

Akfen Holding Anonim Őirketi
Consolidated Condensed Interim
Financial Statements As at and for the
Period Ended 31 March 2013

AKFEN HOLDİNG ANONİM ŞİRKETİ
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 1 JANUARY-31 MARCH 2013

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Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Financial Position as at 31 March 2013

(Currency: Thousands of TL)

		<i>Not Audited</i> <u>31 March 2013</u>	<i>Audited</i> <i>(Restated)</i> <u>31 December</u> <u>2012</u>
ASSETS			
Total Current Assets		636.045	614.312
Cash and cash equivalents	4	222.251	142.514
Trade receivables		15.091	19.262
-Other trade receivables	8	15.091	19.262
Other receivables		12.803	3.429
-Due from related parties	9-29	86	239
-Other receivables	9	12.717	3.190
Financial investments	5	101.216	158.179
Restricted cash	10	135.653	133.695
Inventories	11	99.363	99.238
Other current assets	19	49.668	57.995
Asset classified as held for sale and discontinued operations	26	166.348	--
Total Non-Current Assets		2.462.444	2.546.325
Other receivables		68.302	56.082
-Due from related parties	9-29	56.863	45.541
-Other receivables	9	11.439	10.541
Investment in equity accounted investees	12	357.828	339.517
Investment property	13	1.105.138	1.090.345
Property, plant and equipment	14	710.368	809.377
Intangible assets	15	56.145	65.624
Goodwill	16	3.309	3.309
Deferred tax asset	27	29.735	34.708
Other non-current assets	19	131.619	147.363
TOTAL ASSETS		3.264.837	3.160.637

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Financial Position as at 31 March 2013

(Currency: Thousands of TL)

		<i>Not Audited</i> <u>31 March</u> <u>2013</u>	<i>Audited</i> <i>(Restated)</i> <u>31 December</u> <u>2013</u>
LIABILITIES			
Total Current Liabilities		410.457	398.404
Loans and borrowings	6	357.098	351.225
Trade payables		18.883	22.455
- <i>Due to related parties</i>	8-29	288	955
- <i>Other trade payables</i>	8	18.595	21.500
Other payables		23.594	18.085
- <i>Due to related parties</i>	9-29	162	100
- <i>Other payables</i>	9	23.432	17.985
Provisions		2.049	3.206
Other current liabilities	19	8.833	3.433
Asset classified as held for sale and discontinued operations	26	74.067	--
Total Non-Current Liabilities		1.050.756	1.052.409
Loans and borrowings	6	951.013	940.808
Derivative financial instruments	7	7.230	9.704
Trade payables		24.617	32.737
- <i>Other trade payables</i>	8	24.617	32.737
Other payables		12.990	15.399
- <i>Due to related parties</i>	9-29	7.690	7.534
- <i>Other payables</i>	9	5.300	7.865
Employee benefits		1.706	1.764
Deferred tax liability	27	52.670	51.488
Provisions		530	509
TOTAL EQUITY		1.729.557	1.709.824
Total equity attributable to equity holders of the parent		1.340.178	1.321.144
Paid in capital	20	145.500	145.500
Adjustments to share capital		(7.257)	(7.257)
Share premium		454.782	454.782
Treasury shares		(38.473)	(37.751)
Business combination of entities under common control		6.236	6.236
Foreign currency translation reserve		36.263	36.657
Revaluation reserve		92	108
Cash flow hedge reserves		(78.906)	(84.473)
Other reserves		(104.900)	(104.900)
Revaluation reserve for securities		(750)	(750)
Retained earnings		912.992	281.657
Profit for the period		14.599	631.335
Non-controlling interest		389.379	388.680
TOTAL LIABILITIES AND EQUITY		<u>3.264.837</u>	<u>3.160.637</u>

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statement of Comprehensive Income for the Three Month Period Ended 31 March 2013

(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not Audited</u> <u>2013</u>	<u>Not Audited</u> <u>(Restated)</u> <u>2012</u>
Revenue	21	31.705	19.350
Cost of sales (-)	21	(10.768)	(8.721)
GROSS PROFIT		20.937	10.629
General administrative expenses (-)	22	(16.024)	(13.251)
Other operating income	23	9.388	3.628
Other operating expense (-)		(485)	(2.161)
Share of profit of equity-accounted investees, net of tax	12	10.345	41.748
RESULTS FROM OPERATING ACTIVITIES		24.161	40.593
Finance income	24	43.139	68.350
Finance expense	25	(49.111)	(52.538)
PROFIT/(LOSS) BEFORE TAX		18.189	56.405
Tax expenses		(2.823)	(10.516)
Tax expense	27	--	(3.180)
Deferred tax income/(expense)	27	(2.823)	(7.336)
PROFIT FOR THE PERIOD		15.366	45.889
Other Comprehensive Income			
Change in revaluation of property, plant and equipment		(16)	(53)
Change in net fair value change in cash flow hedges	24	6.957	(6.711)
Change in foreign currency translation differences	24	(461)	(21.381)
Tax benefit from other comprehensive income items	24-27	(1.391)	1.882
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		5.089	(26.263)
TOTAL COMPREHENSIVE INCOME		20.455	19.626
Profit attributable to:			
Non-controlling interest		767	3.209
Equity holders of the parent		14.599	42.680
Profit for the period		15.366	45.889
Total comprehensive income attributable to:			
Non-controlling interest		699	4.628
Equity holders of the parent		19.756	14.998
Total comprehensive income		20.455	19.626
Basic and diluted earnings / (loss) per share (full TL)	28	0,106	0,302

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statements of Changes in Equity for the Three Month Period Ended 31 March 2012

(Currency: Thousands of TL)

	Paid in capital	Adjustments to share capital	Share premium	Treasury shares	Entities under common control	Translation differences	Revaluation reserve	Cash flow hedging reserve	Other reserves	Legal reserves	Retained earnings	Net profit for the period	Total	Non-controlling interest	Total equity
Balances as at 1 January 2012	145.500	(7.257)	454.782	(4.010)	20.062	101.443	(2.294)	(104.992)	(112.112)	19.699	312.819	(64.724)	758.916	392.965	1.151.881
Changes in accounting policies(*)	--	--	--	--	--	2	--	--	--	(19.699)	28.945	2.496	11.744	(57.107)	(45.363)
Balance at 1 January 2012 as restated	145.500	(7.257)	454.782	(4.010)	20.062	101.445	(2.294)	(104.992)	(112.112)	--	341.764	(62.228)	770.660	335.858	1.106.518
Total comprehensive income/(expense) for the period															
Profit for the period	--	--	--	--	--	--	--	--	--	--		42.680	42.680	3.209	45.889
Other comprehensive income															
Foreign currency translation differences	--	--	--	--	--	(23.313)	--	--	--	--	--	--	(23.313)	1.932	(21.381)
Revaluation of property, plant and equipment	--	--	--	--	--	--	(53)	--	--	--	--	--	(53)	--	(53)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(4.316)	--	--	--	--	(4.316)	(513)	(4.829)
Total other comprehensive income	--	--	--	--	--	(23.313)	(53)	(4.316)	--	--	--	--	(27.682)	1.419	(26.263)
Total comprehensive income	--	--	--	--	--	(23.313)	(53)	(4.316)	--	--	--	42.680	14.998	4.628	19.626
Transactions with owners, recorded directly in equity															
Transfers	--	--	--	--	--	--	--	--	--	--	(62.228)	62.228	--	--	--
Acquisition of own shares (**)	--	--	--	(2.177)	--	--	--	--	--	--	--	--	(2.177)	--	(2.177)
Total transactions with owners	--	--	--	(2.177)	--	--	--	--	--	--	(62.228)	62.228	(2.177)	--	(2.177)
Balances at 31 March 2012	145.500	(7.257)	454.782	(6.187)	20.062	78.132	(2.347)	(109.308)	(112.112)	--	279.536	42.680	783.481	340.486	1.123.967

(*)For change in accounting policies please refer to Note 2.2.

(**)Detailed in Note 20.

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

Akfen Holding Anonim Şirketi

Condensed Interim Consolidated Statements of Changes in Equity for the Three Month Period Ended 31 March 2013

(Currency: Thousands of TL)

	<i>Paid in capital</i>	<i>Adjustments to share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Entities under common control</i>	<i>Translation differences</i>	<i>Revaluation reserve</i>	<i>Cash flow hedging reserve</i>	<i>Other reserves</i>	<i>Legal reserves</i>	<i>Retained earnings</i>	<i>Net profit for the period</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
Balances as at 1 January 2013	145.500	(7.257)	454.782	(37.751)	6.236	37.187	108	(84.473)	(105.650)	10.095	236.575	662.854	1.318.206	396.401	1.714.607
Changes in accounting policies(*)	--	--	--	--	--	(530)	--	--	--	(10.095)	45.082	(31.519)	2.938	(7.721)	(4.783)
Balance at 1 January 2013 as restated	145.500	(7.257)	454.782	(37.751)	6.236	36.657	108	(84.473)	(105.650)	--	281.657	631.335	1.321.144	388.680	1.709.824
Total comprehensive income/(expense) for the period															
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	14.599	14.599	767	15.366
Other comprehensive income															
Foreign currency translation differences	--	--	--	--	--	(393)	--	--	--	--	--	--	(393)	(68)	(461)
Revaluation of property, plant and equipment	--	--	--	--	--	--	(16)	--	--	--	--	--	(16)	--	(16)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	5.566	--	--	--	--	5.566	--	5.566
Total other comprehensive income	--	--	--	--	--	(393)	(16)	5.566	--	--	--	--	5.157	(68)	5.089
Total comprehensive income	--	--	--	--	--	(393)	(16)	5.566	--	--	--	14.599	19.756	699	20.455
Transactions with owners, recorded directly in equity															
Transfers	--	--	--	--	--	--	--	--	--	--	631.335	(631.335)	--	--	--
Acquisition of own shares (**)	--	--	--	(722)	--	--	--	--	--	--	--	--	(722)	--	(722)
Total transactions with owners	--	--	--	(722)	--	--	--	--	--	--	631.335	(631.335)	(722)	--	(722)
Balances at 31 March 2013	145.500	(7.257)	454.782	(38.473)	6.236	36.263	92	(78.906)	(105.650)	--	912.992	14.599	1.340.178	389.379	1.729.557

(*)For change in accounting policies please refer to Note 2.2.

(**)Detailed in Note 20.

