint ventures). Consolidated financial statements of the Group as of September 30, 2017 and for the year ended includes the share of Akfen Holding and subsidiaries and of the Group in affiliates and the equity accounted joint ventures. The Company has joint management rights in Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Port").

As of September 30, 2017, the Group manages partnerships with nationally and internationally reputed partners such as Tepe İnşaat Sanayi A.Ş. ("Tepe Construction"), PSA International ("PSA"), European Bank for Reconstruction and Development ("EBRD") and International Finance Corporation ("IFC").

As at June 9, 2017, Akfen Holding signed an agreement with Tank ÖWA Alpha GmbH in order to sell its 8.119% stake in TAVAirports, for a consideration of USD 160 million. The share transfer was completed on July 7, 2017.

Akfen Holding shares had been traded in Borsa İstanbul A.Ş. ("BİAŞ") under the code "AKFEN" since May 14, 2010 but were de-listed as of May 12, 2016.

Under the "Communique on the Rights to Squeeze-Out and Sell-Out" by the Capital Markets Board of Turkey ("CMB"), it was declared that the rights to sell-out and squeeze-out would be exercised since the total shares, in Akfen Holding, of share holders acting in concert (Hamdi Akın, Selim Akın, Akınısı Makina Sanayi A.Ş., Akfen Turizm Yatırımları ve İşletmecilik A.Ş. and Akfen Altyapı Danışmanlık A.Ş. ("Akfen Infrastructure")) reached 97.11% of the Company's total share/vote ratio, and the 3-month period of prescription after December 23, 2015, the date when the rights to sell-out could be exercised, elapsed on March 22, 2016. In addition, the controlling shareholders of the Company exercised their right to squeeze-out other shareholders, which did not exercise their right to sell-out, following the lapse of the 3-month period of prescription (between December 23, 2015 and March 22, 2016) at a cost of TRY 10,9998, the arithmetic mean of weighted average prices in the stock exchange within thirty days preceding December 22, 2015, when it was publicly declared that the status of controlling shareholder had been attained within the framework of the provisions of the Communique. After the CMB approval was obtained on April 28, 2016, the trading of AKFEN.E shares pertaining to the Company was suspended by Borsa İstanbul as of April 29, 2016. CSD (Central Securities Depository of Turkey) cancelled those shares that were subject to squeeze-out, and the payment of the squeeze-out fee was performed on May 11, 2016.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

In the resolutions of Board of Directors of Akfen Holding dated June 1, 2016 and June 20, 2016, the Board decided that it is to be determined whether it would be convenient to spin-off the shares of the Group in Akfen Termik Enerji Yatırımları A.Ş. ("Akfen Thermal Energy"), İDO, Akfen Water, TAV Investment, Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş. ("Adana İpekyolu"), Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. ("Akfen Energy Gas"), Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Power Generation"), Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind Power"), Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. ("Akfen Karaköy"), Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water Güllük"), Akfensu-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. ("Akfensu-Arbiogaz Dilovası"), Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Power") and Batı Karadeniz Elk. Dağ. Ve Sis. A.Ş. and be invested as capital in-kind in Akfen Mühendislik A.Ş. ("Akfen Engineering") in order to maintain the shares of companies which have a positive impact on the Group's assets, attained an optimal capital structure in consideration of the existing business plans, are able to and have the potential to create strong cash flows for shareholders' equity and have an increasing dividend yield, and to exclude the shares of those companies the investment needs of and development work for which continue, and the fields of operation and partnerships of which are re-arranged accordingly. The process of publishing a notice regarding the procedure of spin-off based on such resolution as per Article 174 of the Turkish Commercial Code was completed, and a General Assembly meeting was held on February 16, 2017 in relation to this spin-off. The process was completed when the General Assembly resolutions were approved and registered on February 16, 2017.

Within the scope of the division, there has been a decrease of TRY 1,466,357 related to the companies transferred in the Group's total assets. Within the scope of the division, short and long term liabilities amounting to TRY 969,214 have been transferred to the companies that are separated from the Group structure and the change in equity amounted to TRY 497,143 resulting from the transferred companies. In addition, the total comprehensive income of the related companies between January 1-February 16, 2017 is TRY 21,740.

As of September 30, 2017 and December 31, 2016, the shareholders holding the shares of Akfen Holding and their respective percentage of shares are provided below:

	30 September 2017		31 December 2016	
	Amount	%	Amount	%
Hamdi Akın(*)	62,200	85.80	572,365	85.80
Selim Akın	2,518	3.47	23,174	3.47
Akfen Altyapı	7,154	9.87	65,829	9.87
Other Shareholders	621	0.86	5,713	0.86
Paid-in capital (nominal) *	72,493	100	667,081	100

* After the spin-off procedure of Akfen Holding on February 16, 2017, the Company's capital decreased to 72,493,580 and there was no change in the shares of its shareholders.

Akfen Holding's legal residence address is as follows:

Koza Sokak No:22 Gaziosmanpaşa

06700 / Ankara-Türkiye

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

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

As of September 30, 2017, the number of employees employed by the Company and the Group is 58 (December 31, 2016: 55) and 3,023 (December 31, 2016: 34,864), respectively. Subsidiaries and joint ventures of Akfen Holding are listed below:

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

i) Subsidiaries

The Company's shares held in its all subsidiaries as of December 31, 2016, were transferred to Akfen Engineering following the spin-off on February 16, 2017, and as of September 30, 2017, the Company has no subsidiaries.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen GYO")

Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in Akfen REIT were transferred to Akfen Engineering. Therefore, Akfen REIT which has been a subsidiary of the Company in the previous periods, has ceased to be a subsidiary as of February 16, 2017.

Akfen REIT was incorporated when the trade name of Aksel Turizm Yatırımları ve İşletmecilik A.Ş. ("Aksel") was changed and the latter was transformed into and restructured as a real estate investment trust. Aksel was first incorporated on June 25, 1997 as a partnership of Hamdi Akın and Yüksel İnşaat A.Ş. to make domestic tourism investments. Akfen Holding then purchased Yüksel İnşaat A.Ş. shares in Aksel in 2006 and Akfen REIT became a subsidiary of Akfen Holding. The restructuring was registered on August 25, 2006 through the resolution of the CMB No. 31/894 of July 14, 2006 following the board resolution of April 25, 2006, thus transforming Akfen REIT into a "Real Estate Investment Trust". The acquisition of the trade name of Real Estate Investment Trust and the change in field of business were published on the Trade Registry Gazette of August 31, 2006.

The main field of business for Akfen REIT is to invest in real estate-based capital market instruments, establish and develop a real estate portfolio and engage in business for the purposes and subjects stated in Articles 23 and 25 of the CMB Communiqué on Principles Governing Real Estate Investment Trusts (Serial VI, No: 11). Akfen Holding, the controlling shareholder in Akfen REIT, signed a framework agreement with Accor, one of the world's leading hotel chains, to develop hotel projects in Turkey under the brand names Novotel and Ibis Hotel. Akfen REIT mainly develops hotel projects under brand names Novotel and Ibis Hotel and leases this out to Tamaris Turizm A.Ş. ("Tamaris"), a 100% affiliate of Accor operating in Turkey. Akfen REIT shares have been traded on BİAŞ under the share code "AKFGY" since May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Trade"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value. The main field of business for Akfen Trade is to make real estate-based investments, and establish and develop a real estate portfolio. On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. in order to develop a hotel project in Karaköy, Istanbul. 70% of Akfen Karaköy shares belong to Akfen REIT.

Akfen Trade holds 97.72% and 95% shares, respectively in Russian Hotel Investment BV ("Russian Hotel" or "RHI"), which was incorporated in the Netherlands on September 21, 2007, and in Russian Property Investment BV ("Russian Property" or "RPI"), which was incorporated in the Netherlands on January 3, 2008. The main field of business for the Russian Hotel is to develop hotel investments to be operated by Accor in the Ukraine and Russia. The main field of business of the Russian Property, on the other hand, is to carry out office projects in Russia.

On March 18, 2011, Akfen REIT incorporated a 100% subsidiary under the trade name Hotel Development and Investment BV ("HDI") in the Netherlands in order to develop hotel projects in Russia. A share sales agreement signed between HDI and Beneta Limited on September 4, 2013 to take over the shares of Russia-based Severnyi Avtovokzal Limited Company ("Severnyi"). Severnyi holds the rights for the project designed in the center of Moscow on a 2,010-m² land as a 317-room hotel, the building licence for which is already acquired. Ibis Hotel Moscow build under this project has started operations on July 16, 2015.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

i) Subsidiaries(cont'd)

All shares of HDI owned by Akfen REIT were sold to Akfen Trade which is 100% subsidiary of Akfen REIT on March 27, 2017 at a amount of TRY 62,624.

As of September 30, 2017, the total number of rooms in the 20 hotels owned by Akfen REIT is 3,628 while the total number of beds corresponding to such number of rooms is 7,114.

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

Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in Akfen Thermal Energy were transferred to Akfen Engineering. Therefore, Akfen Thermal Energy which has been a subsidiary of the Company in the previous periods, has ceased to be a subsidiary as of February 16, 2017.

In addition to hydroelectric power plant investments, Akfen Holding plans other energy investments under Akfen Termik Enerji Yatırımları A.Ş.. The trade name of Akfen Enerji Yatırımları Holding A.Ş., a subsidiary of Akfen Holding, was changed as Akfen Termik Enerji Yatırımları A.Ş. during the Extraordinary General Assembly Meeting held on December 19, 2014. Affiliated to Akfen Thermal Energy, Akfen Power Generation obtained the power generation licence for a natural gas power plant in Mersin with an installed capacity of 450 MW on March 8, 2012.

On December 18, 2012, an application for amendment was filed to EMRA for increasing the installed capacity of Mersin Combined Natural Gas Power Plant from 570 MW to 1,148.4 MW, and the Environmental Impact Assessment ("EIA") Report issued was adopted as final. In addition to this, a capital increase took place and amendments to the licence were completed on January 13, 2014. In addition, the construction of the substation by the Group which will be transferred to Türkiye Elektrik İletim A.Ş. ("TEİAŞ") free of charge was completed, and the substation become operational on April 7, 2013 following its temporary admission. Disassembly and cleaning works in the field are completed and a letter certifying was obtained from the Ministry of Environment and Urbanization.

The EIA Application File submitted to the Ministry in relation to the 380 kV Mersin Combined Natural Gas Power Plant - Konya Ereğli Substation Power Transmission Line project that is planned for construction by Akfen Power Generation was examined and found appropriate in line with Article 8 of the EIA Regulation. The EIA process for the project was then completed.

Akfen Thermal Energy participated, with a share of 50%, in Adana İpekyolu, which was incorporated in order to develop an import coal-fueled power plant with a power generation capacity of 615 MWm-600 MWe in Adana-Yumurtalık. As of October 30, 2015, 40% of Adana İpekyolu shares that were held by Selim Akın were taken over. Following the capital increase by Akfen Thermal Energy, Hamdi Akın did not exercise his pre-emptive rights and the share of Akfen Holding in Akfen Thermal Energy increased to 99.64% as of May 27, 2016.

Akfen Enerji Dağıtım ve Ticaret A.Ş. ("Akfen Power Distribution")

As of December 29, 2016, Akfen Holding transferred all of its shares in Akfen Power Distribution to Akfen Engineering. Therefore, Akfen Power Distribution which is a subsidiary of the Company in the previous periods, has ceased to be a subsidiary as of September 30, 2017.

The main field of business of Akfen Power Distribution is energy investments. Akfen PowerGas, Akfen Uluslararası Enerji Faaliyetleri ve Ticaret A.Ş., Akfen Wind Power and Akfen Solar Power companies, which are currently non operational and are under, Akfen Power Distribution.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures

a) Joint ventures not included in the division

TAV Airports

TAV Airports was incorporated with the trade name Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in 1997 in Turkey for the reconstruction of the International Terminal of Istanbul Atatürk Airport. The purpose of incorporation of TAV Airports is to reconstruct the International Terminal Building at Istanbul Atatürk International Airport and operate the terminal for 66 months. The main field of business at TAV Airports is to construct terminal buildings and operate airports or terminals.

On June 3, 2005, TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul") signed a concession agreement with the General Directorate of State Airports Authority ("DHMI") in order to operate the International Terminal at Atatürk International Airport and the Domestic Terminal at Atatürk International Airports until 2021 for a period of 15.5 years.

A tender process was held on May 3, 2013 for the construction of Istanbul New Airport. As concerns the tender process, which was held pursuant to the tender specifications for Istanbul New Airport that would be constructed under a BOT model within the framework of the procedures and principles to be set by the DHMI in line with the Law No. 3996 and the Resolution No 2011/1807 by the Council of Ministers, it was announced that the best bid was placed by another joint venture. The opening of Istanbul New airport may cause Istanbul Atatürk International Airport to close before the expiry of the concession contract and lead to a change in expected amortization period of prepaid rent and leasehold assets. However, in a letter that DHMI sent to TAV İstanbul and TAV Holding on January 22, 2013, it was stated that DHMI would compensate for all losses of profit the company which would incur in relation to the overlapping period of operations if the new airport on the European side of Istanbul would be commissioned before the expiry of TAV İstanbul's Rental Agreement where independent organizations could be brought in to calculate the reimbursement amount. Considering the uncertainty as to when Istanbul Atatürk International Airport would definitely cease operations and the fact that the carrying amount of assets could be recovered if the closing date would be earlier than the expiry date of the concession contract, TAV Airports calculates the amortisation date for the prepaid rent as well as for leasehold improvements by taking into account the year 2021 when the concession contract period will expire.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures (cont'd)

a) Joint ventures not included in the division (cont'd)

TAV Airports (cont'd)

BOT contracts were signed between TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa") and TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and DHMİ; between TAV Urban Georgia LLC and State Airports Authority of Georgia ("JSC"); between TAV Batumi Operations LLC and the Georgian Ministry of Economic Development ("GMED"); between TAV Tunisie SA ("TAV Tunisia") and the State Airports Authority of Tunisia ("OACA") and the Ministry of Transport ("MOT"); between TAV Macedonia Dooel Petrovec and the Macedonian Ministry of Transport ("MOTC") while a BTO contract was signed for the Madinah Airport in Saudi Arabia between Tibah Airports Development Company CJSC, a joint venture among TAV Airports, Al Rajhi Holding Group and Saudi Oger Ltd., and the Saudi Arabian State Airports Authority ("GACA"). In addition, TAV Ege Terminal Yat. Yap. ve İşl. A.Ş., TAV Milas Bodrum Terminal İşletmeciliği A.Ş. and TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. signed a concession agreement with DHMİ. These contracts and agreements require that TAV Airports constructs, reconstructs or manages airports within the time periods set and, in return, acquires the right to operate the said airports for time periods set previously. At the end of contract terms, TAV Airports will transfer the ownership of the constructed buildings to the relevant organization (DHMİ, JSC, GMED, OACA, MOT, MOTC and GACA). In addition, the Group signs individual agreements pertaining to airport operations.

A concession agreement was signed on April 11, 2012 between ZAIC-A Limited ("ZAIC-A") and the Republic of Croatia for the new passenger terminal to be constructed at Zagreb Airport. Aviator Netherlands B.V. ("Aviator Netherland") was incorporated and became 15% shareholder in ZAIC-A. TAV Airports hold 100% of shares in Aviator Netherlands. Handover procedures were completed on December 6, 2013 and TAV Airports took over the construction and operation works in which TAV Holding has a share of 15%. The concession period will end in April 2042.

In addition, TAV Airports signs individual agreements pertaining to airport operations. TAV Airports also provides other airport operation services via 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., all being its direct subsidiaries and affiliates delivering duty-free, catering, ground, IT, security and management services.

Based on the rental agreement dated December 16, 2011, TAV Ege rented the international terminal at Izmir Adnan Menderes Airport on January 10, 2015, thus acquiring operating rights until December 31, 2032. TAV İzmir was legally closed down, with all its assets and liabilities being transferred to TAV Ege.

An agreement was signed on July 11, 2014 between TAV Milas Bodrum Terminal İşletmeciliği A.Ş. and DHMİ for the concession of the operating rights of Milas-Bodrum Airport's current international terminal, CIP / General Aviation Terminal and domestic terminal as well as their supplements. This agreement covers the operating rights for the international terminal from October 22, 2015 until December 31, 2035 and for the domestic terminal from July 2014 until December 31, 2035.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures (cont'd)

a) Joint ventures not included in the division (cont'd)

TAV Airports (cont'd)

TAV Airports shares were offered to the public on February 23, 2007 and have been traded at BİAŞ under the symbol "TAVHL" since then. Akfen Holding has signed a share sale agreement for all of its 8.119% stake in TAV Airports with Tank ÖWA Alpha GmbH on June 9, 2017, for the amount of US\$ 160 million. The share transfer was completed on 7 July 2017. Hence, as of 30 September 2017, TAV Airports is no longer among the joint ventures of Akfen Holding.

MIP

MIP was incorporated on May 4, 2007 by PSA-Akfen Holding Joint Venture Group, which submitted the highest bid and was awarded the contract on the transfer of operating rights for Mersin Port, which is owned by the Republic of Turkey State Railways ("TCDD"), for a period of 36 years during the tender held by the Republic of Turkey Presidency of Privatization Administration ("ÖİB"). Through the concession agreement signed with ÖİB and TCDD on May 11, 2007, MIP took over Mersin Port from TCDD to operate the port for a period of 36 years. Akfen Holding and PSA have joint control over MIP, in which each has 50% of shares.