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

Akfen Holding Anonim Şirketi
Condensed Interim Consolidated Cash Flow Tables for the Three Month Period
Ended 31 March 2013
(Currency: Thousands of TL)

	<u>Notes</u>	<i>Not Audited</i> <i>31 March</i> <i><u>2013</u></i>	<i>Not Audited</i> <i>(Restated)</i> <i>31 March</i> <i><u>2012</u></i>
Cash flows from operating activities:			
Profit for the period		15.366	45.889
Adjustments for:			
Depreciation of property, plant and equipment	14	4.174	3.159
Amortization of intangible assets	15	487	388
Provision for employee termination benefits		261	175
Unearned interest income, net		904	1.094
Provision for claims and vacation pay		110	96
Unrealized foreign exchange differences on balance sheet items		1.895	(15.026)
Interest expense	25	24.021	31.215
Interest income	24	(7.808)	(3.478)
Tax income	27	2.823	10.516
Cash flow from operating activities before changes in working capital		42.233	74.028
<i>Changes in:</i>			
Other current trade receivables		4.163	5.205
Other current non-trade receivables		(9.531)	(7.871)
Other current assets		8.342	9.287
Other non-current receivables		(898)	(12)
Inventories		(125)	--
Due from related parties		(11.169)	(1.384)
Other non-current assets		(21.856)	(15.092)
Other current trade payables		(1.495)	(13.922)
Other current payables		8.288	(622)
Other short term liabilities		4.133	(2.516)
Other non-current trade receivables		(8.120)	--
Other non-current receivables		(2.441)	30.417
Due to related parties		(369)	495
Net cash provided by operating activities		11.155	78.013
Retirement benefit paid		(211)	(52)
Interest paid		(24.021)	(31.215)
Net cash provided by / (used in) operating activities		(13.077)	46.746

Akfen Holding Anonim Şirketi
Condensed Interim Consolidated Cash Flow Tables for the Three Month Period
Ended 31 March 2013
(Currency: Thousands of TL)

	<u>Notes</u>	<i>Not Audited</i> <i>31 March</i> <u><i>2013</i></u>	<i>Not Audited</i> <i>(Restated)</i> <i>31 March</i> <u><i>2012</i></u>
Cash flows from investing activities			
Interest received		7.808	3.478
Acquisition of property, plant and equipment	14	(33.483)	(77.175)
Proceeds from sale of property, plant and equipment		21	175
Acquisition of intangible assets	15	(204)	(111)
Purchases of investment property	13	(17.036)	(14.520)
Increase/(decrease) in financial investments		56.973	--
Change in asset classified as held for sale		(4.263)	--
Net cash provided by / (used in) operating activities		<u>9.816</u>	<u>(88.153)</u>
Cash flows from financing activities			
Proceeds from borrowings		146.403	332.231
Repayment of borrowings		(63.382)	(299.688)
Change in project reserve accounts		(24.341)	18.343
Purchase of own shares		(722)	(2.177)
Change in non-controlling interests		699	4.628
Net cash (used in)/ provided by financing activities		<u>58.657</u>	<u>53.337</u>
Net increase in cash and cash equivalents		<u>55.396</u>	<u>11.930</u>
Cash and cash equivalents at 1 January		<u>136.653</u>	<u>87.174</u>
Cash and cash equivalents at period end	4	<u>192.049</u>	<u>99.104</u>

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY

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

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

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

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

Akfen Holding is registered on the Capital Markets Board (“CMB”) and its shares are traded on the Istanbul Stock Exchange (“ISE”) under ‘AKFEN’ code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 31 March 2013 are as follows (Note: 20):

	<u>2012</u>		<u>2012</u>	
	<u>Share</u>	<u>Ownership</u>	<u>Share</u>	<u>Ownership</u>
	<u>Amount</u>	<u>Rate %</u>	<u>Amount</u>	<u>Rate %</u>
Hamdi Akın(*)	99.250	68,21	99.250	68,21
Akfen İnşaat Turizm ve Ticaret A.Ş.(**)	3.995	2,75	3.995	2,75
Other Partners	1.139	0,78	1.139	0,78
Public shares (***)	41.116	28,26	41.116	28,26
Paid in capital (nominal)	145.500	100	145.500	100

* 54,537 of public in nature belong to Hamdi Akın,

** Public in nature,

*** There are 2,254,827 shares of Akfen İnşaat which are public in nature.

As at 31 March 2012, as a result of buy back program 1,663,908 shares were purchased by Akfen Holding.

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

Koza Sokak No:22

Gaziosmanpaşa

06700/ Ankara-Turkey

Tel: 90 312 408 10 00

Fax: 90 312 441 07 82

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 31 March 2013 is 393 (31 December 2012: 340) and 27.632 (31 December 2012: 27.654), respectively.

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

Subsidiaries

Akfen İnşaat Turizm ve Ticaret A.Ş.

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

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

The major projects include airport terminals plus associated infrastructure, natural gas pipe lines/distribution systems, hospitals, schools, residences, industrial plants, energy projects in hydroelectric / thermal sectors, water distribution, sewage systems and waste water treatment facilities. In 2012, Akfen İnşaat has started to work for a real estate project called as “İNCEKLOFT” in Ankara İncek which comprises residences, work places and office buildings within a construction area of 272 thousand square meters. The reverse auction for the tender concerning the “Construction works and the provision of products and services for Isparta City Hospital through Public Private Partnership Model” of Republic of Turkey Ministry of Health, Department of Public Private Partnership (“Administration”) took place on 22.02.2013. The best “all inclusive yearly price” was submitted by Akfen Holding’s wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.S. with full TL 52.250.000. Prior to the final decision Administration has the right to bargain with the best bidder, meanwhile contract meetings will be carried out after the tender is completed. In addition, preliminary qualification for Eskişehir State Hospital Construction and Procurement of Products and Services auction was obtained on 02 April 2013.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.(continued)

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

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

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

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

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

Akfen Ticaret and Eastern European Property Investment Ltd. ("EEPI Ltd.") formed joint ventures in the Netherlands under the name of Russian Hotel Investment BV ("Russian Hotel" or "RHI") and Russian Property Investments BV ("Russian Property" or "RPI") on 21 September 2007 and 3 January 2008, respectively. EEPI Ltd assigned its 45% shares in RHI and RPI to Kasa Investments ("Kasa BV"), and 5% shares to Cüneyt Baltaoğlu in December 2010. On 29 July 2011, Akfen Ticaret, has taken over 45% shares of RHI and RPI previously owned by Kasa Investments BV. The main objective of Russian Hotel is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A., while the main objective of Russian Property is to develop office projects in Russia. The capital structures of the joint ventures are both designated as 95% of participation for the Company and 5% participation of Cüneyt Baltaoğlu as at 31 March 2013.

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

HEPP Group

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

Akfen Holding, planning to be active in the energy sector including energy generation and distribution, grouped the hydroelectric power plants under two main companies which are AkfenHes Yatırımları ve Enerji Üretim A.Ş. ("HES I" or "AkfenHES") and Karasular Enerji Üretimi ve Ticaret A.Ş. ("Karasular" or "HES IV") and is also planning its other investments in the energy sector under the title of Akfen Enerji Yatırımları Holding ("Akfen Enerji").

In order to ease monitoring of investors, enable the uniformity and ease of management, decrease general expenses and costs, hydroelectrical power plant companies within Akfen Holding are consolidated under AkfenHES. Within the context of 136-138 articles of law 6102 of Turkish Commercial Code and 5520 numbered Corporate Tax Law Akfen Hidroelektrik Santrali Yatırımları A.Ş. ("HES II"), Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ("HES III") and Saraçbendi Enerji Üretimi ve Ticaret A.Ş. ("HES V"), which have the same ownership structure with HES I, were merged with AkfenHES on 28 March 2013. Merger transaction does not include Karasular, the company that Group made an agreement to sell its remaining 60% share.

Total of 16 projects are included in HES I and total installed power is 345,3 MW. 7 power plants having 135,3 MW installed power capacity are operated for energy generation and the construction in 4 power plant with 69,9 MW installed power capacity is in progress.

In Karasular, 5 power plants having 26 MW installed power capacity are operated for energy generation. As at reporting date, 12 plants with 161,3 MW installed power capacity are operated. Following the completion of plants in construction phase AkfenHES and Karasular portfolios will reach a total of 231,2 MW installed power capacity. On the other hand, 5 projects with 140 MW installed power capacity are in development phase.

Except for one of 21 projects under AkfenHES and Karasular ('Laleli Dam Project'), all projects are subject to Law Regarding Use of Renewable Energy Resources for the Purpose of Electricity Production. In case of obtaining Renewable Energy Resources Certificates have been obtained and all investments have been completed until 31 December 2015, these projects will be able to benefit from Government's purchase guarantee for 10 years of 7,3 US Dollar cent/kWh.

Share Sale Agreement was signed on 13 March 2013, for the sale of whole 60% of shares that Company has in Karasular to Aquila Capital Wasserkraft Invest GmbH and Aquila (together "Aquila" or "Vendees") for a consideration of EUR 36.550.000. For the closing of transaction, EUR 1.000.000 of break-up fee and 50% of sale price was transferred to the escrow account and the agreement has become valid.

As at 31 March 2013, İdeal Enerji Üretimi San. ve Tic. A.Ş. ('İdeal') is the subsidiary of Karasular, in which it has a 100% voting right directly or through the companies under the same control structure.

Akfen Enerji

Group obtained the production license on 8 March 2012 for the natural gas based electricity production plant investment located in Mersin which has installed power capacity of 450 MW and included in Akfen Enerji Üretim ve Ticaret A.Ş. that is consolidated under the Akfen Enerji Yatırımları Holding A.Ş., the Company that Group plans to make other investments for energy sector under.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

Akfen Enerji (continued)

In order to increase the total installed power capacity to 570 MW, license modification appeal was made on 23 March 2012. Modification appeal was approved by 3961-12 numbered resolution of Energy Market Regulatory Board on 9 August 2012 and as at 17 December 2012 license capacity was modified as 570 MW by Energy Market Regulatory Board. In addition, on 18 December 2012 Akfen Enerji Üretim made an appeal for modification to Energy Market Regulatory Board to increase the installed power of Mersin Combined Natural Gas Plant to 1.148,4 MW. Preliminary preparations for the subjected plant investment are continuing.

ii) Joint Ventures

TAV Havalimanları Holding A.Ş.

TAV Havalimanları was founded in Turkey in 1997 under the title of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. for the purpose of reconstruction of Istanbul Ataturk Airport (International Terminal). The foundation aim of TAV Havalimanları is to reconstruct the Terminal Building of Istanbul Ataturk International Airport (“AUHT”) and to operate it for 66 months. The main work of TAV Havalimanları is the construction of terminal buildings and operation of terminal buildings or airport. TAV Istanbul Terminal İşletmeciliği A.Ş. (“Tav Istanbul”) signed a rental contract with the General Directorate of State Airports Operations (DHMİ) on 3 June 2005 in order to operate AUHT and Ataturk Airport Domestic Terminal for 15,5 years until 2021.

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

ii) Joint Ventures (continued)

TAV Yatırım Holding A.Ş.

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

Mersin Uluslararası Liman İşletmeciliği A.Ş.

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

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.

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

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Su Güllük”) has started operating on 24 August 2006. Akfen Su Güllük, having completed all of its investments, served 5.573 subscribers as at 31 March 2013.

Akfensu-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. was founded on 19 July 2007. It completed its investments on 1 July 2010 and started operating and currently it still serves the Dilovası district with a 40.000 population together with factories and operations in Dilovası Organized Industrial Zone.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

ii) Joint Ventures (continued)

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. (continued)

Inline with its customers' needs, Akfen Su gives development and management of sustainable and ecological Solid Waste Management systems service by using new technologies. Akfen Su has signed its first agreement for solid waste management services with İDO and started to give solid waste management and aside services to all sea vehicles, vehicles, plants, offices and other port fields. As at March 2013, solid waste management and aside services has started in Mersin Port and preparation of the contract with TAV Havalimanları is in progress.

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

İDO was sold to TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ('TASS'), belonging to Tepe İnşaat Sanayi A.Ş., Akfen Holding, Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly Controlled Entity Group by the Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. TASS was transferred to İDO on 26 December 2011 with all of its rights and liabilities according to the merger general rules in accordance with TTK and related regulations and TASS was dissolved without liquidation. İDO provides passenger and vehicle transportation service under 'Sea Bus and Fast Ferry Lines' title both in innercity and the intercity seaways. İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 54 sea vehicles (25 sea buses, 19 vehicle ferries and 10 fast ferryboats) and 17 lines consisted of 11 sea buses, 2 vehicle ferries and 4 ferryboats. The sea buses, fast ferryboats and vehicle ferries have a total of 36.778 passengers capacity for summer period and 30.934 passengers capacity for winter period and 2.852 vehicles capacity for both periods as at March 2013.

2 BASIS OF PREPARATION

2.1 Basis of Presentation

(a) Statement of compliance

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

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

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

According to fifth article of the Communiqué the Companies should apply International Accounting / Reporting Standards ("IAS/IFRS") as accepted by European Union. But considering the temporary second article until the differences of UMS/ UFRS is accepted by International Accounting Standards Board ("IASB"), the standards which are accepted by IASB will be used. Thus the Company has prepared its financials in accordance with the accepted IAS/IFRS as at 31 March 2012.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION *(continued)*

2.1 Basis of Presentation *(continued)*

(a) Statement of compliance *(continued)*

With the governing decree law numbered 660 published in the Official Gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency (“Oversight Agency”). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as at reporting date, the Basis of Presentation has not been changed.

The decree of CMB, as at 17 March 2005 states that inflation accounting is not applicable for the Companies applying the accounting and reporting principles of CMB (“CMB Financial Reporting Standards”) beginning from 1 January 2005. Thus inflation accounting is not applied in summary consolidated financial statements beginning from 1 January 2005.

In accordance with the Communiqué, entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

The Group’s condensed interim consolidated financial statements prepared in accordance with IAS and IFRS approved by the Board of Directors on 16 May 2013.

(b) Preparation of the financial statements

The condensed interim consolidated financial statements and notes as at 31 March 2013 are prepared according to the Communiqué XI No 29 of CMB which was announced by the decision numbered 11/467 at 17 April 2008 related to the Principles Regarding Financial Reporting on capital market.

(b) Accounting in hyperinflationary periods

Group has terminated the inflation accounting application as at 1 January 2005 in line with CMB's decision on March 17, 2005.

(c) Basis of measurement

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continues)

(d) Functional and presentation currency

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

The functional currency of the subsidiaries and jointly controlled entities are as follows:

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(f) Basis of consolidation

The accompanying condensed interim consolidated financial statements as at 31 March 2013 include the accounts of the parent company, Akfen Holding, its subsidiaries, investments in equity accounted investees, prepared in accordance with the basis of preparation stated in those financial statements.

Subsidiaries and joint ventures are consolidated through following methods:

(i) Subsidiaries

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

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

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

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

As at 31 March 2013, HES II, HES III and HES V companies are consolidated under HES I.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(f) Basis of consolidation

(ii) Joint arrangements

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

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

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

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

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

	31 March 2013		31 December 2012		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Havalimanları	8,12	8,12	8,12	8,12	Operation of airports
TAV Yatırım	21,68	21,68	21,68	21,68	Investment, construction and operation in aviation industry
MIP	50,00	50,00	50,00	50,00	Port operation
PSA Liman	50,00	50,00	50,00	50,00	Consultancy
Akfen Su	50,00	50,00	50,00	50,00	Water Treatment Construction and Management
İDO	30,00	30,00	30,00	30,00	Marine transportation

(iii) Acquisitions of entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of the entity being under common control is accounted for using book values. The Group has preferred the acquisition of the entity being under common control to be accounted from the acquisition date.

(iv) Transactions eliminated on consolidation

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(f) Basis of consolidation (continued)

(v) Business combinations for acquisition from third parties

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

(g) Foreign currency

(i) Foreign currency transactions

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

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

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange rate ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part of or in full, the relevant amount in the FCTR is transferred to profit or loss. As at 31 March 2013 and 31 December 2012 yearly changes for period ends and as at 31 March 2013 and 31 March 2012 three month average changes are as follows:

	Average Rates		Period End Rates	
	31 March	31 March	31 March	31 December
US Dollar	1,7803	1,7899	1,8087	1,7826
Euro	2,3508	2,3461	2,3189	2,3517
Georgian Lari ("GEL")	1,0738	1,0778	1,0915	1,0775
Macedonian Dinar ("MKD")	0,0381	0,0382	0,0376	0,0382
Tunisian Dinar ("TND")	1,1371	1,1862	1,1328	1,1485
Swedish Krona ("SEK")	0,2767	0,2649	0,2781	0,2729
Saudi Riyal ("SAR")	0,4749	0,4451	0,4824	0,4753

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.1 Basis of Presentation (continued)

(g) Foreign Currency (continued)

(ii) Foreign operations

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

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

2.2 Changes in Accounting Policies

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

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

a) Defined benefit obligation

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

The change in accounting policy has been applied retrospectively. It reduced the employee severance indemnity expense recognised in profit or loss and correspondingly increased the defined benefit obligation actuarial differences recognised in other comprehensive income by TL 2.122 for the period ended 31 December 2012.

b) Joint arrangements

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.2 Change in Accounting Policies (continued)

31 December 2012

<u>ASSETS</u>	<u>As previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
Total Current Assets	1.158.650	(544.338)	614.312
Cash and cash equivalents	426.276	(283.762)	142.514
Trade receivables	177.042	(157.780)	19.262
-Due from related parties	13.687	(13.687)	--
-Other trade receivables	163.355	(144.093)	19.262
Other receivables	13.014	(9.585)	3.429
-Due from related parties	8.789	(8.550)	239
-Other receivables	4.225	(1.035)	3.190
Financial investments	158.179	--	158.179
Derivative financial instruments	58	(58)	--
Restricted cash	135.042	(1.347)	133.695
Inventory	115.451	(16.213)	99.238
Other current assets	133.588	(75.593)	57.995
		--	
Total Non-Current Assets	3.656.207	(1.109.882)	2.546.325
Trade receivables	56.213	(56.213)	--
-Due from related parties	2.391	(2.391)	--
-Other trade receivables	53.822	(53.822)	--
Other receivables	54.392	1.690	56.082
-Due from related parties	43.211	2.330	45.541
-Other receivables	11.181	(640)	10.541
Financial investments	91	(42)	49
Investment in equity accounted investees	1.621	337.896	339.517
Investment property	1.098.761	(8.416)	1.090.345
Property, plant and equipment	1.038.143	(228.766)	809.377
Intangible assets	1.132.062	(1.066.438)	65.624
Goodwill	41.072	(37.763)	3.309
Deferred tax asset	54.465	(19.757)	34.708
Other non-current assets	179.387	(32.073)	147.314
		--	
TOTAL ASSETS	4.814.857	(1.654.220)	3.160.637

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.2 Change in Accounting Policies (continued)

31 December 2012

<u>LIABILITIES</u>	As previously reported	Adjustments	As restated
Total Current Liabilities	921.113	(522.707)	398.406
Loans and borrowings	613.589	(262.364)	351.225
Derivative financial instruments	38.643	(38.643)	--
Trade payables	107.665	(85.210)	22.455
- <i>Due to related parties</i>	14.889	(13.934)	955
- <i>Other trade payables</i>	92.776	(71.276)	21.500
Other payables	105.376	(87.290)	18.086
- <i>Due to related parties</i>	30.441	(30.341)	100
- <i>Other payables</i>	74.935	(56.949)	17.986
Provisions	13.780	(10.574)	3.206
Other current liabilities	42.060	(38.627)	3.433
Total Non-Current Liabilities	2.179.137	(1.126.728)	1.052.409
Loans and borrowings	1.917.631	(976.823)	940.808
Derivative financial instruments	81.486	(71.782)	9.704
Trade payables	42.316	(9.579)	32.737
- <i>Due to related parties</i>	621	(621)	--
- <i>Other trade payables</i>	41.695	(8.958)	32.737
Other payables	59.929	(44.530)	15.399
- <i>Due to related parties</i>	17.103	(9.569)	7.534
- <i>Other payables</i>	42.826	(34.961)	7.865
Employee benefits	15.366	(13.602)	1.764
Deferred tax liability	56.237	(4.749)	51.488
Provisions	1.105	(596)	509
Other non-current liabilities	5.067	(5.067)	--
EQUITY	1.714.607	(4.783)	1.709.824
Total equity attributable to equity holders of the parent	1.318.206	2.938	1.321.144
Paid in capital	145.500	--	145.500
Adjustments to share capital	(7.257)	--	(7.257)
Treasury shares	(37.751)	--	(37.751)
Business combination of entities under common control	6.236	--	6.236
Revaluation reserve	108	--	108
Cash flow hedge reserves	(84.473)	--	(84.473)
Foreign currency translation reserve	37.187	(530)	36.657
Legal reserves	10.095	(10.095)	--
Other reserves	(104.900)	--	(104.900)
Reserve for revaluation of securities	(750)	--	(750)
Share premium	454.782	--	454.782
Retained earnings	236.575	45.082	281.657
Profit/(loss) for the period	662.854	(31.519)	631.335
Non-controlling interest	396.401	(7.721)	388.680
TOTAL LIABILITIES AND EQUITY	4.814.857	(1.654.220)	3.160.637

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.2 Change in Accounting Policies (continued)