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell its 40% stake in MIP, for a total consideration of USD 869 million. Since the agreement was signed during the reporting period, 40% of MIP's net assets are reclassified under "Assets held for sale".

Mersin Port is a key port not only for Turkey but also for the Middle East and the Eastern Mediterranean thanks to its geographical location, capacity, extensive hinterland and the advantages brought by the ease of multi-modal connections both domestically and abroad. The first phase of the port expansion project ("EMH") that started at MIP in 2014 in order to enable the port to serve vessels with a capacity of 10,000 TEU and over and emerge as the international transshipment port for the Eastern Mediterranean was completed on August 8, 2016. Thus, the berth capacity has reached 2.6 million TEU while the yard capacity has reached 2.2 million TEU. Once the EMH project is complete, MIP will be able to handle more transshipment cargo.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures (cont'd)

a) Joint ventures not included in the division (cont'd)

Akfen Yenilenebilir Enerji A.Ş. ("Akfen Yenilenebilir")

Under restructuring efforts for the renewable energy portfolio, the process of absorption merger for Akfenres Rüzgar Enerjisi Yatırımları A.Ş. ("Akfen WPP"), a subsidiary of the Company, into AkfenHES Yatırımları ve Enerji Üretim A.Ş. ("Akfen HEPP") completely (universally) and without liquidation and of changing the trade name of Akfen HEPP to Akfen Yenilenebilir Enerji A.Ş. were completed and registered as of January 19, 2016.

Under the said restructuring, the transfer of Akfen Elektrik Enerjisi Toptan Satış A.Ş. ("Akfen Electricity Wholesale"), a subsidiary of the Company, to Akfen Renewable Energy was completed on January 25, 2016.

In addition to this, Laleli Enerji Elektrik Üretim A.Ş., a subsidiary of Akfen Renewable Energy, was transferred to Akfen Termik Enerji Yatırımları A.Ş., a subsidiary of the Company, for a fee of full TRY 6,764 on January 25, 2016.

The transaction for the Company's purchasing 100% shares of Selim Akın, Board Member at the Company, in Karine Enerji Üretim ve Sanayi A.Ş. ("Karine SPP") for a fee of USD 24,000,000 was completed as of February 22, 2016. Subsequently, the process of absorption merger for Karine SPP into Akfen Renewable Energy completely (universally) and without liquidation was completed and registered as of March 9, 2016.

On December 15, 2015, Akfen Holding signed a shareholders' agreement with the EBRD worth USD 100 million for a total of 20 percent stake in the renewable energy company which will be incorporated through restructuring by a merger of renewable energy subsidiaries, namely Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale and Karine SPP, following the transfer of the latter to the Holding, under the same roof. On June 23, 2016, the previous agreement signed with the EBRD was amended, and a new agreement was signed with the EBRD and the IFC in order for them to become shareholders in Akfen Renewable Energy, each subscribing for 16.667% of shares on a fee of USD 100 million. Following the fulfillment of closing requirements, the capital of Akfen Renewable Energy was increased, on premium, to TRY 705,000 from TRY 634,500, with the EBRD and the IFC transferring USD 44,444,444 for 5% of shares each to Akfen Renewable Energy. The capital increase was registered on July 12, 2016. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, EBRD and IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary, which gives rise to a loss of control, and the equity accounting of the Company's shares in Akfen Renewable Energy started.

As of June 9, 2017, Akfen Renewable Energy paid-in capital was increased, on premium, to TRY 793,000 from TRY 705,000, with the EBRD and the IFC transferring USD 55.476.752,80. Thus, the shares of EBRD and IFC increased to 19.99% while the share of our Company was 80.01%.

Akfen Holding has been operating its HEPP investments since January 2007 through its partnerships. As of September 30, 2017, Akfen Holding's HEPP's portfolio is under Akfen Renewable.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures (cont'd)

a) Joint ventures not included in the division (cont'd)

HEPP Companies

As of September 30, 2017, the HEPP Companies have a total of 14 projects with a total installed capacity of 238.2 MW and an annual power generation capacity of 959.3 GWh, with generation operations going on in 12 power plants with a total installed capacity of 213.0 MW and an annual power generation capacity of 874.6 GWh. Having a total installed capacity of 15.3 MW and an annual generation capacity of 42.2 GWh, the construction of Çalıkobası HEPP project (the first two units became operational on June 2, 2017 and the remaining 2 units are still under construction) under HHK Enerji Elektrik Üretim A.Ş. and of Çiçekli I-II HEPP project under Kurtal Elektrik Üretim A.Ş. continues. On the other hand, an application was made to EMRA on July 14, 2017 to terminate the licence of a hydroelectric power plant under planning with an installed capacity of 10.0 MW and an annual power generation capacity of 42.5 GWh and the licence termination decision was published in the Official Gazette on September 15, 2017.

Also, the highest bid was given with TRY 1 billion 250 million for operating rights of Menzelet and Kılavuzlu hydroelectric power plants with 178 MW installed power for 49 years in the privatization tender held on November 7, 2016, but on August 15, 2017 the tender was canceled by the Privatisation Administration.

As of September 30, 2017; Akfen Renewable Energy has 12 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely 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"), and Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Zeki"). Of these companies, Akörenbeli, Memülü and Rize İpekyolu are still not operational. HEPP projects under HHK Kurtal are currently being constructed, while the licensing process of the HEPP projects under Zeki have been suspended.

WPP Companies

To establish a proper structure for WPP Companies, Sim-Er Enerji Üretim Sanayi ve Ticaret Ltd. Şti. of Akfen Holding was transformed into Akfen WPP as of February 6, 2014. Seven special-purpose entities were established under Akfen Renewable Energy to erect the wind measurement masts and carry out wind measurements. Out of the companies, which have already erected measurements masts and started measurement activities, four were incorporated on February 10, 2014, one on September 26, 2014 and three on August 6, 2015.

As of September 30, 2017; Akfen Renewable Energy has 16 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavança Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Kuzeybatu 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.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) *Joint Ventures (cont'd)*

a) *Joint ventures not included in the division (cont'd)*

WPP Companies (cont'd)

The WPP development process has already started, with preliminary work for 14 projects with an estimated installed capacity of 984 MW being completed. For these projects, applications were filed at the Energy Market Regulatory Authority on April 28, 2015, the paid-in capitals of the companies were increased and letters of guarantee were submitted to the EMRA. 14 applications by 12 subsidiaries were evaluated and total 3,000 MW capacity connection right approved by the EMRA. Within the scope of these projects, TEİAŞ completed the tender process for the total 710 MW capacity connection on 21-22-23 June 2017. No bids have been submitted at these tenders and as a result, the development process for the four plants with a total capacity of 162 MW has been terminated. Ten projects with a total capacity of 822 MW are still eligible to participate in the TEİAŞ tenders. Furthermore, development work for 10 new projects by 3 subsidiaries started under an additional wind power generation capacity of 2,000 MW as stated by TEİAŞ. To this end, wind measurement work currently continues.

A share purchase agreement was signed on March 31, 2017 regarding the purchase of a total of 4 wind projects, three in Çanakkale and one in Denizli, all of which have a total of 242 MW licenses and are not in operation and the purchase was completed on June 13, 2017 as the necessary permissions were obtained and the preconditions were fulfilled. Currently, these projects are being prepared for construction.

SPP Companies

As of September 30, 2017, SPP Companies continued operations with a portfolio of 146.3 MW total installed capacity, consisting of licensed (114.7 MW) and unlicensed projects under development in addition to 18.7 MW of unlicensed and 8 MW of licensed projects (26.7 MW in total) currently operational. There are 41 project companies, with Akfen Renewable Energy holding 100% of shares in all but two (Me-Se Elektrik Üretim A.Ş. ("Me-Se") - 80%, Solentegre Enerji Yatırımları Tic. A.Ş. ("Solentegre") - 90%).

All projects by HEPP Companies fall within the scope of the Law on the Use of Renewable Energy Resources for Power Generation. Projects falling within this scope have the right to enjoy a purchasing guarantee by the state over 7.3 US cents/kWh for 10 years starting from the date the project is commissioned if they obtain a Renewable Energy Resources Certificate and complete their investments by December 31, 2020. Under the previously-stated incentive mechanism, WPP portfolio can benefit a purchasing guarantee over 7.3 US cents/kWh while the SPP portfolio can enjoy a purchasing guarantee of 13.3 US cents/kWh. Under the very same law, various domestic contributions could be added as an incentive if domestically-made equipment is used for generation at the power plant. To this end, Gelinkaya HEPP, which is under Pak, one of the companies under Akfen Renewable Energy, is eligible for an additional domestic contribution of 1.17 US cents/kWh.

b) *Joint ventures transferred by division*

TAV Investment

Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in TAV Investment were transferred to Akfen Engineering. Therefore, TAV Investment which has been a joint venture of the Company in the previous periods, has ceased to be a joint venture as of February 16, 2017. TAV Investment was incorporated on July 1, 2005 to make investments in aviation and construction sectors. The main fields of business for TAV Investment are construction and car park operations. TAV Investment's subsidiary is TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. ("TAV Construction").

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures (cont'd)

b) Joint ventures transferred by division (cont'd)

TAV Investment (cont'd)

TAV Construction has branch offices in Cairo, Egypt; Dubai and Abu Dhabi, UAE; Doha, Qatar; Jeddah, Saudi Arabia and Paris, France in addition to Libya, Bahrain and Georgia. TAV Construction has subsidiaries operating under trade names TAV Park Otopark Yatırım ve İşletmeleri A.Ş., TAV Construction Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction Qatar LLC and TAV – Alrajhi Constructions Co., in which it has 100%, 70%, 99.99%, 49% and 50% shares, respectively. TAV Construction also has ordinary partnerships named TAV Sera Adi Ortaklığı and TAV Sera Libadiye Adi Ortaklığı, of which it holds 50% of the shares each.

Akfen Water

Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in Akfen Water were transferred to Akfen Engineering. Therefore, Akfen Water, a joint venture of the Company in the previous periods, has ceased to be a joint venture as of February 16, 2017.

Akfen Water Güllük started operations on August 24, 2006. Akfen Water Güllük completed all relevant investments and serves 7,518 subscribers as of September 30, 2017. Akfen Water-Arbiogaz Dilovası was incorporated on July 19, 2007. The company completed its investments on July 1, 2010 and started operations. It continues serving Dilovası district, which has an approximate population of 40,000, via the factories and plants currently operational at Dilovası Organized Industrial Zone. Akfen Water employs new technologies in line with the needs of its customers to develop and manage sustainable and environmentally-friendly Solid Waste Management systems. Concluding its first contract on Solid Waste Services with İDO, Akfen Water provides İDO with the services of identifying, collecting, sorting, temporarily storing, transporting, recovering and disposing of hazardous and non-hazardous wastes from operations in all vessels, land vehicles, land enterprises, offices and other port areas. Akfen Water also started to provide waste management services for City Hospitals projects run by the Republic of Turkey Ministry of Health within a Public-Private Partnership model. To this end, Akfen Water signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and provides the services of managing waste management processes, establishing an appropriate staff structure, procuring the tools and equipment in accordance with regulations, and following up and reporting the types and quantities of wastes. Subsequently, Akfen Water also started to provide waste management services to Mersin Integrated Health Campus and Yozgat City Hospital projects. Furthermore, it began to provide hazardous and non-hazardous waste disposal and recycling services to MIP during 2016.

İDO

Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in İDO were transferred to Akfen Engineering. Therefore, İDO, a joint venture of the Company in the previous periods, has ceased to be a joint venture as of February 16, 2017. The tender held by Istanbul Metropolitan Municipality ("İBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group. İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 54 vessels (24 sea buses, 20 ferryboats, 8 fast ferries and 2 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 15 lines comprised of 8 sea bus lines, 3 ferryboat lines and 4 fast ferry lines. As of September 30, 2017, sea buses, fast ferries and ferryboats have a total capacity of 35,983 passengers in summer season and 29,8655 passengers in winter season while presenting a vehicle capacity of 2,777 in both seasons.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Declaration of conformity

Akfen Holding companies operating in Turkey employ the Uniform Chart of Accounts as well as the accounting principles set by the CMB in keeping accounting records and drafting TRY-denominated financial statements.

Akfen Holding companies operating abroad keep their accounting records and issue their financial statements in accordance with the widely-acknowledged accounting principles and legislation in the countries they operate in.

The consolidated financial statements attached are issued in line with the provisions of the "Communique on Principles Pertaining to Financial Reporting in the Capital Market" Serial II, No. 14.1 ("Communique") by the CMB, which was published in the Official Gazette No. 28676 of June 13, 2013.

The Group applies the Turkish Accounting Standards ("TAS") published by the Public Oversight, Accounting and Auditing Standards Authority as per Article 5 of the Communique. The TAS is comprised of the Turkish Financial Reporting Standards ("TFRS") and the appendices and comments pertaining thereto.

The consolidated financial statements of the Group are approved by the Company's Board of Directors on November 8, 2017.

Principles of measurement

The consolidated financial statements are issued over historical costs except for the investment properties recognized by their fair values.

Applicable currency and reporting currency

Akfen Holding, its subsidiaries operating in Turkey and its affiliates under joint control keep their accounting records and financial statements in TRY in accordance with the Turkish Commercial Code and the Tax Procedure Code. Subsidiaries and joint ventures incorporated abroad keep their accounting records in accordance with the laws and practices of the countries they operate in. The attached consolidated financial statements are presented in TRY, the Company's reporting currency, and are issued in accordance with the TAS by taking legal accounting records as basis and creating the required adjustment and classification records.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

As of September 30, 2017 and December 31, 2016, the applicable currencies for the subsidiaries and joint ventures are as follows:

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

(*) As a result of spin-off on February 16, 2017, income and expenses belonging to Akfen REIT is shown under the discontinued operations.

(**) The sale of Akfen Holding's 8.119% shares in TAV Airports was completed as of July 7, 2017.

Principles for consolidation

The attached consolidated financial statements, which are all prepared in consistence with the principles set in the consolidated financial statements for the accounting period that ended on 30 September 2017, December 31, 2016 and September 30, 2016, include the accounts for investments in equity-accounted joint ventures by Akfen Holding, the parent company, and its subsidiaries that are consolidated via the full consolidation method.

As a result of the spin-off procedures on February 16, 2017, Companies', which was transferred to Akfen Engineering, profit or loss and other comprehensive income items which is realized up to the date of transfer, was included in the consolidated financial statements as at and period ended September 30, 2017.

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

If the Group has the authority to exercise more than 50% of its voting rights in companies as a result of the shares it holds directly and/or indirectly or if, although it does not have the power to exercise more than 50% of votes, it has the power and authority to control the financial and operational policies in line with the Group's interests by exercising its actual control impact on financial and operational policies, the company concerned is then included in consolidation.

The rates for shareholding and voting rights of the subsidiaries subject to consolidation as of September 30, 2017 and December 31, 2016 are as follows:

	Akfen Holdings shareholding rate		Direct and indirect voting rights of Akfen Holding		Voting rights of members of Akfen Family		Total voting rights		Main Operations
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	
Akfen REIT (*)	--	56.88	--	56.88	--	16.41	--	73.29	Real Estate Investment
Akfen Thermal Energy(*)	--	99.64	--	99.64	--	0.36	--	100.00	Energy

(*) Following the spin-off procedure of Akfen Holding shares were transferred to Akfen Engineering on February 16, 2017.

In the consolidated financial statements, the interests corresponding to the shares held by Akfen Family are indicated within the non-controlling interests.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

Joint agreements

Joint ventures are established through an agreement for the Company and its subsidiaries to undertake an economic activity in a way to be jointly managed by one or more enterprising partners. The "TFRS 11 Joint Agreements" standard, which entered into force for application to annual accounting periods starting on or after January 1, 2013 and repealed the "TAS 31 Shares in Joint Ventures" standard, stipulates the accounting of shares in joint ventures with the equity method as per "TAS 28 Investments in Affiliates and Joint Ventures" standard.

In the equity method, the joint venture investment is initially recognized via the acquisition cost. Following the date of acquisition, the share of the investor in the profits or losses of the invested enterprise is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The share the investor will get from the profits or losses of the invested enterprise is recognized as the profit or loss of the investor. Any distributions (of dividend, etc.) received from an invested enterprise reduce the carrying amount of the investment. The carrying amount of the invested enterprise needs to be adjusted in a way to correspond to the share the investor gets from the changes in the other comprehensive income of the enterprise. The details of the Company's direct joint ventures as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017		December 31, 2016		Main operation
	Shareholding rate (%)	Voting right rate (%)	Shareholding rate (%)	Voting right rate (%)	
TAV Airports (*)	--	--	8.12	8.12	Airport Management Investment, construction and management in
TAV Investment (**)	--	--	21.68	21.68	aviation
MIP	50.00	50.00	50.00	50.00	Seaport Management
PSA Port	50.00	50.00	50.00	50.00	Consulting Construction and Management of Water
Akfen Water (**)	--	--	50.00	50.00	Treatment Plants
Akfen Renewable (***)	80.01	80.01	90.00	90.00	Energy
İDO (**)	--	--	30.00	30.00	Marine Transportation

(*)The sale of Akfen Holding's 8.119% shares in TAV Airports was completed as of July 7, 2017.

(**)Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in TAV Investment, Akfen Water and İDO were transferred to Akfen Engineering.

(***) Note 12.