	<u>31 March 2012</u>		
	<u>As previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
Revenue	358.938	(339.588)	19.350
Cost of sales (-)	(281.260)	272.539	(8.721)
GROSS PROFIT	77.678	(67.049)	10.629
General administrative expenses (-)	(49.085)	35.834	(13.251)
Other operating income	10.700	(7.072)	3.628
Other operating expense (-)	(2.993)	832	(2.161)
Share of profit of equity-accounted investees, net of tax	--	41.748	41.748
RESULTS FROM OPERATING ACTIVITIES	36.300	4.293	40.593
Finance income	104.257	(35.907)	68.350
Finance expense	(83.937)	31.399	(52.538)
PROFIT BEFORE TAX	56.620	(215)	56.405
Tax expenses	(12.979)	2.463	(10.516)
Tax expense	(8.228)	5.048	(3.180)
Deferred tax expense	(4.751)	(2.585)	(7.336)
PROFIT FOR THE PERIOD	43.641	2.248	45.889
Other comprehensive income/(expense)			
Change in revaluation of property, plant and equipment	10	(63)	(53)
Change in net fair value change in cash flow hedges	(6.711)	--	(6.711)
Change in foreign currency translation differences	(23.748)	2.367	(21.381)
Tax benefit from other comprehensive income items	1.882	--	1.882
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)	(28.567)	2.304	(26.263)
TOTAL COMPREHENSIVE INCOME	15.074	4.552	19.626
Profit attributable to:			
Non-controlling interest	1.133	2.076	3.486
Equity holders of the parent	42.508	(172)	42.680
Profit for the period	43.641	2.248	45.889
Total comprehensive income attributable to:			
Non-controlling interest	(1.166)	5.794	4.628
Equity holders of the parent	16.240	(1.242)	14.998
Total comprehensive income	15.074	4.552	19.626
Basic and diluted earnings / (loss) per share (full TL)	0,300	--	0,300

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

2 BASIS OF PREPARATION (continued)

2.3 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements for the period ended 31 March 2013 are prepared in accordance with IAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2012, except for the changes in accounting policies stated in Note 2.2. Accordingly, these condensed interim consolidated financial statements should be evaluated in conjunction with the annual consolidated financial statements for the year ended 31 December 2012.

New standards and interpretations not adopted yet

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 March 2013, and have not been applied in preparing these condensed interim consolidated financial statements. Among those new standards, the following are expected to have effect on the consolidated financial statements of the Group:

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

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

3 SEGMENT REPORTING

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

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

Other

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

3 SEGMENT REPORTING (continued)

<u>1 January-31 March 2013</u>	<u>Akfen İnsaat</u>	<u>Akfen GYO</u>	<u>HEPP Group</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	0	8.673	23.032	--	--	--	31.705
Inter segment revenue	25.239	--	--	--	--	(25.239)	--
Total sales	25.239	8.673	23.032	--	--	(25.239)	31.705
Cost of sales	(23.244)	(1.265)	(9.067)	--	--	22.808	(10.768)
Gross profit	1.995	7.408	13.965	--	--	(2.431)	20.937
General administrative expenses	(2.594)	(2.144)	(1.667)	(9.619)	--	--	(16.024)
Other operating income	113	2.061	7.131	83	--	--	9.388
Other operating expense	(68)	(153)	(145)	(119)	--	--	(485)
Investment in equity accounted investees	--	--	--	--	10.345	--	10.345
Operating profit/ (loss)	(554)	7.172	19.284	(9.655)	10.345	(2.431)	24.161
Finance income	2.102	12.955	7.945	26.524	--	(6.387)	43.139
Finance expense	(8.229)	(14.558)	(8.895)	(23.816)	--	6.387	(49.111)
Profit / (loss) of continuing operations before tax	(6.681)	5.569	18.334	(6.947)	10.345	(2.431)	18.189
Tax income (expense) for the period	246	(767)	(2.321)	19	--	--	(2.823)
Profit/(loss) of continuing operations after tax	(6.435)	4.802	16.013	(6.928)	10.345	(2.431)	15.366
Profit (loss) for the period attributable to the parent of the Company	(6.435)	5.225	16.013	(6.928)	10.345	(3.622)	14.599
Depreciation and amortization expenses	189	16	4.351	105	--	--	4.661
Investments of tangible and intangible assets	700	17.036	22.024	10.963	--	--	50.723
31 March 2013							
Segment assets	470.179	1.214.163	1.107.271	1.852.502	357.828	(1.737.106)	3.264.837
Segment liabilities	288.561	402.307	559.962	583.761	--	(299.315)	1.535.276

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

3 SEGMENT REPORTING (continued)

<u>1 January-31 March 2012</u>	<u>Akfen İnsaat</u>	<u>Akfen GYO</u>	<u>HES I-II- III</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	66	6.984	10.754	1.546	--	--	19.350
Inter segment revenue	24.775	--		3.403	--	(28.178)	--
Total sales	24.841	6.984	10.754	4.949	--	(28.178)	19.350
Cost of sales	(22.356)	(1.068)	(6.449)	(1.301)	--	22.453	(8.721)
Gross profit	2.485	5.916	4.305	3.648	--	(5.725)	10.629
General administrative expenses	(5.093)	(1.779)	(967)	(8.756)	--	3.344	(13.251)
Other operating income	1.892	792	779	165	--	--	3.628
Other operating expense	(75)	(16)	(87)	(1.983)	--	--	(2.161)
Investment in equity accounted investees	--	--	--	--	41.748	--	41.748
Operating profit/ (loss)	(791)	4.913	4.030	(6.926)	41.748	(2.381)	40.593
Finance income	4.924	15.032	18.459	30.322	--	(387)	68.350
Finance expense	(5.308)	(8.178)	(10.792)	(28.647)	--	387	(52.538)
Profit / (loss) of continuing operations before tax	(1.175)	11.767	11.697	(5.251)	41.748	(2.381)	56.405
Tax income (expense) for the period	(4.335)	(3.498)	(2.683)	--	--	--	(10.516)
Profit/(loss) of continuing operations after tax	(5.509)	8.269	9.014	(5.251)	41.748	(2.381)	45.889
Profit (loss) for the period attributable to the parent of the Company	(5.509)	8.365	9.107	(5.251)	41.748	(5.779)	42.680
Depreciation and amortization expenses	133	16	3.281	117	--	--	3.547
Investments of tangible and intangible assets	708	20	37.527	40.861	--	--	79.116
31 December 2012							
Segment assets	478.406	1.179.028	1.015.783	1.845.148	339.517	(1.697.245)	3.160.637
Segment liabilities	295.636	340.836	530.694	593.227	--	(309.579)	1.450.814

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

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4 CASH AND CASH EQUIVALENTS

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Cash on hand	253	257
Cash at banks	172.418	78.225
- Demand deposits	82.174	27.939
- Time deposits	90.244	50.286
Project, reserve accounts	30.202	5.861
Other cash and cash equivalents(*)	19.378	58.171
Cash and cash equivalents	222.251	142.514
Project, reserve accounts	(30.202)	(5.861)
Cash and equivalents in the statement of cash flow	192.049	136.653

(*)As at 31 March 2013, other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding amounting TL 19.119 (31 December 2012: TL 58.075).

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen Holding	115.760	97.824
HEPP Group	58.501	13.832
Akfen GYO	46.674	28.002
Akfen İnşaat	549	1.264
Other	767	1.592
Total	222.251	142.514

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

Currency	<u>31 March 2013</u>	<u>31 December 2012</u>
Euro	55.115	4.865
Turkish Lira	24.441	4.433
US Dollar	1.498	18.166
Other	1.120	475
	82.174	27.939

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

4 CASH AND CASH EQUIVALENTS (continued)

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

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 March 2013</u>
TL	April – June 2013	5,00 - 11,50	67.150
USD	April – May 2013	0,50 - 2,80	3.591
EUR	April 2013	0,50 - 1,75	15.063
Other	April – June 2013	7,25-8,25	4.440
			<u>90.244</u>

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

Project reserve accounts

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
HES I	20.207	5.861
Akfen GYO	9.995	--
Total	30.202	5.861

The detail of the project reserve accounts and interest rates of the Group as at 31 March 2013 is as follows:

<u>Currency</u>	<u>Interest rate %</u>	<u>31 March 2013</u>
EUR	0,50-2,70	29.947
Demand deposits		255
		<u>30.202</u>

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

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 30. As at 31 March 2013 and 31 December 2012, there is no pledged on bank accounts except as disclosed.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

5 FINANCIAL INVESTMENTS

Current financial investments

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Time deposits with maturity of more than 3 months	40.046	98.326
Available for sale financial assets	61.170	59.853
	101.216	158.179

Available for sale assets are comprised of government and private sector bonds.

6 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 30.

The detail of Group's financial liabilities as at 31 March 2013 is as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Current financial liabilities		
Secured bank loans	76.794	78.471
Unsecured bank loans	10.000	10.007
Current portions of non-current secured bank loans	161.477	196.501
Current portions of long-term issued bonds	70.940	72.119
	319.211	357.098
Non-current financial liabilities		
Non-current secured bank loans	820.622	796.923
Non-current issued bonds	154.090	154.090
	974.712	951.013

The Group's financial liabilities as at 31 December 2012 are as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Current financial liabilities		
Secured bank loans	66.885	70.198
Unsecured bank loans	400	411
Current portions of non-current secured bank loans	167.695	203.940
Current portions of long-term issued bonds	70.940	76.676
	305.920	351.225
Non-current financial liabilities		
Non-current secured bank loans	823.115	786.718
Non-current issued bonds	154.090	154.090
	977.205	940.808

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

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

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1.068.893	1.081.902
Bonds	225.030	226.209
	1.293.923	1.308.111

As at 31 December 2012, Group's total bank loans and issued bonds are as follows:

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

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

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	187.950	356.330	544.280
Akfen İnşaat	1.108	18.284	19.392
Akfen GYO	90.497	256.500	346.997
HES I	77.543	319.899	397.442
	357.098	951.013	1.308.111

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	177.792	360.093	537.885
Akfen İnşaat	124	18.901	19.025
Akfen GYO	87.578	257.167	344.745
HES I	53.717	338.551	392.268
	319.211	974.712	1.293.923

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2012 are as follows:

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

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	177.899	357.409	535.308
Akfen İnşaat	165	18.900	19.065
Akfen GYO	69.087	244.929	314.016
HES I-II-IV-V	58.769	355.968	414.737
	305.920	977.206	1.283.126

Conditions and repayment schedules

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Within 1 year	319.211	305.920	361.634	351.225
1 – 2 years	332.573	348.263	333.312	352.165
2 – 3 years	221.951	222.008	211.653	210.125
3 – 4 years	86.952	82.169	86.925	81.997
5 years and more	333.236	324.765	314.587	296.521
	1.293.923	1.283.125	1.308.111	1.292.033

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
US Dollar	189.894	187.107	193.365	188.656
Euro	841.301	841.272	850.353	842.589
Turkish Lira	262.728	254.746	264.393	260.788
	1.293.923	1.283.125	1.308.111	1.292.033

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

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6 LOANS AND BORROWINGS (continued)

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

<u>31 March 2013(*)</u>				<u>31 December 2012(*)</u>			
Fixed Rate Loans	TL	USD	EUR	Fixed Rate Loans	TL	USD	EUR
The lowest	8,50%	4,75%	6,95%	The lowest	10,00%	4,75%	6,95%
The highest	10,00%	7,20%	8,75%	The highest	12,35%	7,20%	8,75%
Floating Interest Rate Loans	TL	USD	EUR	Floating Interest Rate Loans	TL	USD	EUR
The lowest	4,00%	1,25%	3,75%	The lowest	4,00%	1,25%	3,75%
The highest	4,00%	3,50%	7,50%	The highest	4,00%	3,50%	7,50%

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

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

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

As at 31 March 2013, the total of bank project loans is TL 753.824; (31 December 2012: TL 748.498) and its share in total loans is 58%. (31 December 2012: 58 %).

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

Akfen Holding

The breakdown of bank loans as at 31 March 2013 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	Libor+1,25	2013	29.934	30.037
Secured bank loans ⁽²⁾	USD	Libor+3,50	2014	24.116	24.524
Secured bank loans ⁽³⁾	USD	4,75	2015	135.652	138.520
Secured bank loans ⁽⁴⁾	EUR	Euribor+4,00	2014	121.681	123.518
Secured bank loans ⁽⁵⁾	TL	9,00	2015	1.472	1.472
Bond ⁽⁶⁾	TL	GDS(*)+4,00	2013	70.940	71.059
Bond ⁽⁷⁾	TL	GDS(*) + 4,00	2014	154.090	155.150
				537.885	544.280

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

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

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

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

⁽⁵⁾ Share purchase loan borrowed in order to buy back 50.000 nominal amount of Akfen Holding shares and 610.941 shares of Akfen GYO. 206.618 nominal amount of Akfen Holding shares and 610.941 shares of Akfen GYO are kept in reserve accounts as sureties.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

⁽⁶⁾ The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 6th period coupon payment date is 25 June 2013. According to determined additional rate of return, coupon interest rate for the 6th coupon payment (26 March 2013) is 2,51%. Coupon payments are done once every 91 days

As at 31 March 2013, Akfen Holding purchased a part of this bond with a nominal value of TL 9.060 from the market. Purchased portion was netted off from bond liability.

⁽⁷⁾ Represents the liability of bond which has been issued on 9 March 2012 and has a maturity of 2 years and coupon payment of 6 months with a floating interest rate amounting to TL 200.000. The 3rd period coupon payment date is 6 September 2013.

According to determined additional rate of return, coupon interest rate that will be given for 3rd period coupon payment (6 September 2013) is 4,75%. Coupon payments are done once every 6 months.

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

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

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	Libor+1,25	2013	22.283	22.353
Secured bank loans ⁽¹⁾	USD	Libor+1,25	2013	7.130	7.139
Secured bank loans ⁽²⁾	USD	Libor+3,50	2014	23.768	23.974
Secured bank loans ⁽³⁾	USD	4,75	2015	133.695	134.876
Secured bank loans ⁽⁴⁾	EUR	Euribor+4,00	2014	123.402	124.019
Bond ⁽⁵⁾	TL	GDS(*)+4,00	2013	70.940	71.080
Bond ⁽⁶⁾	TL	GDS(*) + 4,00	2014	154.090	159.686
				535.308	543.127

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

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

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

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

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

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

Akfen Holding (continued)

The repayment schedules of the bank loans and bonds are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Within 1 year	177.792	177.899	192.486	190.994
1 – 2 years	222.969	223.714	224.763	229.877
2 – 3 years	137.124	133.695	127.031	122.256
	537.885	535.308	544.280	543.127

Akfen İnşaat:

The breakdown of bank loans as at 31 March 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	7,2	2014	192	283
Secured bank loans ⁽²⁾	TL	9,3	2014	9.000	9.276
Secured bank loans ⁽³⁾	TL	9,9	2014	2.392	2.392
Secured bank loans ⁽³⁾	TL	9,9	2014	2.035	2.035
Secured bank loans ⁽³⁾	TL	9,9	2014	4.406	4.406
Secured bank loans ⁽³⁾	TL	9,9	2014	1.000	1.000
				19.025	19.392

⁽¹⁾ The sureties are given by Hamdi Akın.

⁽²⁾ The sureties are given by Akfen Holding.

⁽³⁾ Share purchase loan obtained in order to buy 1.087.890 nominal amount of Akfen Holding shares. Total of 2.504.827 nominal amount of Akfen Holding shares are kept as the surety in the deposit accounts.

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	7,2	2014	231	317
Secured bank loans ⁽²⁾	TL	9,3	2014	9.000	9.054
Secured bank loans ⁽³⁾	TL	9,9	2014	2.393	2.392
Secured bank loans ⁽³⁾	TL	9,9	2014	2.035	2.035
Secured bank loans ⁽³⁾	TL	9,9	2014	4.406	4.406
Secured bank loans ⁽³⁾	TL	9,9	2014	1.000	1.000
				19.065	19.204

⁽¹⁾ The sureties are given by Hamdi Akın.

⁽²⁾ The sureties are given by Akfen Holding.

⁽³⁾ Share purchase loan obtained in order to buy 1.087.890 nominal amount of Akfen Holding shares. Total of 2.504.827 nominal amount of Akfen Holding shares are kept as the surety in the deposit accounts.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

Akfen İnşaat: (continued)

The repayment schedules of the bank loans are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Within 1 year	124	165	1.108	1.084
1 – 2 years	18.901	18.900	18.284	18.120
	19.025	19.065	19.392	19.204

Akfen GYO:

The detail of bank loans as at 31 March 2013 and 31 December 2012 are given below:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen GYO	254.674	222.107	256.086	224.527
RHI	72.679	74.271	73.510	75.606
RPI	17.392	17.638	17.401	17.797
	344.745	314.016	346.997	317.930

Akfen GYO:

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	EUR	8,75	2014	23.189	23.185
Secured bank loans ⁽¹⁾	EUR	6,95	2014	11.595	11.866
Secured bank loans ⁽²⁾	EUR	Euribor + 4,60	2018	34.784	34.793
Secured bank loans ⁽³⁾	EUR	Euribor +3,75	2020	146.264	146.942
Secured bank loans ⁽³⁾	EUR	Euribor +5,00	2022	5.797	5.833
Secured bank loans ⁽⁴⁾	EUR	Euribor +6,35	2024	15.653	15.864
Secured bank loans ⁽⁵⁾	TL	8,50	2013	10.000	10.007
Secured bank loans ⁽⁶⁾	TL	10,00	2016	7.392	7.596
				254.674	256.086

⁽¹⁾ Sureties given by Akfen Holding.

⁽²⁾ On 29 March 2013 by using the loan borrowed from T.C. Ziraat Bankası A.Ş. ("Ziraat Bankası") amounting TL 15.000.000 with maturity of 5 year, the 7.500.000 Euro of loan borrowed from ING Bank A.Ş. ("ING") amounting EUR 21.000.000 was refinanced. As at 31 March 2013 right tenancy of Merit Hotel was still pledged to ING and after that date it is pledged in favor of new lender, Ziraat Bankası.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

Akfen GYO (continued)

⁽³⁾ The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ (“İş Bankası”) and Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”) to finance the ongoing hotel projects based on the Memorandum of Understanding signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. As at 31 December 2012, unused portion of the loan is EUR 5 million. Bank borrowings obtained with this agreement is secured by the followings:

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

⁽⁴⁾ On 17 January 2013, a loan agreement with Euro 25,500,000 loan limit has been signed with Türkiye İş Bankası for financing the Karaköy Novotel project which is in the portfolio of the Company. Based on the loan agreement, the Company pays commitment commission which is calculated as an annual particular rate on the unused portion of the loan at each quarter till maturity date of the loan usage. As at 31 March 2013 the Company recognizes loan commission accrual amounting to TL 67 for the unused portion of Euro 18.75 million in other current liabilities (Note 16). Bank borrowings obtained with this agreement is secured by the followings:

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

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

⁽⁵⁾ Sureties given by Akfen Holding and Akfen İnşaat.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

Akfen GYO (continued)

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

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

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	EUR	8,75	2014	23.517	24.046
Secured bank loans ⁽¹⁾	EUR	6,95	2014	11.759	11.817
Secured bank loans ⁽²⁾	EUR	Euribor +3,70	2015	21.165	21.454
Secured bank loans ⁽³⁾	EUR	Euribor +3,75	2022	154.783	156.078
Secured bank loans ⁽⁴⁾	TL	11,05-12,35	2013	2.450	2.504
Secured bank loans ⁽⁵⁾	TL	10,00	2016	8.433	8.628
				222.107	224.527

⁽¹⁾ Sureties given by Akfen Holding.

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

Akfen GYO (continued)

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

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

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

RHI:

The breakdown of bank loans as at 31 March 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor +6,50	2021	28.604	28.921
Secured bank loans ⁽²⁾	EUR	Euribor+6,50	2022	20.886	21.117
Secured bank loans ⁽³⁾	EUR	Euribor+6,50	2023	23.189	23.472
				72.679	73.510

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

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

Akfen GYO (continued)

RHI (continued)

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

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

RPI:

The breakdown of bank loans as at 31 March 2013 is given below:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	EUR	Euribor+7,50	2013	17.392	17.401
				17.392	17.401

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

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

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

The repayment schedules of the bank loans are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Within 1 year	87.578	69.087	90.497	74.075
1 – 2 years	43.423	54.726	42.984	53.384
2 – 3 years	37.546	37.389	37.341	37.092
3 – 4 years	39.671	31.245	39.645	31.216
5 years and more	136.527	121.569	136.530	122.163
	344.745	314.016	346.997	317.930

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

HEPP Group

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
HES I	392.268	87.154	397.442	85.728
HES II	--	155.504	--	156.330
HES IV(*)	--	65.370	--	64.553
HES V	--	106.709	--	105.161
	392.268	414.737	397.442	411.772

(*)As a result of the agreement made with Aquila for the sale of Karasular, assets and liabilities belonging to Karasular are classified as assets held as available for sale.