Combinations of businesses under joint control

Business combinations arising from the transfer of the shares of companies under the control of the shareholder that controls the Group are recognized like they took place at the beginning of the earliest comparative period offered, and, if it took place later, on the date the joint control is established. To this end, comparative periods are restated. Acquired assets and liabilities are recorded over the carrying amount registered in the consolidated financial statements of the shareholders under the Group's control. The shareholders' equity items for the acquired companies are added to the same items in the Group's equity except for the capital and the resulting profit or loss is recognized within equity.

Adjustment transactions in consolidation

Intra-group transactions and balances among the companies included in the consolidation are written off during consolidation. Unrealized profits and losses arising from transactions between the company and its consolidated subsidiaries and joint ventures are adjusted to the extent of the Group's share in the joint venture.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

Business combinations for purchasing from third persons

Purchasing from third persons are recognized by using the purchasing method. Purchasing cost is calculated as the total of the fair values of assets, of the liabilities that arise or are assumed, and of the equity capital instruments issued to acquire the control of the affiliate as well as the total of other costs directly attributable to acquisition. In accordance with TFRS 3, identifiable assets, liabilities and conditional liabilities which meet the registration requirements are registered over their fair values.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the relevant Group companies over the exchange rate on the date when the transaction took place. Foreign currency-denominated monetary assets and liabilities are translated into the functional currency over the exchange rate on the reporting date. Foreign currency-denominated non-monetary assets and liabilities that could be measured by their historical costs are translated over the exchange rate on the transaction date. Exchange differences due to translation are recorded in the consolidated other comprehensive income statement.

Group companies prefer to use USD, EUR or TRY as the functional currency since they are widely used or have a significant impact on the operations of the relevant Group companies and reflect the key economic events and developments pertaining to such companies. All currencies except for the currency used to measure the items in financial statements are called a foreign currency. As per the relevant provisions of TAS 21 (*Effects of Changes in Foreign Exchange Rates*) standard, transactions and balances not calculated over the functional currencies are re-calculated over the relevant currencies. The Group adopts TRY as the reporting currency.

The assets and liabilities of Group companies that employ a functional currency other than the Group's reporting currency are translated into the Group's reporting currency over the exchange rate on the balance sheet date. The income and expenditures of such Group companies are translated into the reporting currency over the average exchange rate for the period. Equity capital items are reported over their cost value. Foreign currency translation differences are indicated in the equity capital under the item "Foreign currency translation difference". When the relevant Group companies are disposed of partially or fully, the relevant amount under "foreign currency translation difference" is classified into consolidated profit or loss.

End-of-period exchange rates and average exchange rates as of September 30, 2017 and December 31, 2016 are as follows:

	Average Exchange Rate		Exchange Rate at Period End	
	September 30, 2017	September 30 2016	September 30, 2017	December 31, 2016
US Dollar	3.5936	2.9309	3.5521	3.5192
Euro	3.9966	3.2710	4.1924	3.7099
Georgian Lari ("GEL")	1.5202	1.2620	1.4332	1.3278
Macedonian Denar ("MKD")	0.0679	0.0530	0.0682	0.0605
Tunisian Dinar ("TND")	1.5797	1.3941	1.4423	1.5266
Saudi Riyal ("SAR")	1.0041	0.7814	0.9472	0.9386
Croatian Kuna ("HRK")	0.5651	0.4341	0.5609	0.4923
Russian Ruble ("RUB")	0.0617	0.0431	0.0610	0.0573

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (*cont'd*)

2.1 Basis of Presentation of Financial Statements (*continued*)

Foreign Currency (*continued*)

Foreign operations

Assets and liabilities from operations abroad including fair value adjustments due to acquisition as well as goodwill are translated into TRY over the exchange rates on the reporting date. Income and expenditures from operations abroad are translated into TRY over the average rates for the relevant period.

Foreign currency translation differences are recorded under foreign currency translation differences under equity. In the event that operations abroad are sold out partially or fully, the relevant amount in the foreign currency translation difference is transferred to the profit or loss.

Comparative information and the adjustment of consolidated financial statements from previous periods

The attached consolidated financial statements are compared to the previous period in order to identify trends in the financial position, performance and cash flow of the Group. In order to ensure comparability if the way the items in the consolidated financial statements are represented or classified changes, consolidated financial statements from the previous periods are also re-classified accordingly and explanations are provided on such matters.

Restatements in 2016 financial statements

Re-classifications and restatements in the Group's profit/loss statements for the period ending on September 30, 2016 are explained in Note 3.

2.2 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended September 30, 2017 have been prepared in accordance with TAS 34.

The accounting policies used in the preparation of these interim condensed consolidated financial statements for the period ended 30 September 2017 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2016. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (*cont'd*)

2.3 Amendments to the Turkish Financial Reporting Standards

Accounting policies taken as basis for the preparation of consolidated financial statements for the accounting period of January 1 - December 31, 2017 are applied in consistence with the financial statements prepared as of September 30, 2017 except for the new and amended TAS/IFRS standards stated below which are valid as of January 1, 2017 and the interpretations of the Turkish Financial Reporting Interpretation Committee ("TFRYK").

Standards, amendments and improvements issued but not yet effective and not early adopted:

New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA:

- TFRS 10 and TAS 28 - Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture - Amendments

Annual Improvements - 2010–2012:

- TFRS 13 - Fair Value Measurement
- TFRS 16 - Leases Amendments
- TAS 12 – Income Taxes Amendments
- TAS 7 - Statement of Cash Flow Amendments
- TFRS 2 - Share-based Payment Amendments
- TFRS 17 – New Insurance Contracts Standards
- TFRS 4 – Insurance Contract Amendments
- TAS 40 – Investment Property Amendments
- TFRS Committee 22 – Foreign Currency Transaction and Advance Consideration
- TFRS Annual Improvements – 2014-2016
- IFRIC 23 Uncertainty over Income Tax Treatments
- TFRS 17 – New Insurance Contracts Standards

The potential impact of the said standards, amendments and improvements on the Group's financial position and performance is assessed.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS

Reference A – Those amounts within the non-capitalized exchange rate differences pertaining to the loans Akfen Renewable Energy utilized in the past for its investments that could be capitalized as per the TAS 23 Borrowing Cost standard are recognized in the tangible fixed assets account. Furthermore, the amounts which Akfen Renewable Energy is liable to pay as per the purchasing contracts of some of its plants but it has not paid yet are recognized mutually in intangible fixed assets and other payables accounts. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, the EBRD and the IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary which gives rise to a loss of control, and the Company's shares in Akfen Renewable Energy were recognized by their fair value. Therefore, it is fully consolidated until July 12, 2016 the date of share transfer of Akfen Renewable Energy, and is recognized with the equity share method after this date.

Adjustments for previous period- Akfen REIT whose assets and liabilities were transferred to Akfen Engineering as of February 16, 2017, and is considered a separate segment, is indicated under discontinued operations as of June 30, 2016. As per TFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, Akfen REIT's profit and loss statement items for the previous period are also classified comparatively under discontinued operations.

	<u>Previously reported</u> <u>September 30, 2016</u>	<u>Adjustments for</u> <u>previous period</u>	<u>Restatements</u> <u>(Reference A)</u>	<u>Restated June 30,</u> <u>2016</u>
Revenue	213,561	(41,367)	(41,170)	131,024
Cost of sales (-)	(107,523)	6,360	35,600	(65,563)
GROSS PROFIT	106,038	(35,007)	(5,570)	65,461
General administrative expenses (-)	(61,207)	6,169	2,471	(52,567)
Other income from operating activities	6,871	(115)	(1,009)	5,747
Other expenses from operating activities(-)	(2,516)	2,006	(19)	(529)
Share of profit/(loss) from investments accounted using the equity method	95,232	--	(27,832)	67,400
OPERATING PROFIT/(LOSS) FROM OPERATING ACTIVITIES	144,418	(26,947)	(31,959)	85,512
Investment activity income	541	(5)	897,163	897,699
Investment activity expense	(29,947)	--	--	(29,947)
PROFIT BEFORE FINANCING INCOME/(EXPENSES)	115,012	(26,952)	865,204	953,264
Finance income	79,690	(565)	(9,950)	69,175
Finance expenses	(198,838)	36,554	46,445	(115,839)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(4,136)	9,037	901,699	906,600
Tax (Expense) Income, Continuing Operations	(7,935)	5,971	(348)	(2,312)
Current period tax expenses	(4,112)	--	--	(4,112)
Deferred tax income	(3,823)	5,971	(348)	1,800
PROFIT/(LOSS) CONTINUING OPERATIONS	(12,071)	15,008	901,351	904,288
PROFIT/(LOSS) AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS				
Period (loss)/profit from discontinued operations	--	(15,008)	--	(15,008)
PROFIT/(LOSS) FOR THE PERIOD AFTER DISCONTINUED OPERATIONS	(12,071)	--	901,351	889,280
Attributable to non-controlling interests				
Non-controlling interests	4,678	--	112	4,790
Equity holders of the parent	(16,749)	--	901,239	884,490
Net Profit / (Loss) for the Period	(12,071)	--	901,351	889,280

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

Due to the restated above, the cash flow statement for the year ended September 30, 2016 is restated.

	<i>Previously reported September 30, 2016</i>	<i>Adjustments for previous period</i>	<i>Readjustment and combination impact</i>	<i>Restated September 30, 2016</i>
(Loss)/profit from continued operations	(12,071)	15,008	901,351	904,288
Loss from discontinued operations	--	(15,008)	--	(15,008)
Cash Flows from management operations	99,455	--	9,745	109,200
Net cash flows from investment operations	(78,625)	--	28,364	(50,261)
Net cash used in financing operations	78,655	--	(119,555)	(40,900)
Net increase/(decrease) in cash and cash equivalents	99,485	--	(81,446)	18,039
Cash and cash equivalents at the beginning of the period	31,527	--	(26,298)	5,229
Cash and cash equivalents at the end of the period	131,012	--	(107,744)	23,268

4 SALE OF SHARE OF SUBSIDIARIES AND JOINT VENTURES

An agreement was signed by and between Akfen Holding and the EBRD and the IFC in order for them to become shareholders in Akfen Renewable Energy, each subscribing for 16.667% of shares on a fee of USD 100 million. Following the fulfillment of closing requirements, the capital of Akfen Renewable Energy was increased, on premium, to TRY 705,000 from TRY 634,500, with the EBRD and the IFC each transferring USD 44,444,444 for 5% of shares to Akfen Renewable Energy. The capital increase was registered on July 12, 2016.

Following the share transfer, Akfen Holding's share in Akfen Renewable Energy declined to 90%. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, the EBRD and the IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary which gives rise to a loss of control, and the Company's shares in Akfen Renewable Energy were recognized by their fair value. Therefore, it is fully consolidated until July 12, 2016 the date of share transfer of Akfen Renewable Energy, and is recognized with the equity share method after this date. The fair value is determined in consideration of the stock value calculated as per the shareholders' agreement the Company concluded with the IFC and the EBRD.

Joint Venture recognized by fair value	1,168,560
De-recognized net asset	(271,398)
Gains from recognition of fair values (Note 24)	897,162

Sale of share of joint venture

Akfen Holding signed an agreement was with Tank ÖWA Alpha GmbH in order to sell its 8.119% stake in TAV Airports for a fee of USD 160 million. The share transfer was completed on July 7, 2017. The positive difference between the sales price and net assets which was derecognized is recorded as income from investing activities on statement of consolidated profit or loss and other comprehensive income.

Sales price	579,568
De-recognized net asset	(253,296)
Gain on sale of share of joint venture (Note 24)	326,272

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5

SEGMENT REPORTING

On February 16, 2017, following 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-Aribogaz Dilovası, Akfen Güneş Enerji ve Batı Karadeniz Elk.Dağ.Ve Sis.A.Ş. transfer and on December 26, 2016 following Akfen Energy Distribution transfer to Akfen Engineering, all companies were de-recognized from consolidation together with all their subsidiaries and affiliates as of September 30, 2017. However, since these transfer transactions were completed as of February 16, 2017, profit or loss and other comprehensive income items which were realized up to the date of transfer, were included in the consolidated financial statements. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements. TAV Investment, Akfen Water and İDO's profit and loss statement items are shown under Share of loss from investments accounted using the equity method, Akfen Thermal Energy's profit and loss was included consolidated financial statements with full consolidation method.

As of September 30, 2017 and December 31, 2016, the results of all companies included in consolidation are presented in the following tables based on income and expense items. Consolidation adjustments and classifications of joint ventures accounted using the equity method in accordance with the reporting standards as well as of the companies shown in the income and expense items discontinued operations are also presented in the following tables.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5 SEGMENT REPORTING(cont'd)

	<u>Investments accounted using the equity method</u>					<u>Other(***)</u>	<u>Intersegment eliminations</u>	<u>Total</u>	<u>Consolidation Adjustment and Classification</u>	<u>Report Total</u>
	<u>Akfen Holding</u>	<u>Akfen REIT(*)</u>	<u>Renewable (***)</u>	<u>MIP</u>	<u>Other investments accounted using the equity method (**)</u>					
January 1-September 30, 2017										
Out-of-segment revenue	1,419	6,524	137,373	389,886	227,136	-	-	762,338	(758,808)	3,530
Intersegment revenue	2,111	-	1,222	-	1,317	-	(4,650)	-	-	-
Total revenue	3,530	6,524	138,595	389,886	228,453	-	(4,650)	762,338	(758,808)	3,530
Cost of sales	-	(1,182)	(84,780)	(163,241)	(168,108)	-	1,046	(416,265)	416,265	-
Gross profit/(loss)	3,530	5,342	53,815	226,645	60,345	-	(3,604)	346,073	(342,543)	3,530
General administrative expenses	(29,424)	(755)	(12,010)	(30,256)	(29,235)	(79)	3,637	(98,122)	68,619	(29,503)
Other operating income	20,467	32	900	-	22,817	132	(20,165)	24,183	(23,715)	468
Other operating expenses	(1,113)	(14)	(1,346)	(1,574)	(5,697)	(3,598)	-	(13,342)	8,631	(4,711)
Share of profit/(loss) from investments accounted using the equity method	-	-	-	-	114	-	-	114	121,373	121,487
Operating profit/(loss)	(6,540)	4,605	41,359	194,815	48,344	(3,545)	(20,132)	258,906	(167,635)	91,271
Investment activity income	514,423	-	-	-	1,472	-	(143,435)	372,460	(1,474)	370,986
Investment activity expenses	(20)	-	-	-	-	-	-	(20)	-	(20)
Finance income	59,563	6,529	(21)	12,542	1,100	3,549	(10,721)	72,541	(9,506)	63,035
Finance expenses	(148,000)	(22,447)	(46,363)	(44,160)	(39,561)	(176)	10,721	(289,986)	141,888	(148,098)
(Loss)/profit before tax from continuing operations	419,426	(11,313)	(5,025)	163,197	11,355	(172)	(163,567)	413,901	(36,727)	377,174
Tax expenses for the period	-	(539)	(6,512)	(32,835)	(8,728)	(49)	-	(48,663)	48,614	(49)
(Loss)/profit after tax from continuing operations	419,426	(11,852)	(11,537)	130,362	2,627	(221)	(163,567)	365,238	11,887	377,125
Period Loss After Tax from Discontinued Operations	-	-	-	-	-	-	-	-	(11,852)	(11,852)
(Loss)/profit for the period	419,426	(11,852)	(11,537)	130,362	2,627	(221)	(163,567)	365,238	35	365,273
Profit/(loss) for the period from parent company shares	419,426	(10,910)	(10,911)	130,362	2,036	(237)	(158,862)	370,904	-	370,904
Depreciation and amortization expenses	1,591	4	26,189	59,031	23,228	-	-	110,043	(108,451)	1,592
Tangible and intangible fixed asset, investment property and other investments	1,365	1,401	195,860	60,135	8,839	-	-	267,600	(264,832)	2,768
September 30, 2017										
Segment assets	1,733,957	-	1,228,809	1,905,214	-	-	(829,512)	4,038,468	(1,149,509)	2,888,959
Segment liabilities	1,002,211	-	875,165	1,035,465	-	-	(116,003)	2,796,838	(1,794,628)	1,002,210

(*) As a result of the spin-off procedures on February 16, 2017, Companies', which were transferred to Akfen Engineering, profit or loss and other comprehensive income items which was realized up to the date of transfer, were included in the consolidated financial statements as at and period ended September 30, 2017. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements.

(**) Joint ventures accounted by equity method are Tav Airports, Tav Investment, İDO ve Akfen Water. Since all of the shares owned by Akfen Holding at Tav Airports were transferred on July 7, 2017, Tav Airports profit or loss and other comprehensive income items consist of until June 30, 2017 which is the nearest reporting date to the transfer.

(***) Other subsidiaries are Akfen Thermal Energy.