HES I

The breakdown of bank loans as at 31 March 2013 is given below:

	<u>Currency</u>	<u>Nominal</u>		<u>Nominal Value</u>	<u>Carrying Amount</u>
		<u>Interest Rate</u>	<u>Maturity</u>		
Secured bank loans ⁽¹⁾	EUR	Euribor+6,50	2013-2020	191.478	192.884
Secured bank loans ⁽¹⁾	EUR	Euribor+5,50	2021	200.790	204.558
				392.268	397.442

⁽¹⁾ The loans of Beyobası and Çamlıca, which are HES I companies, are secured by 73,84 % and 69,48%, respectively, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Group in Beyobası and Çamlıca put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES I as guarantee within the context of project finance. All shares owned by Akfen Holding in other HES I subsidiaries, Pak Enerji Üretimi San. Tic. A.Ş. ("Pak"), Elen Enerji Üretimi San. Tic. A.Ş. ("Elen"), BT Bordo Elektrik Üretim Dağ. Paz. San. Ve Tic. A.Ş. ("Bt Bordo"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk") and Zeki Enerji Elektrik Ürt. Dağ. Paz. San. Ve Tic. A.Ş. ("Zeki"), put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank consortium reward credit of companies in group HES II as guarantee within the context of project finance and in addition to share pledges the guarantees below have been given:

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

HEPP Group (continued)

HES I (continued)

As at 31 March 2013, the completion guarantees of Akfen Holding for projects of Çamlıca, Beyobası, Pak, Elen, BT Bordo, Yenidoruk and Zeki, which are subsidiaries of HES I, continues and the completion guarantees of Akfen İnşaat for Beyobası, Pak, Elen, BT Bordo, Yenidoruk and Zeki continues.

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

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

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

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

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

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

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

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

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2013</u>	<u>31 December 2012</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Within 1 year	53.718	14.202	77.543	19.984
1 – 2 years	47.280	10.809	47.280	10.666
2 – 3 years	47.280	10.809	47.280	10.666
3 – 4 years	47.280	10.809	47.280	10.666
5 years and more	196.710	40.525	178.059	33.746
	392.268	87.154	397.442	85.728

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

HEPP Group (continued)

HES II

As at 31 March 2013, HES II is transferred to HES I and loans are shown under HES I.

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans	EUR	Euribor+5,50	2021	155.504	156.330
				155.504	156.330

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

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

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

- As at 31 December 2012, completion guarantees of Akfen Holding and Akfen İnşaat continues.
- Completion guarantee of Akfen İnşaat will be over after the payment of two principal and interest payments following the start of operation of the last HES project. Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES II that lasts during the loan period

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

HEPP Group (continued)

HES II (continued)

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

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

HES IV

As a result of the sale agreement signed with Aquila, all assets and liabilities of HES IV are showed under assets held as available for sale.

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

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

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

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of VAT receivables
- Assignment of receivables arising from the EPC contract
- Assignment of Go-risk receivables
- Assignment of project incomes
- Commercial enterprise pledge
- Assignment of 1st degree pledge on real-estate
- Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.
- The completion guarantee of Akfen Holding continues as at 31 December 2012.
- Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES IV that lasts during the whole loan period.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

HEPP Group (continued)

HES IV (continued)

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

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

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

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

HES V

As at 31 March 2013, HES II is transferred to HES I and loans are shown under HES I.

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

6 LOANS AND BORROWINGS (continued)

HEPP Group (continued)

HES V (continued)

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

- Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is no guarantee of completion of HES V that lasts during the whole loan period.

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

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

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

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

7 DERIVATIVE FINANCIAL INSTRUMENTS

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

	<u>31 March 2013</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Amount</u>
Interest rate swap	--	(7.230)	(7.230)
	--	(7.230)	(7.230)
	<u>31 December 2012</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Amount</u>
Interest rate swap	--	(9.704)	(9.704)
	--	(9.704)	(9.704)

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

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

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(Currency: Thousands of TL)

8 TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Other trade receivables	15.091	19.262
	15.091	19.262

As at 31 March 2013 and 31 December 2012 other trade receivables comprised the following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Trade receivables	16.218	20.275
Notes receivable	--	114
Allowance for doubtful receivables(-)	(1.127)	(1.127)
	15.091	19.262

As at 31 March 2013, trade receivables are comprised of receivables of Akfen İnşaat from construction works and receivables of Beyobası and Çamlıca from TEİAŞ due to sale of electricity amounting TL 1.356 and TL 452, respectively. The major part of the Akfen GYO's trade receivables arises from rental revenue receivables from Tamaris, the operator of the hotels in Turkey and Russian Hotel Management Company, the operator of hotels in Russia amounting TL 5.051 and TL 1.436, respectively.

The distribution of the trade receivables according to the companies as at 31 March 2013 and 31 December 2012 is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen İnşaat	6.727	7.418
Akfen GYO	6.553	6.321
HEPP Group	1.800	4.420
Other	11	1.103
	15.091	19.262

As at 31 March 2013, TL 9.857 (31 December 2012: TL 14.133) represents overdue amount of trade receivables in which any allowance has not been booked. The aging of respective trade receivables is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
1-3 months overdue	1.808	6.427
3-12 months overdue	372	31
1-5 years overdue	7.088	7.088
Overdue more than 5 years	589	587
	9.857	14.133
Impairment	(1.127)	(1.127)
Credit risk	8.730	13.006

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

8 TRADE RECEIVABLES AND PAYABLES (continued)

Short term trade receivables (continued)

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Opening balance	(1.127)	(1.048)
Allowance during the period	--	(79)
Closing balance	(1.127)	(1.127)

Short term trade payables

As at 31 March 2013 and 31 December 2012 short term trade payables of the Group comprised the following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Due to related parties (Note 29)	288	955
Other trade payables	18.595	21.500
	18.883	22.455

As at 31 March 2013 and 31 December 2012 other short term trade payables comprised the following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Trade payables	18.595	21.500
	18.595	21.500

As at 31 March 2013, trade payables include payables to Hangzhou Yatai Hydro Equipment Completing Co.Ltd. and Andritz Hydro SAS related with the hydroelectrical power plants of HES I companies amounting TL 2.959 and TL 4.676, respectively.

As at 31 March 2013, trade payables of Akfen İnşaat are comprised of payables to various subcontractors as a result of the construction of hydroelectrical power plants and hotels.

As at 31 March 2013, trade payables of Akfen GYO are comprised of payables to Kasa Stroy and Elba because of the construction works of hotels in Russia amounting TL 1.374 and TL 2.143, respectively.

Currency and liquidity risks for Group's trade payables are given in Note 30.

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
HEPP Group	8.453	11.895
Akfen İnşaat	4.497	2.947
Akfen GYO	4.480	3.266
Akfen Holding	502	650
Other	663	2.742
	18.595	21.500

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(Currency: Thousands of TL)

8 TRADE RECEIVABLES AND PAYABLES (continued)

Long term trade payables

As at 31 March 2013 and 31 December 2012, long term trade payables are comprised of following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Other trade payables	24.617	32.737
	24.617	32.737

As at 31 March 2013, other trade payables include payables to PA due to Mersin Combined Natural Gas Plant amounting TL 24.360.

As at 31 December, the aging of the trade payables is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
0-3 months	8.762	7.929
3 months – 1 year	9.833	13.571
More than 1 year	24.617	32.737
	43.212	54.237

9 OTHER RECEIVABLES AND PAYABLES

Other short term receivables

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Due from related parties-non trade	86	239
Other non-trade receivables	12.717	3.190
	12.803	3.429

As at 31 March 2013, other short term non-trade receivables are comprised of tax receivables from tax offices belonging to Akfen İnşaat, Akfen Holding and HES I group companies amounting TL 7.161, TL 2.758 and TL 1.962, respectively.

As at 31 March 2013 and 31 December 2012 the distribution of other short term receivables per companies is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen İnşaat	7.665	2.089
Akfen Holding	2.759	--
HES I	2.048	1.061
Other	245	40
	12.717	3.190

Other long term receivables

As at 31 March 2013 and 31 December 2012, other long term non trade receivables comprised the following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Due from related parties-non trade (Note 29)	56.863	45.541
Other non-trade receivables	11.439	10.541
	68.302	56.082

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

9 OTHER RECEIVABLES AND PAYABLES

Other long term receivables (continued)

As at 31 March 2013 and 31 December 2012, the distribution of other long term receivables per segments is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen GYO	7.531	7.417
Akfen İnşaat	2.655	2.638
HEPP Group	1.224	474
Akfen Holding	29	12
	11.439	10.541

As at 31 March 2013, other long term receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 5.656 and TL 1.660, respectively (31 December 2012: TL 5.828 and TL 1.589).

As at 31 March 2013, other long term receivables include tax receivables of Akfen İnşaat from tax offices amounting TL 2.544.

As at 31 March 2013, deposits and guarantees given amounting TL 687 are included in other long term receivables.

Other short term payables

As at 31 March 2013 and 31 December 2012, the other short term payables of the Group are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Due to related parties	162	100
Other payables	23.432	17.985
	23.594	18.085

As at 31 March 2013 and 31 December 2012, the distribution of other short term payables per segments is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen İnşaat	11.302	10.670
HEPP Group	8.470	2.201
Akfen Holding	2.679	4.573
Other	981	541
	23.432	17.985

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

9 OTHER RECEIVABLES AND PAYABLES

Other short term payables (continued)

As at 31 March 2013 and 31 December 2012, other short term payables are comprised of following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Deposits and guarantees received	10.056	9.657
Advances received	7.512	442
Taxes and duties payable	3.827	4.982
Corporate tax payable	1.697	1.460
Payable to personnel	32	1.342
Other	308	102
	23.432	17.985

TL 9.615 of deposits and guarantees received arises from deposits and guarantees taken from subcontractors for construction works by Akfen İnşaat (31 December 2012: TL 9.549).

As at 31 March 2013 advances received is comprised of advances received by HEPP Group companies (31 December 2012: TL 442).

Other long term payables

As at 31 March 2013 and 31 December 2012 Group's other long term payables are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Due to related parties (Note 29)	7.690	7.534
Other payables	5.300	7.865
	12.990	15.399

As at 31 March 2013 and 31 December 2012 the distribution of other long term payables per segments is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen GYO	3.028	2.973
HEPP Group	2.272	4.838
Akfen İnşaat	--	54
	5.300	7.865

As at 31 March 2013, TL 2.270 of other long term payables is comprised of deposits and guarantees received by HEPP Group companies (31 December 2012: TL 3.638).

10 RESTRICTED CASH

As at 31 March 2013, restricted cash is comprised of demand deposit taken as a guarantee for loans of Akfen Holding amounting TL 135. 653 (31 December 2012: TL 133.695).

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Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

11 INVENTORIES

As at 31 March 2013, whole part of the inventories is comprised of investments made for İncek Project of Akfen İnşaat amounting TL 99.363 (31 December 2012: TL 99.238).

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

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

	<u>Ownership</u> <u>(%)</u>	<u>31 March</u> <u>2013</u>	<u>Ownership</u> <u>(%)</u>	<u>31 December</u> <u>2012</u>
MIP	50,00	188.187	50,00	166.945
TAV Havalimanları	8,12	109.275	8,12	105.260
TAV Yatırım	21,68	26.087	21,68	24.772
İDO	30,00	22.967	30,00	31.278
Akfen Su	49,98	11.312	49,98	11.262
		357.828		339.517

As at 31 March 2013 and 31 December 2012, Group's share in profit or loss of equity accounted investees for three months period is as follows:

	<u>31 March 2013</u>	<u>31 March 2012</u>
MIP	14.619	16.977
TAV Havalimanları	3.042	7.524
TAV İnşaat	929	(3.253)
İDO	(8.395)	20.500
Akfen Su	150	--
	10.345	41.748

As at 31 March 2013 the movement of investments in equity accounted investees is as follows:

	<u>1 January 2013</u>	<u>Profit for</u> <u>the period</u>	<u>Other comprehensive</u> <u>income</u>	<u>31 March 2013</u>
MIP	166.945	14.619	6.623	188.187
TAV Havalimanları	105.260	3.042	973	109.275
TAV Yatırım	24.772	929	386	26.087
İDO	31.278	(8.395)	84	22.967
Akfen Su	11.262	150	(100)	11.312
	339.517	10.345	7.966	357.828

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

The summary of financials of MIP is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Total assets	1.668.197	1.595.980
Total liabilities	1.291.823	1.262.090
Net assets	376.374	333.890
Group's share on net assets of MIP	188.187	166.945

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(Currency: Thousands of TL)

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

MIP (continued)

	<u>31 March 2013</u>	<u>31 March 2012</u>
Revenue	109.786	106.939
Profit for the period	29.239	33.951
Group's share on profit of MIP	14.619	16.977

The summary of financials of TAV Havalimanları is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Total assets	4.900.066	4.980.503
Total liabilities	3.661.524	3.715.148
Net assets (*)	1.328.542	1.265.355
Group's share on net assets of TAV Havalimanları	109.275	105.260

	<u>31 March 2013</u>	<u>31 March 2012</u>
Revenue	515.369	348.661
Profit for the period	37.473	28.807
Group's share on profit of TAV Havalimanları	3.042	7.524

(*) As at 31 March 2013, goodwill amounting TL 8.716 is included in Group's share on net assets of TAV Havalimanları (31 December 2012: 8.716).

The summary of financials of TAV Yatırım is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Total assets	1.335.542	1.351.155
Total liabilities	1.215.187	1.240.944
Net assets	120.355	110.211
Group's share on net assets of TAV Yatırım	26.087	24.772

	<u>31 March 2013</u>	<u>31 March 2012</u>
Revenue	254.369	335.928
Profit for the period	4.284	(7.654)
Group's share on profit of TAV Yatırım	929	(3.253)

The summary of financials of İDO is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Total assets	1.492.492	1.483.012
Total liabilities	1.415.932	1.378.750
Net assets	76.560	104.261
Group's share on net assets of İDO	22.967	31.278

	<u>31 March 2013</u>	<u>31 March 2012</u>
Revenue	94.384	82.610
Profit for the period	(27.986)	67.758
Group's share on profit of İDO	(8.395)	20.501

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(Currency: Thousands of TL)

12 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

The summary of financials of Akfen Su is as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Total assets	60.223	59.963
Total liabilities	37.594	32.605
Net assets	22.628	27.358
Group's share on net assets of Akfen Su	11.312	11.262

	<u>31 Mart 2013</u>	<u>31 Mart 2012</u>
Revenue	2.054	1.700
Profit for the period	301	1
Group's share on profit of Akfen Su	150	--

13 INVESTMENT PROPERTY

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Operating investment properties	874.164	872.850
Investment property under development	230.974	217.495
Total	1.105.138	1.090.345

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Opening balance	1.090.345	1.070.195
Additions	17.036	38.489
Foreign currency translation difference	(2.243)	(1.653)
Disposals	--	(15.043)
Change in fair value	--	(1.643)
Closing balance	1.105.138	1.090.345

Additions

As at 31 March 2013 and 31 December 2012, additions are made by Akfen GYO. TL 3.016 of additions arises from additions to operating investment properties and TL 14.020 arises from additions to investment property under development.

Pledges and insurance amounts

As at 31 March 2013 total insurance amount on investment property is TL 851.702 (31 December 2012: TL 912.117).

As at 31 March 2013 the amount of pledge on investment property is TL 514.216 (31 December 2012: TL 521.489).

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(Currency: Thousands of TL)

14 PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2013, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2013	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Effect of change in Group structure (*)	(38.445)	(94.764)	(219)	(135)	--	--	--	(133.563)
Additions (**)	50	1.727	--	56	--	31.648	2	33.483
Disposals	--	--	(207)	--	--	--	--	(207)
Balance at 31 March 2013	32.984	381.685	977	10.294	62	317.337	390	743.729
Less: Accumulated depreciation								
Balance at 1 January 2013	(2.517)	(22.230)	(577)	(9.095)	(62)	--	(158)	(34.639)
Effect of change in Group structure	1.381	3.786	71	24	--	--	--	5.262
Depreciation charge for the period	(530)	(3.398)	(66)	(161)	--	--	(19)	(4.174)
Disposals	--	--	190	--	--	--	--	190
Balance at 31 March 2013	(1.666)	(21.842)	(382)	(9.232)	(62)	--	(177)	(33.361)
Net book value								
Net book value at 31 December 2012	68.862	452.492	826	1.278	--	285.689	230	809.377
Net book value at 31 March 2013	31.318	359.843	595	1.062	--	317.337	213	710.368

(*) Because of the sale agreement made with Aquila, all assets and liabilities belonging to HES IV are shown under assets held as available for sale. For that reason, decreases on property plant and equipment are reflected on effect of change in Group structure.

(**) As at 31 March 2013, TL 31.648 of additions, which corresponds to 95% of additions, arises from construction in progress additions of HEPP projects.

(***) As at 31 March 2013, capitalized finance expense amounting TL 2.367 arises from HEPP projects (31 December 2012: TL 8.885).

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 March 2013, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2012	52.368	380.795	1.366	10.152	62	182.992	363	628.098
Additions (*)	103	3.460	700	288	--	212.132	25	216.708
Transfers**)	18.968	90.467	--	--	--	(109.435)	--	--
Disposals	(60)	--	(663)	(67)	--	--	--	(790)
Balance at 31 December 2012	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Less: Accumulated depreciation								
Balance at 1 January 2012	(817)	(12.179)	(908)	(8.431)	(62)	--	(85)	(22.482)
Depreciation charge for period	(1.700)	(10.050)	(258)	(709)	--	--	(74)	(12.791)
Disposals	--	--	589	45	--	--	--	634
Balance at 31 December 2012	(2.517)	(22.229)	(577)	(9.095)	(62)	--	(159)	(34.639)
Net book value								
Net book value at 31 December 2011	51.551	368.615	457	1.721	--	182.992	279	605.616
Net book value at 31 December 2012	68.862	452.492	826	1.278	--	285.689	230	809.377

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

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

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

15 INTANGIBLE ASSETS

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

	Development costs	Licenses	Other intangible assets	Total
Costs				
Balance at 1 January 2012	159	65.464	1.824	67.447
Business combinations (*)	--	6.653	--	6.653
Additions	--	149	221	370
Disposals	(159)	--	--	(159)
Balance at 31 December 2012	--	72.266	2.045	74.311
Balance at 1 January 2013	--	72.266	2.045	74.311
Effect of change in Group structure (**)	--	(10.406)	--	(10.406)
Additions	--	--	204	204
Disposals	--	(3)	--	(3)
Balance at 31 March 2013	--	61.857	2.249	64.106

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

(**)Because of the sale agreement made with Aquila, all assets and liabilities belonging to HES IV are shown under assets held as available for sale. For that reason, decreases on intangible assets are reflected on effect of change in Group structure.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

15 INTANGIBLE ASSETS (continued)

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

	Licenses	Other intangible assets	Total
Accumulated amortization			
Balance at 1 January 2012	(5.859)	(1.195)	(7.054)
Amortization charge for the period	(1.446)	(187)	(1.633)
Disposals	--	--	--
Balance at 31 December 2012	(7.305)	(1.382)	(8.687)
Balance at 1 January 2013	(7.305)	(1.382)	(8.687)
Effect of change in Group structure	1.213	--	1.213
Amortization charge for the period	(446)	(41)	(487)
Balance at 31 March 2013	(6.538)	(1.423)	(7.961)
Net book value			
Net book value at 31 December 2012	64.961	663	65.624
Net book value at 31 March 2013	55.320	826	56.145

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(Currency: Thousands of TL)

16 GOODWILL

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

17 GOVERNMENT GRANTS

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

Based on the decree dated 01.07.2003 and numbered 2003/5868 of the Cabinet, it is resolved that ratio of the private consumption tax of the fuel oil supplied to any vessels, commercial yachts, service and fishing vessels, which are registered in the Turkish International Ship Registry and National Ship Registry and carry cargo and passengers exclusively in coastal routes, to be reduced to zero as of the beginning of the year 2004, provided that quantity of the fuel oil is determined with regards to technical specifications of and registered in journal of the vessel to consume such fuel oil. The Group utilizes discount in the private consumption tax to this extent since 2004.

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

As at 31 December 2012 and 2011, TAV Esenboğa and TAV İzmir have investment grants.

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

18 COMMITMENTS AND CONTINGENCIES

(a) Commitments, Pledges and Mortgages

As at 31 March 2013 and 31 December 2012 the group's position related to letter of guarantees given, Pledges and Mortgages were as follows:

<u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
A. Total amount of CPM is given on behalf of own legal personality	916.262	869.117
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	689.330	649.794
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total Amount of other CPM	13.204	27.368
i. Total amount of CPM is given in favor of parent company	--	--
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	13.204	27.368
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	1.618.796	1.546.279

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

18 COMMITMENTS AND CONTINGENCIES (continued)

As at 31 March 2013 the ratio of total amount of other CPM given by the group to its equity is 1% (31 December 2012: 2%).

	<u>31 March 2013</u>	<u>31 December 2012</u>
Akfen GYO	635.741	631.377
HEPP Group	497.633	456.429
Akfen Holding	377.151	335.068
Akfen İnşaat	67.956	77.210
Akfen Enerji	40.315	46.195
	1.618.796	1.546.279

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

	<u>31 March 2013(*)</u>		<u>31 December 2012(*)</u>	
	<u>Euro</u>	<u>US Dollars</u>	<u>Euro</u>	<u>US Dollars</u>
Total amount of CPM is given on behalf of own legal personality	559.670	152.041	555.277	105.282
Total amount of CPM is given in favor of subsidiaries which are fully consolidated	612.476	1.164	569.003	1.256
Other CPMs given	--	13.204	--	17.024
	1.172.146	166.409	1.124.280	123.562

(*)All amounts are expressed as TL equivalent.