(****) As the shareholding ratio of Akfen Holding in Akfen Renewable has decreased from 90% to 80.01% as of June 9, 2017, the profit or loss and other comprehensive income items are consist of 90% ownership ratio up to June 30, 2017 which is the nearest reporting period, after this date, using 80.01% which is new ownership rate in the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5 SEGMENT REPORTING(cont'd)

	<u>Investments accounted using the equity method</u>				<u>Other investments accounted using the equity method</u> (**)	<u>Other(***)</u>	<u>Intersegment eliminations</u>	<u>Total</u>	<u>Consolidation Adjustment and Classification</u>	<u>Report Total</u>
	<u>Akfen Holding</u>	<u>Akfen REIT(*)</u>	<u>Renewable (***)</u>	<u>MIP</u>						
July 1-September 30, 2017										
Out-of-segment revenue	555	-	24,809	131,808	-	-	-	157,172	(155,766)	1,406
Intersegment revenue	851	-	(154)	-	-	-	(697)	-	-	-
Total revenue	1,406	-	24,655	131,808	-	-	(697)	157,172	(155,766)	1,406
Cost of sales	-	-	(26,998)	(54,312)	-	-	-	(81,310)	81,310	-
Gross profit/(loss)	1,406	-	(2,343)	77,496	-	-	(697)	75,862	(74,456)	1,406
General administrative expenses	(11,413)	-	(4,212)	(10,540)	-	-	699	(25,466)	14,053	(11,413)
Other operating income	142	-	120	-	-	-	-	262	(120)	142
Other operating expenses	(848)	-	(1,098)	(1,124)	-	-	-	(3,070)	2,223	(847)
Share of profit/(loss) from investments accounted using the equity method	-	-	-	-	-	-	-	-	19,313	19,313
Operating profit/(loss)	(10,713)	-	(7,533)	65,832	-	-	2	47,588	(38,987)	8,601
Investment activity income	514,199	-	-	-	-	-	(187,582)	326,617	(2)	326,615
Investment activity expenses	-	-	-	-	-	-	-	-	-	-
Finance income	23,868	-	(6,861)	6,386	-	-	(3,768)	19,625	4,243	23,868
Finance expenses	(60,490)	-	(13,323)	(12,842)	-	-	3,768	(82,887)	22,397	(60,490)
(Loss)/profit before tax from continuing operations	466,864	-	(27,717)	59,376	-	-	(187,580)	310,943	(12,349)	298,594
Tax expenses for the period	-	-	(1,145)	(11,806)	-	-	-	(12,951)	12,951	-
(Loss)/profit after tax from continuing operations	466,864	-	(28,862)	47,570	-	-	(187,580)	297,992	602	298,594
Period Loss After Tax from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
(Loss)/profit for the period	466,864	-	(28,862)	47,570	-	-	(187,580)	297,992	602	298,594
Profit/(loss) for the period from parent company shares	466,864	-	(28,259)	47,572	-	-	(187,583)	298,594	-	298,594
Depreciation and amortization expenses	545	-	8,522	19,060	-	-	-	28,127	(27,582)	545
Tangible and intangible fixed asset, investment property and other investments	90	-	54,959	41,604	-	-	-	96,653	(96,563)	90

(*) As a result of the spin-off procedures on February 16, 2017, Companies', which were transferred to Akfen Engineering, profit or loss and other comprehensive income items which was realized up to the date of transfer, were included in the consolidated financial statements as at and period ended September 30, 2017. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements.

(**) Joint ventures accounted by equity method are Tav Airports, Tav Investment, İDO ve Akfen Water. Since all of the shares owned by Akfen Holding at Tav Airports were transferred on July 7, 2017, Tav Airports profit or loss and other comprehensive income items consist of until June 30, 2017 which is the nearest reporting date to the transfer.

(***) Other subsidiaries are Akfen Thermal Energy.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

(****) As the shareholding ratio of Akfen Holding in Akfen Renewable has decreased from 90% to 80.01% as of June 9, 2017, the profit or loss and other comprehensive income items are consist of 90% ownership ratio up to June 30, 2017 which is the nearest reporting period, after this date, using 80.01% which is new ownership rate in the consolidated financial statements.

5 SEGMENT REPORTING(cont'd)

<u>January 1-September 30, 2016</u>	<u>Investments accounted using the equity method</u>				<u>Other investments accounted using the equity method</u>	<u>Other(***)</u>	<u>Intersegment eliminations</u>	<u>Total</u>	<u>Consolidation Adjustment and Classification</u>	<u>Report Total</u>
	<u>Akfen Holding</u>	<u>Akfen REIT(*)</u>	<u>Renewable (***)</u>	<u>MIP</u>	<u>(**)</u>					
Out-of-segment revenue	--	41,367	165,850	292,675	730,917	--	--	1,230,809	(1,099,785)	131,024
Intersegment revenue	--	--	2,290	--	14,116	--	(16,406)	--	--	--
Total revenue	--	41,367	168,140	292,675	745,033	--	(16,406)	1,230,809	(1,099,785)	131,024
Cost of sales	--	(6,360)	(99,595)	(123,656)	(613,876)	--	14,379	(829,108)	763,545	(65,563)
Gross profit/(loss)	--	35,007	68,545	169,019	131,157	--	(2,027)	401,701	(336,240)	65,461
General administrative expenses	(45,380)	(6,169)	(8,024)	(23,794)	(57,003)	(1,432)	1,980	(139,822)	87,255	(52,567)
Other operating income	79,445	115	1,773	--	27,426	2,087	(76,537)	34,309	(28,562)	5,747
Other operating expenses	(190)	(2,006)	(117)	--	(16,172)	(2)	(218)	(18,705)	18,176	(529)
Share of profit/(loss) from investments accounted using the equity method	--	--	--	--	5,508	--	--	5,508	61,892	67,400
Operating profit/(loss)	33,875	26,947	62,177	145,225	90,916	653	(76,802)	282,991	(197,479)	85,512
Investment activity income	536	--	0	--	1,570	541	897,163	899,810	(2,111)	897,699
Investment activity expenses	--	--	--	--	(94)	(29,947)	--	(30,041)	94	(29,947)
Finance income	46,572	22,152	78,271	3,556	3,376	18,677	(154,301)	18,303	50,872	69,175
Finance expenses	(73,388)	(58,135)	(140,367)	(33,716)	(80,507)	(7,979)	154,300	(239,792)	123,953	(115,839)
(Loss)/profit before tax from continuing operations	7,595	(9,036)	81	115,065	15,261	(18,055)	820,360	931,271	(24,671)	906,600
Tax expenses for the period	--	(5,971)	(5,242)	(17,863)	(18,349)	2,333	318	(44,774)	42,462	(2,312)
(Loss)/profit after tax from continuing operations	7,595	(15,007)	(5,161)	97,202	(3,088)	(15,722)	820,678	886,497	17,791	904,288
Period Loss After Tax from Discontinued Operations	--	--	--	--	--	--	--	--	(15,008)	(15,008)
(Loss)/profit for the period	7,595	(15,007)	(5,161)	97,202	(3,088)	(15,722)	820,678	886,497	2,783	889,280
Profit/(loss) for the period from parent company shares	7,595	(13,642)	(5,217)	97,202	(1,972)	(16,796)	816,403	883,573	917	884,490
Depreciation and amortization expenses	352	25	25,647	36,333	45,170	88	(870)	106,745	(89,248)	17,497
Tangible and intangible fixed asset, investment property and other investments	2,328	17,939	73,243	114,521	31,184	7,272	--	246,487	(196,131)	50,356
September 30, 2016										
Segment assets	2,026,546	1,193,466	1,205,303	1,789,209	2,400,489	379,551	(734,761)	8,259,803	(4,240,708)	4,019,095
Segment liabilities	1,111,147	937,223	970,877	1,055,188	2,072,593	45,972	(45,162)	6,147,838	(4,092,247)	2,055,591

(*) As a result of the spin-off procedures on February 16, 2017, Companies', which were transferred to Akfen Engineering, profit or loss and other comprehensive income items which was realized up to the date of transfer, were included in the consolidated financial statements as at and period ended June 30, 2017. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements.

(**) Joint ventures accounted by equity method are Tav Airports, Tav Investment, İDO ve Akfen Water

(***) Other subsidiaries are Akfen Thermal Energy and Akfen Energy Distribution.

(****) Revenues and expenses until June 30, 2016, which is the nearest reporting period to the date of transfer are subjected to full consolidation, the profit or loss after this date is proportionally (90%) reflected in the report notes (Note 4).

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5

SEGMENT REPORTING(cont'd)

<u>July 1-September 30, 2016</u>	<u>Investments accounted using the equity method</u>				<u>Other investments accounted using the equity method</u>	<u>Other(***)</u>	<u>Intersegment eliminations</u>	<u>Total</u>	<u>Consolidation Adjustment and Classification</u>	<u>Report Total</u>
	<u>Akfen Holding</u>	<u>Akfen REIT(*)</u>	<u>Renewable (***)</u>	<u>MIP</u>	<u>(**)</u>					
Out-of-segment revenue	-	15,231	37,144	94,960	253,469	-	-	400,804	(400,804)	-
Intersegment revenue	-	-	(55)	-	3,485	-	(3,430)	-	-	-
Total revenue	-	15,231	37,089	94,960	256,954	-	(3,430)	400,804	(400,804)	-
Cost of sales	-	(2,167)	(33,455)	(42,886)	(198,100)	-	3,646	(272,962)	272,962	-
Gross profit/(loss)	-	13,064	3,634	52,074	58,854	-	216	127,842	(127,842)	-
General administrative expenses	(9,556)	(1,892)	(2,487)	(8,466)	(18,139)	(512)	(156)	(41,208)	30,886	(10,322)
Other operating income	334	30	1,048	-	8,998	1,033	(67)	11,376	(10,049)	1,327
Other operating expenses	(190)	(891)	21	-	(12,332)	-	(43)	(13,435)	13,221	(214)
Share of profit/(loss) from investments accounted using the equity method	-	-	-	-	2,838	-	-	2,838	(1,616)	1,222
Operating profit/(loss)	(9,412)	10,311	2,216	43,608	40,219	521	(50)	87,413	(95,400)	(7,987)
Investment activity income	38	-	-	-	592	541	897,163	898,334	(1,133)	897,201
Investment activity expenses	-	-	-	-	(94)	-	-	(94)	94	-
Finance income	7,470	7,904	71,773	725	(1,081)	5,949	(145,509)	(52,769)	66,896	14,127
Finance expenses	(32,738)	(39,046)	(100,625)	(11,326)	(31,566)	(754)	144,273	(71,782)	39,040	(32,742)
(Loss)/profit before tax from continuing operations	(34,642)	(20,831)	(26,636)	33,007	8,070	6,257	895,877	861,102	9,497	870,599
Tax expenses for the period	-	(322)	194	(3,917)	(6,923)	(1,122)	(58)	(12,148)	11,440	(708)
(Loss)/profit after tax from continuing operations	(34,642)	(21,153)	(26,442)	29,090	1,147	5,135	895,819	848,954	20,937	869,891
Period Loss After Tax from Discontinued Operations	-	-	-	-	-	-	-	-	(21,154)	(21,154)
(Loss)/profit for the period	(34,642)	(21,153)	(26,442)	29,090	1,147	5,135	895,819	848,954	(217)	848,737
Profit/(loss) for the period from parent company shares	(34,642)	(19,765)	(26,519)	29,090	(39)	4,313	894,067	846,505	219	846,724
Depreciation and amortization expenses	84	9	7,921	13,079	15,297	72	(314)	36,148	(36,090)	58
Tangible and intangible fixed asset, investment property and other investments	1,032	2,082	57,341	-	7,987	6,154	0	74,596	(58,413)	16,183

(*) As a result of the spin-off procedures on February 16, 2017, Companies', which were transferred to Akfen Engineering, profit or loss and other comprehensive income items which was realized up to the date of transfer, were included in the consolidated financial statements as at and period ended June 30, 2017. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements.

(**) Joint ventures accounted by equity method are Tav Airports, Tav Investment, İDO ve Akfen Water (***) Other subsidiaries are Akfen Thermal Energy and Akfen Energy Distribution.

(****) Revenues and expenses until June 30, 2016, which is the nearest reporting period to the date of transfer are subjected to full consolidation, the profit or loss after this date is proportionally (90%) reflected in the report notes (Note 4).

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5 CASH AND CASH EQUIVALENTS

The details for cash and cash equivalents as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Cash on hand	338	150
Banks	87,911	45,982
- Demand deposits	2,401	3,209
- Time deposits	85,510	42,773
Other cash and cash equivalents(*)	14,270	--
Cash and cash equivalents	102,519	46,132

(*)As of September 30, 2017, all of the other cash and cash equivalents consist of overnight repos (December 31, 2016: None).

As at September 30, 2017 and December 31, 2016, the distribution of demand deposits, foreign currency and Turkish Lira of the Group is as follows:

Currency	September 30, 2017	December 31, 2016
Euro	1,659	186
US Dollar	444	2,229
TRY	298	794
	2,401	3,209

As at September 30, 2017 and December 31, 2016, the details of time deposits, maturities and interest rates for the Group are as follows:

Currency	Maturity	Interest rate%	September 30, 2017
US Dollar	October 2017	0.10-1.20	84,301
TRY	October 2017	6.75-11.90	1,208
			85,510

Currency	Maturity	Interest rate%	December 31, 2017
Euro	January 2017	0.01 – 1.95	42,648
TRY	January 2017	11.16	125
			42,773

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 30. As of September 30, 2017 and December 31, 2016, the Group has no blocked cash within cash and cash equivalents.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

7 FINANCIAL INVESTMENTS

Short-term financial investments

As at December 31, 2016 short-term financial investments are comprised of the Group's restricted bank deposits. As at September 30, 2017 the Group has no restricted bank deposits.

Currency	<u>September 30,</u> <u>2017</u>	<u>December 30,</u> <u>2016</u>
US Dollar	--	60,938
	--	60,938

8 SHORT-TERM AND LONG-TERM BORROWING

This footnote includes information on the contractual terms of financial borrowings that are measured in line with the discounted cost method. The interest, foreign currency and liquidity risks as well sensitivity analyses of the Group are provided in Note 28.

As at September 30, 2017, the details of the Group's financial liabilities are as follows:

	<u>Nominal Value</u>	<u>Carrying value</u>
Short term portion of long-term financial liabilities		
Short term portion of long-term collateralized bank loans	415,379	424,659
Short term portion of long-term bonds	60,000	126,156
	475,379	550,815
Long-term financial liabilities		
Long-term collateralized bank loans	32,281	30,658
Long-term bonds	450,360	396,864
	482,641	427,522

As at December 31, 2017, the details of the Group's financial liabilities are as follows:

	<u>Nominal Value</u>	<u>Carrying value</u>
Short-term financial liabilities		
Short-term collateralized bank loans	4,500	4,504
	4,500	4,504
Short term portion of long-term financial liabilities		
Short term portion of long-term collateralized bank loans	455,793	473,990
Short term portion of long-term bonds	400,000	410,971
	855,793	884,961
Long-term financial liabilities		
Long-term collateralized bank loans	208,274	201,430
	208,274	201,430

As of September 30, 2017, total liabilities of the Group consisting of bank loans and issued bonds are as follows:

	<u>Nominal</u> <u>Value</u>	<u>Carrying</u> <u>value</u>
Bank loans	447,660	455,317
Bond	510,360	523,020
	958,020	978,337

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

8 SHORT-TERM AND LONG-TERM BORROWING (cont'd)

As of December 31, 2016, total liabilities of the Group consisting of bank loans and issued bonds are as follows:

	<u>Nominal Value</u>	<u>Carrying value</u>
Bank loans	668,567	679,924
Bond	400,000	410,971
	1,068,567	1,090,895

The repayment schedule for the Group's bank loans and issued bonds in accordance with their original maturities as of September 30, 2017 and December 31, 2016 is as follows:

	<u>Nominal Value</u>		<u>Carrying Value</u>	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Less than a year	475,379	860,293	550,815	889,465
1 to 2 years	16,141	208,274	72,972	201,430
2 to 3 years	466,500	--	354,550	--
	958,020	1,068,567	978,337	1,090,895

Terms and repayment schedules

As of September 30, 2017 and December 31, 2016, the breakdown of bank loans and issued bonds for foreign currencies is as follows:

	<u>Nominal Value</u>		<u>Carrying Value</u>	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
TRY	510,359	404,500	523,020	415,475
Euro	394,379	370,693	401,004	374,653
US Dollar	53,282	293,374	54,313	300,767
	958,020	1,068,567	978,337	1,090,895

Most of the financial payables are floating-interest loans, a factor that exposes the Group to an interest rate risk. As of September 30, 2017 and December 31, 2016, the minimum and maximum interest rates for the loans the Company utilized are as follows:

	<u>September 30, 2017^(*)</u>			<u>December 31, 2016^(*)</u>			
	<u>TRY</u>	<u>US Dollar</u>	<u>Euro</u>	<u>Fixed rate loans</u>	<u>US</u>		
					<u>TRY</u>	<u>Dollar</u>	<u>Euro</u>
Fixed rate loans							
Minimum	--	%5.00	%3.80	Minimum	%14.00	%3.75	%3.80
Maximum	--	%5.00	%6.55	Maximum	%14.00	%6.00	%5.50
Floating rate loans				<u>Floating rate loans</u>	<u>US</u>		
Minimum	%3.00	--	%5.50	Minimum	%3.00	%5.25	%5.50
Maximum	%4.50	--	%5.50	Maximum	%3.50	%5.25	%5.50

(*) These are the interest rates paid for floating-interest loans in addition to the Euribor, Libor and Benchmark Interest at September 30, 2017 and December 31, 2016.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

8 SHORT-TERM AND LONG-TERM BORROWING (cont'd)

As of September 30, 2017, the details of financial liabilities are as follows:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Collateralized bank loans ⁽¹⁾	US Dollar	5	2018	53,281	54,313
Collateralized bank loans ⁽¹⁾	Euro	4.6	2017	62,886	64,320
Collateralized bank loans ⁽¹⁾	Euro	Euribor+5.50	2017	25,154	25,622
Collateralized bank loans ⁽¹⁾	Euro	5.1	2017	36,474	38,298
Collateralized bank loans ⁽¹⁾	Euro	4.15	2018	73,367	73,644
Collateralized bank loans ⁽¹⁾	Euro	4	2018	13,919	13,969
Collateralized bank loans ⁽¹⁾	Euro	3.8	2018	29,347	29,599
Collateralized bank loans ⁽¹⁾	Euro	5.5	2018	36,893	37,145
Collateralized bank loans ⁽¹⁾	Euro	4.6	2018	67,917	69,290
Collateralized bank loans ⁽¹⁾	Euro	6.55	2020	48,422	49,117
Bond ⁽²⁾	TRY	GDDS(*) + 3.00	2017	60,000	60,553
Bond ⁽³⁾	TRY	GDDS(*) + 4.50	2020	300,000	311,359
Bond ⁽⁴⁾	TRY	GDDS(*) + 4.50	2020	150,360	151,108
				958,020	978,337

⁽¹⁾ The collateral of this is the surety of Akfen Construction.

⁽²⁾ This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 60,000 on December 11, 2014 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 12 is December 7, 2017. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 12 is 3.51%.

⁽³⁾ This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 300,000 on January 9, 2017 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 3 is October 10, 2017. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 3 is 3.81%.

⁽⁴⁾ This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 150,360 on March 23, 2017 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 3 is December 21, 2017. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 3 is 3.8936%.

^(*) The "Benchmark Interest" rate of Government Domestic Debt Securities ("GDDS") bonds that sets the basis for annual compound rate of return is calculated as the weighted arithmetic mean of weighted average annual compound interest rates arising in BİAŞ Outright Purchases and Sales Market for Bonds and Securities within the last three working days for the discounted benchmark government bond that is issued by the Republic of Turkey Undersecretariat of Treasury ("Treasury") and has the highest number of days to maturity.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

8 SHORT-TERM AND LONG-TERM BORROWING (cont'd)

As of December 31, 2017, the details of financial liabilities are as follows:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Maturity</u>	<u>Nominal value</u>	<u>Carrying amount</u>
Collateralized bank loans ⁽¹⁾	US Dollar	6.00	2017	50,549	50,593
Collateralized bank loans ⁽²⁾	US Dollar	3.75	2017	175,960	182,455
Collateralized bank loans ⁽²⁾	US Dollar	4.50	2017	24,634	24,642
Collateralized bank loans ⁽¹⁾	US Dollar	Libor+5.25	2017	21,115	21,599
Collateralized bank loans ⁽¹⁾	US Dollar	5.60	2017	21,115	21,479
Collateralized bank loans ⁽²⁾	Euro	5.1	2017	32,276	32,577
Collateralized bank loans ⁽²⁾	Euro	Euribor+5.50	2017	33,389	33,523
Collateralized bank loans ⁽²⁾	Euro	4.75	2017	16,324	16,526
Collateralized bank loans ⁽²⁾	Euro	4.60	2017	55,649	56,234
Collateralized bank loans ⁽²⁾	Euro	4.6	2018	60,100	60,572
Collateralized bank loans ⁽²⁾	Euro	4.15	2018	64,923	65,848
Collateralized bank loans ⁽²⁾	Euro	4.00	2018	24,708	24,793
Collateralized bank loans ⁽²⁾	Euro	4.70	2018	24,708	24,769
Collateralized bank loans ⁽²⁾	Euro	3.80	2018	25,969	26,458
Collateralized bank loans ⁽²⁾	Euro	5.50	2018	32,648	33,352
Collateralized bank loans ⁽²⁾	TRY	14.00	2017	4,500	4,504
Bond ⁽³⁾	TRY	GDDS(*) + 3.25	2017	140,000	143,677
Bond ⁽⁴⁾	TRY	GDDS(*) + 3.50	2017	200,000	206,765
Bond ⁽⁵⁾	TRY	GDDS(*) + 3.00	2017	60,000	60,529
				1,068,567	1,090,895

⁽¹⁾ The collateral of this is Akfen Holding shares held by Hamdi Akın.

⁽²⁾ The collateral of this is the surety of Akfen Construction.

⁽³⁾ This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 140,000 on January 13, 2014 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 12 is January 9, 2017. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 12 is 2.88%.

⁽⁴⁾ This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 200,000 on March 27, 2014 on a 3-year maturity with a semi-annual coupon payment. The date for the coupon payment for period 6 is March 23, 2017. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 6 is 6.09%.

⁽⁵⁾ This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 60,000 on December 11, 2014 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 9 is March 9, 2017. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 9 is 3.34%.

(*) The "Benchmark Interest" rate of Government Domestic Debt Securities ("GDDS") bonds that sets the basis for annual compound rate of return is calculated as the weighted arithmetic mean of weighted average annual compound interest rates arising in BİAŞ Outright Purchases and Sales Market for Bonds and Securities within the last three working days for the discounted benchmark government bond that is issued by the Republic of Turkey Undersecretariat of Treasury ("Treasury") and has the highest number of days to maturity.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

9 TRADE PAYABLES

Short-term trade payables

The short-term trade payables of the Group as of September 30, 2017 and December 31, 2016 are as follows:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Trade payables due to related parties (Note 29)	1,188	1,019
Trade payables due to third parties	1,801	1,717
	2,989	2,736

As of September 30, 2017 and December 31, 2016, trade payables due from third parties are comprised of the following items:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Suppliers	1,801	1,717
	1,801	1,717

Foreign currency and liquidity risk exposure of trade payables of the Group is explained in Note 30.

As at September 30, 2017 and December 31, 2016, the repayment schedule for short-term trade payables of the Group to third parties is as follows:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
0 - 3 months maturity	1,672	1,588
3 months - 1 year maturity	129	129
	1,801	1,717

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

10 OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

As of September 30, 2017 and December 31, 2016, other short-term receivables are comprised of the following items:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Other receivables due from related parties (Note 29)	117	5,611
Other receivables due from third parties	--	--
	117	5,611

Other long-term receivables

The other long-term receivables of the Group as of September 30, 2017 and December 31, 2016 are as follows:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Other receivables due from related parties (Note 29)	862,372	401,092
Other receivables due from third parties	--	267
	862,372	401,359

Other short-term payables

The other short-term payables of the Group as of September 30, 2017 and December 31, 2016 are as follows:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Other payables to third parties	4,090	2,298
	4,090	2,298

As of September 30, 2017 and December 31, 2016, other payables to third parties are comprised of the following items:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Tax payables	4,090	2,298
	4,090	2,298

Other long-term payables

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Other payables to related parties (Note 29)	12,025	10,581
	12,025	10,581

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

11

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell 40% of shares of MIP, for a fee of USD 869 million. Since the agreement was signed during the reporting period, an amount of TRY 695,799, which is 40% of net assets of MIP was reclassified to "Assets held for sale". The other part of %10 belonging to Akfen Holding which amounts to TRY 173,950 is accounted for under "investment in equity method".

Based on the resolutions dated June 1, 2016 and June 20, 2016 by the Board of Directors, it was decided to be determined whether it would be convenient to split the shares of Akfen Thermal Energy, İDO, Akfen Water, TAV Investment, Akfen REIT, Adana İpekyolu, Akfen Energy Gas, Akfen Power Generation, Akfen Wind Power, Akfen Karaköy, Akfen Water Güllük, Akfensu-Arbiogaz Dilovası, Akfen Solar Power and Batı Karadeniz Elk. Dağ. Ve Sis. A.Ş. and be invested as in-kind capital in Akfen Engineering. The process of publishing a notice regarding the procedure of spin-off based on such resolution as per Article 174 of the Turkish Commercial Code was started. The process was completed when the General Assembly resolutions were approved and registered on February 16, 2017.

Therefore, as of December 31, 2016, all assets pertaining to Akfen REIT, Akfen Thermal Power, TAV Investment, Akfen Water and İDO are indicated under assets held for sale and all liabilities thereof are indicated under liabilities on assets held for sale. Furthermore, the carrying amounts of Akfen REIT and TAV Investment are reduced by TRY 351,384 since their net asset values carried forward are higher than their contributory values due to the fact that the relevant partnerships would be transferred over the contributory values in statutory records.

	REIT	Thermal Power	TAV Investment	Akfen Water	İDO	December 31, 2016
ASSETS						
Current Assets	49,382	477	--	--	--	49,859
Cash and cash equivalents	7,827	325	--	--	--	8,152
Trade receivables	26,677	--	--	--	--	26,677
Due from related parties	7,414	--	--	--	--	7,414
Other trade receivables	19,263	-	--	--	--	19,263
Other receivables	139	150	--	--	--	289
Other non-trade receivables	139	150	--	--	--	289
Prepaid expenses	8,234	2	--	--	--	8,236
Current income tax assets	430	--	--	--	--	430
Other current assets	6,075	--	--	--	--	6,075
	1,454,904	285,729	59,038	16,338	2,790	1,818,799
Non-Current Assets	18,626	208,922	--	--	--	227,548
Other receivables	--	208,918	--	--	--	208,918
Due from related parties	18,626	4	--	--	--	18,630
Other non-trade receivables	--	--	59,038	16,338	2,790	78,166
Investments accounted using the equity method	55,648	--	--	--	--	55,648
Financial investments	1,337,994	--	--	--	--	1,337,994
Investment property	144	66,660	--	--	--	66,804
Property, plant and equipment	51	2,756	--	--	--	2,807
Intangible assets	3,755	575	--	--	--	4,330
Deferred tax assets	8,767	--	--	--	--	8,767
Prepaid expenses	29,919	6,816	--	--	--	36,735
Other non-current assets	1,504,286	286,206	59,038	16,338	2,790	1,868,658
Total Assets	(314,130)	--	(37,254)	--	--	(351,384)
	3,309	--	--	--	--	3,309
Contributory value-carrying amount difference	1,193,465	286,206	21,784	16,338	2,790	1,520,583

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

11 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

As of December 31, 2016, liabilities regarding assets held for sale are as follows:

	Akfen REIT	Thermal Power	December 31, 2016
LIABILITIES			
Current Liabilities	96,931	6,442	103,373
Short term borrowings	84,240	--	84,240
Trade payables	3,233	4,139	7,372
Due to related parties	--	4,134	4,134
Other trade payables	3,233	5	3,238
Other payables	7,586	2,284	9,870
Other non-trade payables	7,586	2,284	9,870
Employee benefit obligations	55	5	60
Current provisions	260	14	274
Other current liabilities	1,557	--	1,557
Non-Current Liabilities	840,293	779	841,072
Long term borrowings	754,455	--	754,455
Trade payables	--	235	235
Due to related parties	--	235	235
Other payables	29,772	--	29,772
Other non-trade payables	29,772	--	29,772
Non-current provisions	--	--	0
Long term provisions for employee benefits	109	27	136
Deferred tax liabilities	52,453	517	52,970
Other non-current liabilities	3,504	--	3,504
Total Liabilities	937,224	7,221	944,445

Discontinued operations

As of September 30, 2017 and 2016, the profit and loss statement items of Akfen REIT, the assets and liabilities of which were transferred to Akfen Engineering as of January 16, 2017, considered as a separate segment, are indicated under discontinued operations. As per TFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, Akfen REIT's profit and loss statement items for the previous period are also classified comparatively under discontinued operations.

As of September 30, 2017 and 2016 the details of period loss after tax from discontinued operations are as follows:

Akfen REIT

	<u>January 1- September 30, 2017 (*)</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Revenue	6,524	--	41,367	15,231
Cost of sales	(1,182)	--	(6,360)	(2,167)
Gross profit	5,342	--	35,007	13,064
General administrative expenses	(755)	--	(6,69)	(1,892)
Other income from operating activities	32	--	115	30
Other expenses from operating activities (-)	(14)	--	(2,006)	(891)
Profit from operating activities	4,605	--	26,947	10,311
Finance income	6,529	--	570	(13,678)
Finance expenses	(22,447)	--	(36,554)	(17,465)
(Loss) from continuing operations	(11,313)	--	(9,037)	(20,832)
Tax income	(539)	--	(5,971)	(322)
(Loss) from discontinued operations	(11,852)	--	(15,008)	(21,154)

(*) The amount consist from the amount of between January 1- February 16, 2017.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

The carrying amounts of investments accounted using the equity method of the Group as of September 30, 2017 and December 31, 2016 are as follows:

	Shareholding Rates (%)	September 30, 2016	Shareholding Rates (%)	December 31, 2016
MIP (*)	50.00	869,749	50.00	734,024
TAV Airports (**)	--	--	8.12	234,696
Akfen Renewable	80.01	1,042,563	90.00	1,009,327
TAV Investment(***)	--	--	21.68	59,038
İDO(***)	--	--	30.00	2,790
Akfen Water(***)	--	--	50.00	16,338
		1,912,312		2,056,213
Transfer to assets held for sale		(695,799)		(78,168)
		1,216,513		1,978,045

(*) As of September 30, 2017, %40 portion of net assets transferred to assets held for sale (Note 12).

(**) As at July 7, 2017, the share transfer realized (Note 4).

(***) As of December 31, 2016 transferred to assets held for sale and were transferred to Akfen Engineering at February 16, 2017

The Group's shares in the profits of its investments accounted using the equity method in the profit or loss statement for period ended on September 30 are as follows:

	January 1 – September 30, 2017	July 1- September 30, 2017	January 1 – September 30, 2016	July 1- September 30, 2016
MIP	130,362	47,572	97,202	29,090
TAV Airports(*)	19,150	--	29,169	20,827
Akfen Renewable(**)	(10,911)	(28,259)	(27,830)	(27,829)
TAV Investment(***)	673	--	(34,640)	(17,080)
İDO(***)	(17,867)	--	2,368	(4,533)
Akfen Water(***)	80	--	1,131	747
	121,487	19,313	67,400	1,222

(*) Due to the sale of shares given in Note 1, Tav Airports profit or loss and other comprehensive income items consist of until June 30, 2017 which is the nearest reporting date to the transfer.

(**) Due to the sale of shares given in Note 1, the profit or loss and other comprehensive income items are consist of 90% ownership ratio up to June 30, 2017 which is the nearest reporting period, after this date, using 80.01% which is new ownership rate in the consolidated financial statements.

(***) As a result of partial division on February 16, 2017, realized profit or loss and other comprehensive income items of transferred Company's to Akfen Engineering included in consolidated financial statements for the period ended September 30, 2017.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

As of September 30, 2017, the movements in investments accounted using the equity method are as follows:

	<u>January 1, 2017</u>	<u>Period profit/loss</u>	<u>Other equity movements</u>	<u>Dividend distribution</u>	<u>Transfer (*)</u>	<u>Gains due to the change in the share of partnership</u>	<u>Transfer to assets held for sale</u>	<u>September 30, 2017</u>
MIP	734,024	130,362	5,363	-	-	-	(695,799)	173,950
TAV Airports(*)	234,696	19,150	19,582	(20,132)	(253,296)	-	-	-
Akfen Renewable	1,009,327	(10,911)	-	-	-	44,147	-	1,042,563
TAV Investment(*)	59,038	673	903	-	(60,614)	-	-	-
İDO(*)	2,790	(17,867)	(544)	-	15,621	-	-	-
Akfen Water(*)	16,338	80	517	-	(16,935)	-	-	-
	2,056,213	121,487	25,821	(20,132)	(315,224)	44,147	(695,799)	1,216,513

(*) Sale of shares realized on July 7, 2017 (Note 1).

(*) Transferred to Akfen Engineering at January 16, 2017.

As of September 30, 2016, the movements in investments accounted using the equity method are as follows:

	<u>January 1, 2016</u>	<u>Joint ventures account with fair value</u>	<u>Period profit/loss</u>	<u>Other equity movements</u>	<u>Dividend distribution</u>	<u>September 30, 2016</u>
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 Renewable	--	1,168,560	(27,830)	--	--	1,140,730
Akfen Water	13,837	--	1,131	1,000	--	15,968
	864,249	1,168,560	67,400	26,437	(78,081)	2,048,565

Hedging agreements concluded by joint ventures and the equity impact from functional currency differences between Akfen Holding and its joint ventures are recognized under other comprehensive income items.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

MIP:

Summary financial information on MIP is provided below:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Assets Total	3,810,436	3,578,428
Liabilities Total	2,070,938	2,110,380
Net Assets	1,739,498	1,468,048
Group's share in MIP's net assets	869,749	734,024

(*) 40% portion of net assets of MIP are under "Assets held for sale" in statement consolidated financial position.

	<u>January 1-</u> <u>September 30,</u> <u>2017</u>	<u>July 1-</u> <u>September 30,</u> <u>2017</u>	<u>January 1-</u> <u>September 30,</u> <u>2016</u>	<u>July 1-</u> <u>September 30,</u> <u>2016</u>
Revenue	779,774	263,617	585,352	189,921
Gross profit	453,291	154,992	338,039	104,148
General administrative expenses	(60,512)	(21,080)	(47,588)	(16,932)
Operating profit	389,631	131,664	290,451	87,216
Profit before tax	326,395	118,752	230,131	66,014
Profit after tax	260,725	95,140	194,405	58,180
Profit for the period from parent company shares	260,725	95,140	194,405	58,180
Group's share in MIP's profit for the period	130,362	47,572	97,202	29,090
Depreciation and amortization expenses	118,062	38,120	72,666	26,158

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

TAV Airports:

Summary financial information on TAV Airports is provided below:

	September 30, 2017(*)	December 31, 2016(*)
Assets Total	--	11,505,470
Liabilities Total	--	8,516,208
Net Assets(**)	--	2,989,262
Group's share in TAV Airports's net assets	--	234,696

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Revenue	1,900,771	-	2,458,050	951,329
Gross profit	696,457	-	1,041,190	450,949
General administrative expenses	(297,861)	-	(411,740)	(135,792)
Other operating income (net)	217,542	-	244,242	72,086
Share of profit from investments accounted using the equity method	2,512	-	58,994	31,237
Operating profit	618,650	-	932,686	418,480
Profit before tax	360,548	-	567,309	340,604
Profit after tax	241,924	-	338,046	268,084
Profit for the period from parent company shares	235,868	-	359,268	256,540
Group's share in TAV Airports' profit for the period	19,150	-	29,169	20,827
Depreciation and amortization expenses	231,329	-	249,876	88,497

(*)As at July 7, 2017, the share transfer realized (Note 1). TAV Airports profit or loss and other comprehensive income items consist of until June 30, 2017 which is the nearest reporting date to the transfer.

(**)As of December 31, 2016, the share of the Group in the net assets of TAV Airports includes a negative goodwill in the amount of TRY 8,716. In addition, net assets of TAV Airports include non-controlling interests in the amount of TRY 387.

In the financial statements of December 31, 2016, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Doel, AS Riga Airport Commercial Development, TAV Gözen Havaçılık İşletme ve Ticaret A.Ş., Cyprus Airport Services Ltd., TGS Yer Hizmetleri A.Ş., SAUDI HAVAS Ground Handling Services Limited, BTU Lokum Şeker Gıda San. ve Tic. A.Ş., BTU Gıda Satış ve Paz. A.Ş., BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Maritime Lines"), Tibah Airports Development Company Limited, Tibah Airports Operation Limited, Medunarodna Zračna Luka Zagreb d.d., Upraviteli Zračne Luke Zagreb d.o.o and ZAIC-A companies are consolidated by TAV Airports through the equity accounting method.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

TAV Investment:

As of February 16, 2017, TAV Investment was transferred to Akfen Engineering. As a result of the spin-off procedure on February 16, 2017, profit or loss and other comprehensive income items which were realized up to the date of transfer, were included in the consolidated financial statements as at and period ended September 30, 2017. As of February 16, 2017, December 31, 2016 and September 30, 2016, summary financial information on TAV Investment is provided below:

	<u>December 31,</u>		
	<u>2016</u>		
Assets Total			3,901,566
Liabilities Total			3,629,250
Net Assets			<u>272,316</u>
Group's share in TAV Investment's net assets			<u>59,038</u>
	<u>January 1-</u>	<u>January 1 –</u>	<u>July 1-</u>
	<u>February 16,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2017</u>	<u>2016</u>	<u>2016</u>
Revenue	277,336	1,852,484	566,445
Gross profit/(loss)	24,508	(49,035)	(3,799)
General administrative expenses	(15,017)	(44,092)	(14,725)
Other operating income/expense (net)	(2,212)	(41,659)	(43,308)
Operating (loss)/profit	7,279	(134,786)	(61,832)
(Loss)/profit before tax	(1,658)	(163,133)	(73,474)
(Loss)/profit after tax	3,103	(159,813)	(78,802)
(Loss)/profit for the period from parent company shares	3,103	(159,813)	(78,802)
Group's share in the (loss)/profit of TAV Investment for the period	673	(34,640)	(17,080)
Depreciation and amortization expenses	3,951	26,925	7,868
Letter of guarantee commission expenses within the cost of sales	2,147	20,498	8,851

IDO:

As of February 16, 2017, IDO was transferred to Akfen Engineering. As a result of the spin-off procedure on February 16, 2017, profit or loss and other comprehensive income items which were realized up to the date of transfer, were included in the consolidated financial statements as at and period ended September 30, 2017.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

İDO (cont'd):

As of September 30, 2017 and December 31, 2016, summary financial information on İDO is provided below:

	<u>December 31, 2016</u>		
Assets Total			1,893,358
Liabilities Total			1,884,058
Net Assets			<u>9,300</u>
Group's share in İDO's net assets			2,790
	<u>January 1- February 16, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Revenue	42,703	459,316	181,723
Gross profit/(loss)	(7,104)	179,667	72,134
General administrative expenses	(5,190)	(42,728)	(11,819)
Other operating income/expense (net)	408	1,891	(177)
Share of profit from investments accounted using the equity method	(299)	2,394	1,612
Operating profit/(loss)	(12,185)	141,224	61,750
Profit/(loss) before tax	(59,556)	8,559	(15,388)
Profit/(loss) after tax	(59,556)	7,889	(15,388)
Profit/(loss) for the period from parent company shares	(59,556)	7,889	(15,388)
Group's share in İDO's profit/loss for the period	(17,867)	2,368	(4,533)
Depreciation and amortization expenses	11,851	62,887	21,147

As of December 31, 2016 and September 30, 2016, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Maritime Lines are consolidated by İDO through the equity-accounting method.

Akfen Water:

As of February 16, 2017, Akfen Water was transferred to Akfen Engineering. As a result of the spin-off procedure on February 16, 2017, profit or loss and other comprehensive income items which were realized up to the date of transfer, were included in the consolidated financial statements as at and period ended September 30, 2017. As of February 16, 2017, December 31, 2016 and June 30, 2016, summary financial information on Akfen Water is provided below:

	<u>December 31, 2016</u>		
Assets Total			105,307
Liabilities Total			72,631
Net Assets			<u>32,676</u>
Group's share in the net assets of Akfen Water (*)			16,338
	<u>January 1- February 16, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Revenue	2,405	12,277	4,840
Gross profit/(loss)	1,235	6,698	2,815
General administrative expenses	(479)	(2,396)	(740)
Other operating expense, (net)	(372)	(228)	(2)
Operating profit	384	4,074	2,073
Profit before tax	615	3,984	1,755
Profit after tax	357	3,477	1,996
Profit for the period from parent company shares	160	2,262	1,495
Group's share in Akfen Water's profit for the period	80	1,131	747
Depreciation and amortization expenses	68	360	137

(*)As of December 31, 2016, net assets of Akfen Water include non-controlling interests in the amount of TRY 6,623.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

Akfen Renewable:

Summary financial information on Akfen Renewable Energy is provided below:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Assets Total	1,535,769	1,339,227
Liabilities Total	1,094,112	1,078,977
Net Assets	441,657	260,250
Group's share in Akfen Renewable Energy's net assets	353,381	234,225
Goodwill carried at Group level	775,102	775,102
Carrying amount	1,042,563	1,009,327

Since the transfer of 10% of Akfen Renewable Energy shares are considered as a transaction giving rise to a loss of control, the Company's remaining shares in Akfen Renewable Energy were recognized by their fair value and are accounted for by the equity method. As of June 9, 2017, Akfen Renewable Energy paid-in capital was increased, on premium, to TRY 793,000 from TRY 705,000, with the EBRD and the IFC transferring USD 55,476,752.80. Thus, the shares of EBRD and IFC increased to 19.99% while the share of our Company was 80.01%.

Due to this transaction, the effect of change in the net assets of Akfen Renewables amounting to TRY 44,147 has been accounted in the income statement under income from investment activities in the Group's consolidated financial statements.

Kuzeybatu Elektrik Üretim A.Ş. ("Kuzeybatu"), which is subsidiary of Akfen Renewable, has purchased 4 WEPP project, which are Derbent Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Derbent"), Isıder Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Isıder"), Korda Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Korda"), Kovancı Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. (Kovancı) from Turquoise Investments B.V. for USD 33,982,104 as of 13 June 2017. Akfen Renewable is planning to complete the "Purchase Price Allocation" report required by TFRS 3 - "Business Combinations" standard as of December 31, 2017, for this reason the amount of goodwill is provisionally reflected in the consolidated financial statements of Akfen Renewable.

Net assets of Akfen Renewable include non-controlling interests in the amount of TRY 263 (December 31, 2016: TRY 200).

	<u>January 1-September 30,</u> <u>2017 (*)</u>	<u>July 1-September 30,</u> <u>2017 (*)</u>
Revenue	157,414	30,819
Gross profit/(loss)	59,469	(2,929)
General administrative expenses	(13,929)	(5,265)
Other operating expense, (net)	(631)	(1,223)
Operating profit	44,909	(9,416)
Profit before tax	(9,430)	(34,646)
Profit after tax	(16,825)	(36,078)
Profit for the period from parent company shares	(16,043)	(35,324)
Group's share in Akfen Renewable's loss for the period	(10,911)	(28,259)
Depreciation and amortization expenses	30,281	10,651

(*) Due to the sale of shares given in Note 1, the profit or loss and other comprehensive income items are consist of 90% ownership ratio up to June 30, 2017 which is the nearest reporting period, after this date, using 80.01% which is new ownership rate in the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

Akfen Renewable (cont'd):

	Total Profit/(Loss) Items (*) <i>January 1- September 30, 2016</i>	Full Consolidated Profit/(Loss) Items(**) <i>Up to The Purchase Date</i>	Shares In Profit On Investments Accounted Using The Equity Method(***) <i>After Purchase Date</i>
Revenue	172,234	131,282	40,952
Gross profit/(loss)	68,820	66,056	2,764
General administrative expenses	(8,272)	(5,795)	(2,477)
Other operating expense, (net)	1,656	614	1,041
Operating profit	62,204	60,875	1,329
Profit before tax	(3,090)	27,556	(30,646)
Profit after tax	(8,362)	22,593	(30,956)
Profit for the period from parent company shares	(8,309)	22,615	(30,924)
Group's share in Akfen Renewable's loss for the period	(5,217)	22,615	(27,832)
Depreciation and amortization expenses	26,730	16,802	9,928

(*) As of September 30, 2017, the amounts consist of all profit and loss items of Akfen Renewable .

(**) The amounts consist of all profit or loss items up to purchase date of Akfen Renewable.

(***) The amounts consist of all profit or loss items which was calculated the ownership ratio (%90) of Akfen Renewable.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

13 PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the period ended September 30, 2017 are as follows:

	Land and buildings	Plants machinery and equipment	Furnishings and fixtures	Ongoing investments	Leasehold improvements	Total
Cost value						
Opening balance on January 1, 2017	213	166	2,534	4,071	649	7,633
Additions	--	--	591	--	24	615
Transfer (*)	--	--	--	(4,071)	--	(4,071)
Closing balance on September 30, 2017	213	166	3,125	--	673	4,177
Minus: Accumulated depreciation						
Opening balance on January 1, 2017	(26)	(163)	(2,125)	--	(471)	(2,785)
Depreciation for the current period	(3)	(2)	(216)	--	(49)	(270)
Closing balance on September 30, 2017	(29)	(165)	(2,341)	--	(520)	(3,055)
Net book value						
Net book value as of December 31, 2016	187	3	409	4,071	178	4,848
Net book value as of September 30, 2017	184	1	784	--	153	1,122

(*) This is the impact of the transfer of cost of SAP program, which is completed and started to be used as of September 30, 2017.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The movements in property, plant and equipment and related accumulated depreciation for the period ended September 30, 2016 are as follows:

	Land and buildings	Plants machinery and equipment	Vehicles	Furnishings and fixtures	Ongoing investments	Leasehold improvements	Total
Cost value							
Opening balance on January 1, 2016 (previously reported)	213	172	129	2,789	62,168	649	66,120
Adjustments	--	--	67	(69)	1,414	--	1,412
Opening balance on January 1, 2016 (following classification)	213	172	196	2,720	63,582	649	67,532
Additions	--	--	--	162	2,749	--	2,911
Disposial	--	--	--	--	--	--	--
Transfers (*)	--	(6)	(196)	(360)	(66,567)	--	(67,129)
Impact of change in the Group structure (*)	--	--	--	--	3,559	--	3,559
Closing balance on June 30, 2016	213	166	--	2,522	3,323	649	6,873
Minus: Accumulated depreciation							
Opening balance on January 1, 2016	(22)	(163)	(118)	(2,231)	--	(374)	(2,908)
Depreciation for the current year	(3)	(4)	(1)	(146)	--	(80)	(234)
Trasnferess	--	3	119	294	--	--	416
Closing balance on September 30, 2016	(25)	(164)	--	(2,083)	--	(454)	(2,726)
Net book value							
Net book value as of December 31, 2015	191	9	78	489	63,582	275	64,624
Net book value as of September 30, 2016	188	2	--	439	3,323	195	4,147

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

(**) This is the impact of the transfer of shares of Laleli, which was being consolidated under the HEPP Group, to Akfen Thermal Energy as of December 31, 2015.

(***) As of September 30, 2016, the depreciation expenses does not include the current period depreciation expenses of Akfen Renewable because assets and liabilities held for sale at December 31, 2015 financials in Akfen Renewable.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

14 INTANGIBLE ASSETS

The movements in intangible fixed assets and related accumulated amortization for the period ended September 30, 2017 are as follows:

	Licenses	Other intangible assets	Total
Cost value			
Opening balance on January 1, 2016	745	30,852	31,597
Impact of change in the Group structure (*)	2,872	--	2,872
Additions	3	284	287
Transfers(*)	(3,620)	--	(3,620)
Impairment of intangible assets	--	(29,468)	(29,468)
Closing balance on Septemebr 30, 2016	--	1,668	1,668
Opening balance on January 1, 2017	--	1,696	1,696
Additions	714	38	752
Transfers (**)	4,071	--	4,071
Closing balance on September 30, 2017	4,785	1,734	6,519
Amortization			
Opening balance on January 1, 2016	(140)	(1,117)	(1,257)
Current amortization expense	(89)	(199)	(288)
Transfers	229	--	229
Closing balance on September 30, 2016	--	(1,316)	(1,316)
Opening balance on January 1, 2017	--	(1,389)	(1,389)
Current amortization expense	(1,173)	(149)	(1,322)
Closing balance on September 30, 2016	(1,173)	(1,538)	(2,711)
Net book value			
Net book value as of September 30, 2016	--	352	352
Net book value as of September 30, 2017	3,612	196	3,808

(*)This is the impact of the transfer of shares of Laleli, which was being consolidated under the HEPP Group, to Akfen Thermal Energy as of December 31, 2015.

(**)This is the impact of the transfer of cost of SAP program which was completed and started to be used as of January 1, 2017.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

15 GOVERNMENT INCENTIVES AND GRANTS

In accordance with the Investment Incentives Law No. 47/2000, Akfen REIT has a 100% investment incentive without any time restrictions for its investments in the TRNC until December 31, 2008.

The Council of Ministers decided in its resolution No. 2003/5868 of July 1, 2003 that the special consumption tax rate for the fuel to be given to ships exclusively carrying cargo and passengers on the cabotage line, commercial yachts, service and fishing boats, which are all registered in the Turkish International Register of Ships and the National Register of Ships on the condition that the amount of such fuel be determined in line with the technical specifications of each individual ship and this be recorded in the journal of the ship which will use such fuel be reduced to zero percent starting from the beginning of 2004. İDO has been enjoying a special consumption tax discount in this scope since 2004.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, İDO enjoys corporate tax and income tax discounts.

As of February 16, 2017, Akfen REIT and İDO were transferred to Akfen Engineering with partial division.

For HEPP investments, the Group has investment incentives in the form of VAT exemption and customs duty exemption that it has obtained by submitting various documents.

Moreover, solar panels to be imported are removed from the scope of incentives and VAT exemption through the "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for short term liabilities

As of September 30, 2017 and December 31, 2016, the provisions for current liabilities are as follows:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Employee benefits (Note 18)	3,052	3,001
	3,052	3,001
Provisions for long term liabilities		
	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Non-current provisions for employee benefits (Note 18)	1,493	1,410
	1,493	1,410

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

17 COMMITMENTS

Letters of guarantee, pledges and mortgages given

As at September 30, 2017 and December 31, 2016, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<u>GPM given by the Group</u>		
A.Total Amount of GPM Given on Behalf of Own Legal Entity	63,822	1,226,956
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	--	653,322
C.Total Amount of GPM Given for Assurance of Third Parties Debts in Order to Conduct Usual Business Activities	--	--
D.Total Amount of Other GPM Given	963,603	1,026,461
i. Total Amount of GPM Given in Favor of the Parent Company	--	--
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	963,603	1,026,461
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	--	--
Total	1,027,425	2,906,739

As of September 30, 2017, the ratio of other GPM given by the Company to equity is 51% (December 31, 2016: 52%). As of September 30, 2017, GPM's of Akfen REIT which was transferred to Akfen Engineering, has been exclusion from the Group's consolidation.

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	<u>September 30, 2017^(*)</u>			<u>December 31, 2016^(*)</u>		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	3,081	--	60,741	42,449	1,121,513	62,994
GPM given in favor of companies under full consolidation	--	--	--	245,233	408,089	--
Total of other GPMs given	140,912	9,077	813,614	164,509	28,035	833,917
	143,993	9,077	874,355	452,191	1,557,637	896,911

(*) All amounts are TRY denominated.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

18 EMPLOYEE BENEFITS

As of September 30, 2017 and December 31, 2016, employee benefits are comprised of the provisions for unused vacation and provisions for employee termination benefits. Employee benefits for the periods ended on September 30, 2017 and December 31, 2016 are as follows:

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Provision for unused vacation - short-term	3,052	3,001
Provision for employee termination benefits - long-term	1,493	1,410
	4,545	4,411

19 EQUITY

As of June 30, 2017, Akfen Holding has 72.492.580 shares at a nominal value of full TRY 1 each. As of December 31, 2016, the capital in the amount of TRY 72.493 is fully paid.

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Issued capital	72,493	667,081

16.858.186 shares held by Hamdi Akın, a shareholder of the company, are Group A registered shares while 55.634.394 Group B shares are entirely bearer shares.

	<u>September 30, 2017</u>		<u>December 31, 2016</u>	
	<u>Share</u> <u>Amount</u>	<u>Shareholding</u> <u>Rate %</u>	<u>Share</u> <u>Amount</u>	<u>Shareholding</u> <u>Rate %</u>
Hamdi Akın(*)	62,200	85.80	572,365	85.80
Selim Akın	2,518	3.47	23,174	3.47
Akfen Altyapı	7,154	9.87	65,829	9.87
Other Shareholders	621	0.86	5,713	0.86
Issued capital (nominal)	72,493	100.00	667,081	100.00

Through the letter of the CMB dated December 18, 2015, the required CMB approval was obtained in terms of decreasing the issued capital of Akfen Holding by the cancellation of the shares bought back during the Holding's second buyback program. The act of cancelling shares with a nominal value of TRY 14,819 in an effort to decrease the Company capital from TRY 261,900 to TRY 247,081 was approved during the Extraordinary General Assembly Meeting of January 20, 2016, and the said capital decrease was performed on January 28, 2016. As of May 27, 2016, the Company capital standing at TRY 247,081 was increased by TRY 420,000 to TRY 667,081 through provisions from internal resources. Following the spin-off procedure of Akfen Holding on February 16, 2017, the Company's capital decreased to TRY 72.493.

The Company's 16,858,186 Group A shares are privileged shares and have the right to three votes in the General Assembly.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

19 EQUITY (cont'd)

Treasury shares

When the shares that were recognized as paid-in capital are bought back, the amount paid is deducted from equity in a way to include the amount resulting from the deduction of the tax impact of costs attributable to buyback. Shares bought back are indicated as a reduction in shareholders' equity. When the shares concerned are sold or re-issued, the amount obtained is registered as capital increase and the resulting transaction surplus/(deficit) is transferred to retained earnings.

As of January 1, 2016, Akfen Holding purchased 6,829,508 shares of Akfen Holding worth TRY 42,506 within the framework of the "Share Buyback Program" as decided during the Extraordinary General Assembly Meeting of the Company on January 15, 2015. The Company holds 7,989,806 Akfen Holding shares purchased during the previous buyback program. As of January 1, 2016, the total number of Akfen Holding shares bought back is 14,819,314, and their ratio to capital is 5.66%. As of January 1, 2016, the total value of shares bought back is TRY 76,029. As of January 28, 2016, these shares were deducted from the capital of Akfen Holding through a capital decrease.

When the shares that were recognized as paid-in capital are bought back, the amount paid is deducted from equity in a way to include the amount resulting from the deduction of the tax impact of costs attributable to buyback. Shares bought back are indicated as a reduction in shareholders' equity.

As of December 31, 2016, Akfen REIT purchased 2,409,000 shares of Akfen REIT worth TRY 3,339 within the framework of the "Share Buyback Program" as decided during the Ordinary General Assembly Meeting of Akfen REIT on May 24, 2016. As of December 31, 2016, the ratio of Akfen REIT shares that are bought back to the capital of Akfen REIT is 1.31%.

Exchange differences on translation

Exchange differences on translation worth TRY 308.681 reflected in equity as of September 30, 2017 includes the foreign currency translation difference from the translation of USD and EUR, the functional currencies in the financial statements of MIP, into TRY, the reporting currency (December 31, 2016: TRY 388,923; TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT and TAV Airports).

Restricted reserves appropriated from profits

For shares bought back as per Article 520 of the Law No. 6102, contingency reserves at an amount that meets the acquisition value are earmarked. The Group allocated reserves in the amount of TRY 76,029 for buyback shares within the amount of reserves on retained earnings included in the consolidated financial statements as of January 1, 2016. Following the capital decrease of January 28, 2016, the reserves allocated were cancelled.

Losses on hedge

Hedging reserve is comprised of the effective portion of cumulative changes in the net fair value of cash flow hedging instruments in relation to the transaction hedged against a potential risk. As of December 31, 2016, a hedging reserve of TRY 15,431 concerning the interest rate and cross rate swap agreements (TAV Airports: TRY 8,322, İDO: TRY 7,109) is reflected in equity.

Effect of business combinations under common control

Shares bought from entities under joint control are recognized over their carrying amount. The difference between the amount paid and the carrying amount of the net asset obtained is recognized in equity.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

19 EQUITY (cont'd)

Increases on revaluation of property, plant and equipment

As of September 30, 2017 and December 31, 2016, consolidated financial statements include the share in revaluation increase fund of the Group.

Share premium/(discounts)

Since Company shares were sold at a price higher than their nominal value during the IPO of Akfen Holding on May 14, 2010 and the private placement for corporate investors on BİAŞ Wholesale Market on November 24, 2010, differences in the amount of TRY 90,505 and TRY 364,277 were recognized respectively as share premiums. Such premiums are indicated under equity and cannot be distributed but can be used during capital increases in the future.

On April 10, 2013, Akfen Holding increased its paid-in capital by bonus issue to TRY 291,000 from TRY 145,500. This increase was entirely performed on provisions from share premium.

On May 27, 2016, the Company increased its paid-in capital by bonus issue to TRY 667,081 from TRY 247,081. A TRY 120,810 portion of this increase was performed on provision from special funds and a TRY 299,190 portion on provision from premiums on capital stock.

Profits and losses from share sales and purchases regarding subsidiaries in which the controlling interest does not change are also recognized in this account. Akfen REIT increased its capital by TRY 46,000 through the Board of Directors resolution of January 24, 2011. On May 11, 2011, a total of 54,117,500 Akfen REIT shares with a nominal value of TRY 54,118, comprised of 46,000,000 shares corresponding to such increase and 8,117,500 shares of Akfen REIT, a subsidiary of Akfen Holding, corresponding to TRY 8,118, were publicly offered. In the following days, Akfen Holding bought back a total of 8,040,787 shares in order to strike a price stability for Akfen REIT shares. These transactions which change the shareholding power without losing control are recognized under share premiums in equity together with the offsetting of transaction costs. As of December 31, 2016 and December 31, 2015, the Company's Group share in Akfen REIT capital stood at 56.88%. Following the purchases, Akfen Holding's shares in Akfen REIT increased to a total of 104,656,831, with 9,500,447 (ratio in capital: 5.16%) being traded on BİAŞ. Akfen REIT were transferred to Akfen Engineering at February 16, 2017.

Non-controlling interests

Out of the net assets of subsidiaries, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within the item "Non-controlling interest" in the consolidated balance sheet.

As of December 31, 2016, Akfen Holding subsidiaries that are subject to minority interest accounting are Akfen Thermal Power (0.36%) and Akfen REIT (43.12%).

As of September 30, 2017, there is no amounts classified within "Non-controlling interests" in the balance (December 31, 2016: TRY 254,316). Similarly, out of the net profits or losses of subsidiaries for the period, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within "Non-controlling interests" in the consolidated comprehensive income statement. Losses for non-controlling interests in periods ended September 30, 2017 and 2016 are TRY 5,631 and TRY 4,790 respectively.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20 SALES AND COST OF SALES

20.1 Sales

The breakdown of revenue for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Electricity sales income	--	--	130,785	--
Other (*)	3,530	1,406	239	--
	3,530	1,406	131,024	--

(*) As of September 30, 2017, other income consist of reflection income which is cost that are folded for the Group's companies.

20.2 Cost of sales

The breakdown of the cost of sales for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Outsourced benefits and services	--	--	37,126	--
Depreciation and amortization expenses	--	--	17,085	--
Personnel costs	--	--	5,060	--
Insurance expenses	--	--	2,330	--
Other	--	--	3,962	--
	--	--	65,563	--

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

21 GENERAL ADMINISTRATIVE EXPENSES

The breakdown of general administrative expenses for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Personnel costs	15,707	5,468	32,284	4,765
Rental/lease costs	2,683	926	2,626	749
Consultancy costs	2,549	905	6,998	1,388
Travelling expenses	1,677	919	1,516	685
Depreciation and amortization	1,592	545	412	58
Office materials expenses	900	239	603	187
General office expenses	900	319	815	181
Representation expenses	474	179	308	103
Donations	232	--	375	--
Taxes, levies and duties	168	14	3,052	986
Advertising expenses	225	161	87	38
Insurance expenses	100	14	132	21
Other expenses	2,296	1,724	3,359	1,161
	29,503	11,413	52,567	10,322

22 OTHER INCOME FROM OPERATING ACTIVITIES

The breakdown of other income from operating activities for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Rent income	120	--	1,641	554
Foreign exchange difference income	113	52	91	39
Insurance income	--	--	681	--
Other	235	90	3,334	734
	468	142	5,747	1,327

23 OTHER EXPENSE FROM OPERATING ACTIVITIES

The breakdown of other expense from operating activities for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Value cancellation (*)	3,598	--	--	--
Foreign exchange difference expense	210	48	218	43
Other	903	799	311	171
	4,711	847	529	214

(*) As of September 30, 2017, the value cancellation consist of the expenses incurred by the Environmental Impact Assessment (EIA) process is over as of January 19, 2017 and cancelling the production license of Laleli Dam and HEPP project which is exist within the structure of Energy Thermal. (September 30, 2016: None).

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

24 INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities

The breakdown of income from investment activities for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Gains due to the sale in the share of partnership (Note 4)	326,272	326,272	--	--
Gains due to the change in the share of partnership (Note 12)	44,147	--	--	--
Gain due to accounted from fair value (Note 4)	--	--	897,162	897,162
Gains regarding (gain) losses related to changes in share or disposal of associates, joint ventures, and financial investments	370,419	--	897,162	897,162
Other	567	343	537	39
	370,986	326,615	897,699	897,201

Expense from investment activities

The breakdown of expense from investment activities for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Impairment on tangible assets (Note 14)	--	--	29,468	--
Other	20	--	4,799	--
	20	--	29,947	--

25 FINANCE INCOME

The breakdown of finance income for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Interest income	63,035	23,868	45,960	14,127
Foreign exchange difference income	--	--	23,215	--
	63,035	23,868	69,175	14,127

26 FINANCE EXPENSES

The breakdown of finance expense for the periods ended September 30 is as follows:

	<u>January 1- September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1- September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Interest expenses	82,525	27,905	91,470	25,556
Foreign exchange difference losses	61,105	32,212	23,250	6,975
Other	4,468	373	1,119	211
	148,098	60,490	115,839	32,742

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

27

TAX ASSETS AND LIABILITIES

Corporate tax:

The corporate tax rate in Turkey that applies to the statutory tax base which is calculated by adding the expenses, the discount of which cannot be accepted as per tax laws, to the commercial earnings of corporations and deducting exemptions specified in tax laws is 20%. As of September 30, 2017 and December 31, 2016, tax rates (%) employed in deferred tax calculations in consideration of the tax legislation in force in each respective country are as follows:

Country	Tax Rate	Country	Tax Rate
Tunisia	25	Qatar	10
Georgia	15	Oman	12
Egypt	25	Cyprus	23.5
Macedonia	10	Saudi Arabia	20
Latvia	15	Russia	20
Libya	20	Netherlands	20

There is no corporate tax practice in Dubai and Abu Dhabi.

The corporate tax rate in Northern Cyprus that applies to the statutory tax base which is calculated by adding the expenses, the discount of which cannot be accepted as per tax laws, to the commercial earnings of corporations and deducting exemptions specified in tax laws is 23.5%. Akfen Trade and Akfen Construction have branch offices in Northern Cyprus and thus pay such tax rates due to their operations.

As per Georgian laws, the taxable corporate revenues was reduced to 15% from 20% as of January 1, 2008. A deferred tax of 15% is calculated over the assets and liabilities items that are the subject of deferred tax as of December 31, 2009.

As per Tunisian laws, the taxable corporate revenues are calculated as 25% over the remaining tax base after the legally deductible expenses are deducted. The concession agreement TAV Tunisia signed provides that TAV Tunisia is exempt from corporate tax for 5 years starting from the date of entry into force of the concession agreement.

A withholding liability applies to dividend distributions and such withholding liability is accrued in the period when dividend payment is made. Dividend payments except those that are made to a business in Turkey or limited taxpayer corporations obtaining revenues via a permanent representative and corporations based in Turkey are subject to a 15% withholding tax. In the application of withholding rates pertaining to dividend distributions made to limited taxpayer corporations and real persons, withholding rates provided in the relevant Agreements on the Prevention of Double Taxation are also considered. The allocation of retained earnings to capital does not count as dividend distribution. Therefore, it is not subject to withholding tax.

The Corporate Tax Law (CTL) provides that 75% of revenues from the sales of affiliates and tangible fixed assets owned for at least two years enjoy a tax exception if they are recognized in equity accounts for use in capital increase within five years following the date of sales. The remaining 25% is subject to corporate tax.

Provisions on transfer pricing are stated in Article 13 of the CTL under the heading "Dividend distribution concealed via transfer pricing". General communique of November 18, 2007 on dividend distribution concealed via transfer pricing include provisions on implementation. If a taxpayer trades goods or services with related corporations and if prices are not set in a way both parties are independent and do not dominate each other, it is assumed that relevant dividends are distributed by concealed means through transfer pricing. Such concealed dividend distributions cannot be deducted from tax in the calculation of corporate tax.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

27 TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax (cont'd):

The tax legislation in Turkey does not allow the parent companies and the subsidiaries thereof to submit a consolidated tax statement. Therefore, the tax provisions reflected in consolidated financial statements are calculated separately for each company that is consolidated.

The Turkish tax legislation provides that financial losses may be carried forward for five years in order to be set off from the future corporate revenues. However, financial losses cannot be set off from retained earnings.

In Turkey, agreement with the tax administration on taxes to be paid is not a common practice. Corporate tax returns are submitted within four months following the month when the accounting period is closed. Tax audit bodies may audit the tax returns and the accounting records setting a basis for such returns for a period of five years following the accounting period and make a new assessment in line with their findings.

Article 5/1 (d)(4) of the CTL No. 5520 provides that revenues from real estate investment trusts are exempted from Corporate Tax. Such exemption also applies to Provisional Tax for interim periods.

Income tax withholding:

In addition to corporate tax, it is required to calculate income tax withholding separately over the dividends except for those that are distributed to fully responsible corporations which obtains a dividend if they distribute dividends and include such dividends in corporate revenues and declare them. Income tax withholding rate is 10% for all companies starting from April 24, 2003. This rate is set at 15% in Article 15 of the Law No. 5520 in order to be effective from June 21, 2006. Through the Council of Ministers resolution published in the Official Gazette on July 23, 2006, Income Tax Withholding is increased from 10% to 15% starting from July 23, 2006. Dividends which are not distributed but added to capital are not subject to income tax withholding.

Transfer pricing arrangements:

In Turkey, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communique of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.

If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are considered to be partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

27 TAX ASSETS AND LIABILITIES (cont'd)

27.1 Tax income/(expense)

The details of tax income/expenses for the years ended September 30 is as follows:

	<u>January 1 – September 30, 2017</u>	<u>July 1- September 30, 2017</u>	<u>January 1 – September 30, 2016</u>	<u>July 1- September 30, 2016</u>
Current corporate tax expense	--	--	(4,112)	(1,162)
Deferred tax income / (expense)	(49)	--	1,800	454
Tax income/(expense) recognized under continued operations	(49)	--	(2,312)	(708)
Tax income from discontinued operations	(539)	--	(5,971)	(322)
Total	(588)	--	(8,283)	(1,030)

27.2 Deferred tax asset and liability

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

De-recognized and deferred tax asset and liability

By the end of the reporting period, the Company and its subsidiaries have an unused financial loss worth TRY 308,165 (December 31, 2016: TRY 272,467) that they could set off against deferred income. A deferred tax asset in the amount of TRY 61.633 (December 31, 2016: TRY 54,493) in relation to accumulated losses that are thought to be not taxable by the Group is not recognized.

The maturity of accumulated losses not recognized in the calculation of deferred tax asset will expire in the following manner:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
2017	--	1,789
2018	20,487	26,324
2019	22,148	33,811
2020	40,946	54,954
2021	148,817	155,587
2022	75,767	--
	308,165	272,465

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

28 EARNINGS PER SHARE

Since the capital increase by the Company during the period ended September 30, 2017 was covered from equity, such bonus shares are considered as preferred shares while calculating the monthly revenue. Therefore, the weighted average shares employed in the calculation of earnings per share are obtained by retrospectively considering the bonus shares issued.

	<u>January 1 – September 30, 2017</u>	<u>July1- September 30, 2017</u>	<u>January 1 – September 30, 2016</u>	<u>July1- September 30, 2016</u>
Net profit/(loss) for the period from continued operations belonging to the shareholders of the parent company	377,125	298,594	904,288	869,891
Net profit/(loss) for the period from discontinued operations belonging to the shareholders of the parent company	(6,221)	--	(19,798)	(23,167)
Net profit for the period belonging to the shareholders of the parent company	370,904	298,594	884,490	846,724
Average number of shares available during the period	72,492,580	72,492,580	72,492,580	72,492,580
Earnings/(losses) per share from continued operations (full TRY)	5.20	4.12	12.47	12.00
(Losses)/earnings per share from discontinued operations (full TRY)	(0.09)	--	(0.27)	(0.32)
Earnings per share (full TRY)	5.12	4.12	12.20	11.68

29 RELATED PARTY DISCLOSURES

In the consolidated financial statements, shareholders, key management staff and members of the board of directors, their families and the subsidiaries controlled by them or affiliated to them, and affiliates and joint ventures are adopted as related parties. Various transactions were carried out with the related parties during the normal functioning of the entity. Such transactions were carried out generally in line with market conditions during the normal functioning of the entity.

29.1 Related party balances

The short-term receivables and payables concerning related parties as of September 30, 2017 and December 31, 2016 are as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Trade receivables	142	--
Other receivables	117	5,611
	<u>259</u>	<u>5,611</u>
Trade payables	1,188	1,019
	<u>1,188</u>	<u>1,019</u>

The long-term receivables and payables concerning related parties as of September 30, 2017 and December 31, 2016 are as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Other receivables	862,372	401,092
	<u>862,372</u>	<u>401,092</u>
Other payables	12,025	10,581
	<u>12,025</u>	<u>10,581</u>

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

29 RELATED PARTY DISCLOSURES (cont'd)

29.1 Related party balances (cont'd)

All other transactions carried out between the Company and its subsidiaries and joint ventures that are not stated in this note are eliminated during consolidation. The details of balances between the Group and other related parties are available on the following page.

The trade and other short-term receivable balances concerning related parties as of September 30, 2017 and December 31, 2016 are as follows:

<i>Trade and other short-term receivables due from related parties:</i>	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Akfen Infrastructure	--	5,571
Other	259	40
	259	5,611

The trade and other short-term payables balances of the Group concerning related parties as of September 30, 2017 and December 31, 2016 are as follows:

<i>Trade and other short-term receivables due to related parties:</i>	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
MIP	1,068	971
Other	120	48
	1,188	1,019

The other long-term receivable balances of the Group concerning related parties as of September 30, 2017 and December 31, 2016 are as follows:

<i>Other long-term receivables due from related parties:</i>	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Akfen Construction (*)	410,469	279,520
Akfen Renewable Energy (*)	144,632	96,934
Akfen Infrastructure(*)	210,028	--
Akfen Engineering (**)	96,829	--
Akfen Power Distribution	--	16,637
Akfen Water	--	7,213
İDO	--	86
Other	414	702
	862,372	401,092

(*) As of September 30, 2017 and December 31, 2016, other long-term receivables due from related parties consist of the amounts that the Company has given to the companies in the group to finance their capital and ongoing investments and the Company calculates the financing income for the related receivables at the same level of interest rates as the market conditions.

(**)As of September 30, 2017, other long-term receivables due from related parties consist of the amounts that the division on February 16, the Company calculates the financing income for the related receivables at the same level of interest rates as the market conditions.

Other long-term payables to related parties:

As of September 30, 2017 and December 31, 2016, all balances of other short-term payables to related parties are fully comprised of Akfen Holding's payables to TAV Investment.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

29 RELATED PARTY DISCLOSURES (cont'd)

29.2 Related party transactions

As of September 30, 2017 and December 31, 2016, the services delivered to related parties are as follows:

<i>Services delivered to related parties:</i>	<u>September 30, 2017</u>		<u>September 30, 2016</u>	
	Amount	Transaction	Amount	Transaction
Company				
Akfen Infrastructure	38,540	Financing income	--	Financing income
Akfen Renewable Energy	11,771	Financing income	--	Financing income
Akfen Engineering	5,880	Financing income	--	Financing income
Akfen Construction	--	Financing income	29,147	Financing income
	--	Electricity Sales	393	Electricity Sales
Akfen Construction		Income		Income
	--	Electricity Sales	19,376	Electricity Sales
TAV Airports		Income		Income
	--	Electricity Sales	3,150	Electricity Sales
MIP		Income		Income
MIP	--	Rent income	1,641	Rent income
İDO	--	Electricity Sales	2,110	Electricity Sales
		Income		Income
İDO	--	Financing income	--	Financing income
Akfen Water	--	Financing income	548	Financing income
	--	Electricity Sales	755	Electricity Sales
Akfen Water		Income		Income
Other	446	Financing income	507	Financing income
Other	175	Other	--	Other
	56,812		57,627	

As of September 30, 2017 and December 31, 2016, the services received due from related parties are as follows:

Services received due from related parties:

	<u>September 30, 2017</u>		<u>September 30, 2016</u>	
	Amount	Transaction	Amount	Transaction
Company				
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	30	Procurement	3,365	Procurement
	30		3,365	

29.3 Benefits to senior executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the period ended on September 30, 2017 is TRY 3,633 (September 30, 2016: TRY 13,963)

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

Credit risk

The carrying amounts of financial assets indicate the maximum credit risk exposure. Maximum credit risk exposure as of the reporting date is as follows:

September 30, 2017	Receivables				Bank Deposits (*)
	Trade receivables		Other receivables		
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	142	--	862,489	--	102,181
- Portion of the maximum risk that is guaranteed with a collateral, etc,	--	--	--	--	--
A. Net book value of financial assets that are not overdue or not impaired	142	--	862,489	--	102,181
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	--	--	--	--	--
C. Net book value of assets that are overdue but not impaired	--	--	--	--	--
- Portion guaranteed with a collateral, etc.	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
E. Elements including off-balance-sheet financing	--	--	--	--	--
September 30, 2017	Receivables				
	Related Party	Other Party			
0-3 months overdue	--	--			
3-12 months overdue	--	--			
1-5 years overdue	--	--			
More than 5 years overdue	--	--			
Total receivables overdue	--	--			
Total provisions reserved	--	--			
Portion guaranteed with a collateral, etc.	--	--			

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk (cont'd)

December 31, 2016	Receivables				Bank Deposits (*)
	Trade receivables		Other receivables		
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	--	--	406,703	267	106,920
- Portion of the maximum risk that is guaranteed with a collateral, etc,	--	--	--	--	--
A. Net book value of financial assets that are not overdue or not impaired	--	--	406,703	267	106,920
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	--	--	--	--	--
C. Net book value of assets that are overdue but not impaired	--	--	--	--	--
- Portion guaranteed with a collateral, etc.	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
E. Elements including off-balance-sheet financing	--	--	--	--	--
December 31, 2016	Receivables				
	Trade receivables	Other receivables			
0-3 months overdue	--	--			
3-12 months overdue	--	--			
1-5 years overdue	--	--			
More than 5 years overdue	--	--			
Total receivables overdue	--	--			
Total provisions reserved	--	--			
Portion guaranteed with a collateral, etc.	--	--			

(*)As of December 31, 2016, restricted bank balances in the amount of TRY 60,938 are indicated in bank deposits.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk

The maturities of financial liabilities of the Group including estimated interest payments that are set according to the repayment schedule as of September 30, 2017 are as follows:

September 30, 2017							
Contractual							
	<u>Note</u>	<u>Carrying amount</u>	<u>cash outflows total</u>	<u>Less than 3 months</u>	<u>03 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Financial liabilities							
Borrowings	8	455,317	(469,528)	(131,806)	(302,730)	(34,992)	--
Bonds	8	523,020	(689,090)	(79,390)	(53,113)	(556,587)	--
Trade payables	9	1,801	(1,801)	(1,801)	--	--	--
Payables to related parties	9-10-29	13,213	(13,214)	(122)	(1,067)	(12,025)	--
Other payables (*)		4,089	(4,089)	(4,089)	--	--	--
Total		997,440	(1,177,722)	(217,208)	(356,910)	(603,604)	--

(*) Non-financial liabilities such as security deposits and advances taken are not included within other payables.

The maturities of financial liabilities of the Group including estimated interest payments that are set according to the repayment schedule as of December 31, 2016 are as follows:

December 31, 2016							
Contractual							
	<u>Note</u>	<u>Carrying amount</u>	<u>cash outflows total</u>	<u>Less than 3 months</u>	<u>03 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Financial liabilities							
Borrowings	7	679,924	(707,939)	(15,775)	(477,421)	(214,744)	--
Bonds	7	410,971	(424,239)	(358,227)	(66,012)	--	--
Trade payables	8	1,717	(1,717)	(1,588)	(129)	--	--
Payables to related parties	8-9-27	11,600	(11,600)	(48)	(970)	(10,581)	--
Other payables (*)		2,298	(2,298)	(2,298)	--	--	--
Total		1,106,510	(1,147,793)	(377,936)	(544,532)	(225,325)	--

(*) Non-financial liabilities such as security deposits and advances taken are not included within other payables.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk

Exchange risk exposure

The Group's foreign currency position as of September 30, 2017 is based on the foreign currency-based assets and liabilities indicated in the statement below:

September 30, 2017

	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	--	--	--	--
2a. Monetary Financial Assets (including safe and bank accounts)	100,812	27,891	410	21
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	2,278	--	543	0
4. Current Assets (1+2+3)	103,090	27,891	953	21
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	151,916	42,768	--	--
8. Non-Current Assets (5+6+7)	151,916	42,768	--	--
9. Total Assets (4+8)	255,006	70,659	953	21
10. Trade Payables	1,635	365	81	--
11. Financial Liabilities	424,659	15,290	88,337	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--
13. Current Liabilities (10+11+12)	426,294	15,655	88,418	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	30,658	--	7,313	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	30,658	--	7,313	--
18. Total Liabilities (13+17)	456,952	15,655	95,731	--
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (19a-19b)	--	--	--	--
19a. Amount of Foreign Currency-Denominated Derivatives of an Active Nature Excluded from the Financial Position Statement	--	--	--	--
19b. Amount of Foreign Currency-Denominated Derivatives of a Passive Nature Excluded from the Financial Position Statement	--	--	--	--
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(201,946)	55,004	(94,778)	21
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(356,140)	12,236	(95,321)	21
22. Total Fair Value of Financial Instruments Employed for Foreign Exchange Hedge	--	--	--	--
23. Amount of the Hedged Portion of Foreign Exchange Assets	--	--	--	--
24. Amount of the Hedged Portion of Foreign Exchange Liabilities	--	--	--	--

(*) Assets and liabilities in other currencies are indicated in TRY denomination.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd)

Exchange risk exposure (cont'd)

The Group's foreign currency position as of December 31, 2016 is based on the foreign currency-based assets and liabilities indicated in the statement below:

	December 31, 2016			
	TRY Equivalent	USD	EUR	Other (*)
1. Trade receivables	--	--	--	--
2a. Monetary Financial Assets (including safe and bank accounts)	106,140	17,389	12,111	14
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	5,350	1,513	7	--
4. Current Assets (1+2+3)	111,490	18,902	12,118	14
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	15,365	4,205	153	--
8. Non-Current Assets (5+6+7)	15,365	4,205	153	--
9. Total Assets (4+8)	126,855	23,107	12,271	14
10. Trade Payables	1,728	378	108	--
11. Financial Liabilities	473,990	85,465	46,691	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-Monetary Liabilities	44	1	--	39
13. Current Liabilities (10+11+12)	475,762	85,844	46,799	39
14. Trade Payables	--	--	--	--
15. Financial Liabilities	201,430	--	54,296	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	201,430	--	54,296	--
18. Total Liabilities (13+17)	677,192	85,844	101,095	39
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (19a-19b)	--	--	--	--
19a. Amount of Foreign Currency-Denominated Derivatives of an Active Nature Excluded from the Financial Position Statement	--	--	--	--
19b. Amount of Foreign Currency-Denominated Derivatives of a Passive Nature Excluded from the Financial Position Statement	--	--	--	--
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(550,337)	(62,737)	(88,824)	(25)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(571,008)	(68,454)	(88,984)	14
22. Total Fair Value of Financial Instruments Employed for Foreign Exchange Hedge	--	--	--	--
23. Amount of the Hedged Portion of Foreign Exchange Assets	--	--	--	--

(*) Assets and liabilities in other currencies are indicated in TRY denomination.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

The Group's foreign exchange risk is generally comprised of TRY's changing value against EUR and USD.

The basis of the sensitivity analysis which is carried out to measure the foreign exchange risk is to bring in the total currency explanation within the entity. Total foreign currency position includes all foreign currency-denominated short-term and long-term purchasing agreements and all such assets and liabilities. The analysis does not cover net foreign currency investments.

The Group delivers its medium-term and long-term loans over the currency of the project revenues it obtains. For short-term loans, on the other hand, borrowings are made in TRY; EUR and USD in a balanced manner under a pool/portfolio model.

Exchange Rate Sensitivity Analysis Statement				
September 30, 2017				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 10% against TRY				
1- US Dollar net asset/liability	19,537	(19,537)	--	--
2- Portion hedged for USD (-)	--	--	--	--
3- USD Net Impact (1+2)	19,537	(19,537)	--	--
In the event that EUR appreciates/depreciates by 10% against TRY				
4- Net asset/liability in Euro	(39,735)	39,735	--	--
5- Portion hedged for EUR (-)	--	--	--	--
6- Euro Net Impact (4+5)	(39,735)	39,735	--	--
In the event that other foreign currencies appreciate/depreciate by 10% against TRY				
7- Other foreign currency net asset/liability	3	(3)		
8- Portion hedged for other foreign currency (-)	--	--	--	--
9- Other Foreign Currency Assets Net Impact (7+8)	3	(3)	--	--
TOTAL (3+6+9)	(20,195)	20,195	--	--

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis (cont'd)

Exchange Rate Sensitivity Analysis Statement				
December 31, 2016				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 10% against TRY				
1- US Dollar net asset/liability	(22,078)	22,078	--	--
2- Portion hedged for USD (-)	--	--	--	--
3- USD Net Impact (1+2)	(22,078)	22,078	--	--
In the event that EUR appreciates/depreciates by 10% against TRY				
4- Net asset/liability in Euro	(32,953)	32,953	--	--
5- Portion hedged for EUR (-)	--	--	--	--
6- Euro Net Impact (4+5)	(32,953)	32,953	--	--
In the event that other foreign currencies appreciate/depreciate by 10% against TRY				
7- Other foreign currency net asset/liability	(2)	2	--	--
8- Portion hedged for other foreign currency (-)	--	--	--	--
9- Other Foreign Currency Assets Net Impact (7+8)	--	--	--	--
TOTAL (3+6+9)	(55,033)	55,033	--	--

Interest risk

Profile

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

	September 30, 2017	December 31, 2016
Fixed-interest items		
Financial assets	85,510	42,773
Financial liabilities	429,695	624,802
Floating-interest items		
Financial assets	14,270	--
Financial liabilities	548,642	466,093

Fair value risk of fixed-interest items:

The Group does not have any financial asset or liability the fair value of which is recognized in profit / loss. Therefore, changes in interest rates do not have a direct impact on shareholders' equity items on the reporting date.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Interest risk(cont'd)

Cash flow risk of floating-interest items:

When the Group's borrowing profile is taken as basis, it is expected that an increase of 100 basis points in TRY Benchmark Interest Rate, Euribor or Libor would cause an approximate increase of TRY 5,486 (December 31, 2016: TRY 4,661) before tax in the annual interest expenses of the Group's floating-interest payables

As of September 30, 2017 and December 31, 2016, if interest rates increase by 1 basis point, the consolidated comprehensive income statement would be affected as follows. While performing the analysis, it is assumed that all other variables, chiefly the foreign exchange rates, remained fixed.

Interest Position Statement		September 30, 2017	December 31, 2016
Fixed-Interest Financial Instruments			
Financial assets	Assets the fair value of which is recognized in profit/loss	--	--
	Financial assets available for sale	--	--
Financial liabilities		--	--
Floating-Interest Financial Instruments		--	--
Financial assets		--	--
Financial liabilities		(5,486)	(4,661)

Capital Risk Management

The Group's objectives in managing the capital is to yield returns for shareholders and benefits for other shareholders, and maintain the Group's operability in order to sustain the most appropriate shareholding structure to reduce cost of capital.

To maintain or rearrange the shareholding structure, the Group determines the dividends to be paid to shareholders, issues new shares and sells assets to reduce borrowing.

The Group monitors the capital by using the net financial liability/equity ratio. Net financial liability is calculated by deducting cash and cash equivalents from the total amount of financial liability.

The ratios of net liability/invested capital as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Total financial liabilities	978,337	1,090,895
Cash reserves and banks (*)	(102,519)	(107,070)
Net financial liability	875,818	983,825
Equity	1,886,749	1,963,504
Net financial liability / equity ratio	0.46	0.50

(*)As of September 30, 2017, there is no , the restricted bank balance, amounts of cash reserves and banks include in addition to cash and cash equivalents (December 31, 2016: TRY 60,938).

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Nine Month Period Ended September 30, 2017

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

31 SUBSEQUENT EVENTS

Akfen Holding and joint ventures:

Akfen Holding

According to the announcement dated October 6, 2017, Akfen Holding published a revised analysis based on CMB's request to revise the fair price to determine fair value of the right to sell carried out by the appraisal company and the price of Akfen Holding A.Ş. share with a TRY 1 nominal value has been determined as TL 13.1692, with a change of TRY 0.0969. In addition, it was announced that CMB has requested the above mentioned difference to be paid including interest, and in order to pay the shareholders, who have previously made use of their right to sell they have to apply to Ünlü Menkul Değerler A.Ş. within 7 working days after the announcement.

Our Company has declared that the additional payments to shareholders who have submitted their request forms have been made as at October 18, 2017. In addition, for shareholders who have not applied for the difference payments, these amounts will be kept at a blocked account at Ünlü Menkul Değerler A.Ş and will be paid including interest when requested.

Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU , to sell 40% of its stake in MIP for a consideration of USD 869 million on July 28, 2017. The sale has been completed as of October 27, 2017.

Akfen Renewable Energy

As of October 19, 2017, temporary acceptance of Tokat SPP projects with a total installed capacity of 4.95 MW was obtained and the power plants started generating electricity.

As of October 19, 2017, the application for Solentegre SPP project under Solentegre within the "Regulation on Supporting Domestic Parts Used in Facilities Producing Electric Energy from Renewable Energy Sources" has been evaluated positively and it was entitled a domestic contribution of 0.44 US Dollar cent/kWh starting from January 1, 2018.