(b) Letter of Guarantees Received

As at 31 March 2013, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees which have nature of letter of guarantees amounting TL 106.956 (31 December 2012: TL 105.273) from subcontractors. As at 31 March 2013 TL 31.335 (31 December 2012: TL 28.501) of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 2.951 (31 December 2012: TL 3.160) were given to hydro electrical power plants of the Group.

19 OTHER ASSETS AND LIABILITIES

Other current assets

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
VAT carried forward	19.212	19.237
Advances given to sub-contractors	15.487	6.967
Income accruals	7.874	6.988
Prepaid expenses	3.321	4.409
Order advances given	2.391	7.866
Job advances	392	502
Prepaid taxes and funds	206	11.288
Other	785	738
	49.668	57.995

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19 OTHER ASSETS AND LIABILITIES

Other current assets (continued)

As at 31 March 2013 VAT carried forward is comprised of VAT receivables of Akfen İnşaat, HEPP Group and Akfen GYO amounting TL 5.202, TL 9.653 and TL 4.357, respectively.

As at 31 March 2013, the major part of the advances given to subcontractors are comprised of advances given by Akfen İnşaat for hotel projects and hydroelectrical power plant projects amounting TL 2.463 and TL 12.383, respectively.

As at 31 March 2013 and 31 December 2012, income accruals comprised of income accruals of HEPP Group related with electricity sales.

As at 31 March 2013 TL 2.427 of prepaid expenses belongs to Akfen GYO. The detail of TL 1.562 of this amount is as follows: Akfen Karaköy took over the “Conditional Construction Lease Agreement” on 22 June 2011, that was signed between 1. Regional Directorate of Foundations and ‘Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş (‘Hakan Madencilik’) under the build-operate-transfer model for a period of 49 years on 01 September 2009 for the land in Istanbul, Beyoğlu, Kemankes district, Rıhtım Street, 121-77 map section, 28-60 parcels. Transfer payment which also includes the 5 years of rent prepaid by Hakan Madencilik, is recognized under the prepaid expenses and recorded as profit or loss by the straight-line basis over the lease term. As at 31 March 2013 the amount of expenses paid in advance for short and long-term is TL 1.562 (31 December 2012: TL 1.562) and TL 6.191 (31 December 2012: TL 6.516), respectively.

Other non-current assets

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
VAT carried forward	99.421	113.421
Income accruals	13.746	13.762
Prepaid expenses	10.044	9.118
Taxes and funds to be refunded through progress billings	5.021	4.210
Advances given	3.348	6.803
Other	39	49
	<u>131.619</u>	<u>147.363</u>

As at 31 March 2013, TL 69.219 of VAT carried forward arises from the VAT payments done for investments in hydroelectrical power plants (31 December 2012: TL 72.494). Since these hydroelectrical power plants are in construction process, Group does not have enough VAT liability to offset. Akfen GYO has VAT carried forward amounting TL 30.202 (31 December 2012: TL 27.798). According to new corporate tax law real estate investment trusts have tax exemption for their income. However, they should bear up 18% of VAT from construction agreements.

As at 31 March 2013, TL 13.746 of income accruals arises from Aliğa Project (31 December 2012: TL 13.762).

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19 OTHER ASSETS AND LIABILITIES

Other current liabilities

As at 31 March 2013 and 31 December 2012, other current liabilities are comprised of following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Expense accruals	7.630	2.638
Deferred income	1.203	795
	8.833	3.433

As at 31 March 2013, the major part of the other current liabilities are comprised of expense accruals and TL 6.296 of expense accruals arises from expense accruals of Akfen İnşaat related with HEPP and hotel projects.

20 EQUITY

As at 31 March 2013, Akfen Holding had 145.500.000 shares, each has TL 1 of nominal value. As at 31 March 2013, the whole of TL 145.500 capital was paid.

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

28.729.368 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 116.770.632 B Group shares are wholly bearer shares.

	<u>31 March 2013</u>		<u>31 December 2012</u>	
	<u>Share</u>	<u>Ownership</u>	<u>Share</u>	<u>Ownership</u>
	<u>Amount</u>	<u>Rate %</u>	<u>Amount</u>	<u>Rate %</u>
Hamdi Akın(*)	99.250	68,21	99.250	68,21
Akfen İnşaat(**)	3.995	2,75	3.995	2,75
Other shareholders	1.139	0,78	1.139	0,78
Publicly traded shares(***)	41.116	28,26	41.116	28,26
Paid in capital (nominal)	145.500	100	145.500	100

* 54.537 public in nature belonging to Hamdi Akın.

** Public in nature

*** There are 2,254,827 shares of Akfen İnşaat which are public in nature.

As at 31 March 2013, as a result of buy back program 1,663,908 shares were purchased by Akfen Holding.

As at 31 December 2012 and 2011, there is no pledge on shares of Akfen Holding.

There are three voting rights for each share in Group A in the General Assembly and these have also voting concession.

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

In the frame of the Repurchase Programme approved in the General Assembly of the Company on 12 September 2011, 1.663.908 and 2.254.827 Akfen Holding A.Ş. shares were purchased by Akfen Holding and Akfen İnşaat amounting TL 14.607 and TL 20.157, respectively.

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(Currency: Thousands of TL)

20 EQUITY (continued)

Translation reserve

As at 31 March 2013 the translation reserve amounting TL 36.263 (31 December 2012: TL 36.656) is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, Akfen GYO, Akfen İnşaat and TAV Havalimanları from their functional currency of USD and EUR to the presentation currency TL which is recognized in equity.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 31 March 2013 the hedging reserve amounting to, TL 78.906 (HES I: TL 7.847, MIP: TL 50.023, İDO TL 6.143 and TAV Havalimanları: TL 14.893) is recognized in equity which is related to the interest rate swap contracts made by HES I companies (Beyobası and Çamlıca), İdeal, MIP, İDO and TAV Havalimanları (31 December 2012: TL 84.473 (HES I-IV-V: 7.763 TL, MIP 53.188 TL, TAV Havalimanları 17.293 TL, İDO: 6.229 TL)).

Revaluation surplus

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

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

Capital adjustments due to cross ownership (treasury shares)

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

Business combination of entities under common control

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

Other reserves

Other reserve comprises all gain or loss realized on sale and purchase of non-controlling interest in a subsidiary. Akfen GYO increased its capital as TL 46.000 upon the decision of the Board of Directors dated 24 January 2011. 46,000,000 shares corresponding to this increase and total 54,117,500 Akfen GYO shares with TL 54.118 nominal value and 8,117,500 shares of Akfen GYO held by Akfen Holding corresponding to TL 8.118 were offered to public on 11 May 2011. In the following days, Akfen Holding repurchased total 8,040,787 shares in order to provide price stability of Akfen GYO shares. These transaction, of which ownership was changed without losing control, were recognized under the other reserves item after the transaction costs were finalized.

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(Currency: Thousands of TL)

20 EQUITY (continued)

Share premium

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

Non-controlling interests

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

As at 31 March 2013 and 31 December 2012, the amounts classified under the 'non-controlling interest' item in the statement of financial position are TL 389.739 and TL 388.680, respectively. Again, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the periods ended 31 March 2013 and 2012 are TL 767 and TL 3.209, respectively.

21 REVENUE AND COST OF SALES

21.1 Revenue

For the periods ended 31 March, revenue comprised the following:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Revenue from electric power	23.032	12.300
Rent income from investment property	8.673	6.984
Contract revenue	--	66
	31.705	19.350

21.2 Cost of sales

For the periods ended 31 March, cost of sales comprised the following:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Depreciation and amortisation	4.344	3.263
Outsourcing expenses	1.566	2.223
Personnel expense	1.450	921
Rent expense	874	917
Insurance expense	860	421
Contract cost	436	--
Cost of raw material	21	205
Other	1.217	771
	10.768	8.721

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22 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses

For the periods ended 31 March, general administrative expenses comprised the following:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Personnel expenses	9.801	8.147
Advertisement expenses	1.314	38
Consultancy expenses	1.273	946
Rent expenses	739	754
Taxes and duties	447	400
Grant and charities	348	60
Depreciation and amortisation expenses	232	216
Travel expenses	218	263
General office expenses	213	297
Outsourcing expenses	148	324
Office supplies expenses	119	128
Representation expenses	50	47
Insurance expenses	47	40
Other	1.075	1.591
	16.024	13.251

23 OTHER INCOME

For the periods ended 31 March, other income comprised the following:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Insurance income	4.931	591
Letters of guarantee turned into cash	1.323	--
Collection of doubtful receivables	1.268	--
Rent income	24	85
Gain on sale of property, plant and equipment	--	124
Dividend income from affiliates	--	1.352
Other	1.842	1.476
	9.388	3.628

As at 31 March 2013, insurance income arises from the income obtained from the insurance company as a result of damage occurred in Otluca HEPP project.

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

As at 31 March 2013, TL 1,268,349 of other operating income is the income amount derived from cancellation of previous periods' provisions occurred by prediction of impossibility of receivable collection from Razveev – ex- owner of Samara Office land belonging to RPI, by collection of the amount in related period.

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24 FINANCE INCOME

For the periods ended 31 March, finance income comprised the following:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Foreign exchange gain	33.434	64.203
Interest income	7.808	3.478
Other	1.897	669
	43.139	68.350

For the periods ended 31 March, finance income/(expenses) accounted in other comprehensive income as a result of hedging agreements signed by the Group and its subsidiaries and the functional reporting currency differences are as follows:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Foreign currency translation differences	(461)	(21.381)
Hedging reserve	6.957	(6.711)
Tax benefit from other comprehensive income items	(1.391)	1.882
	5.105	(26.210)

As at 31 March 2013, the hedging reserve amounting TL 6.957 (31 December 2012: TL (6.711)) is recognized in equity which is related to the interest rate and cross currency swap contracts made by HES I, MIP, IDO and TAV Havalimanları.

The translation reserve amounting TL (352) comprises of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, Akfen GYO and TAV Havalimanları, from their functional currency of USD and Euro to the presentation currency TL which is recognized in equity for the year ended 31 March 2013 (31 March 2012: TL 23.685 from MIP, TAV Yatırım, Akfen GYO and TAV Havalimanları).

25 FINANCE EXPENSE

For the periods ended 31 March, finance expenses comprised the following:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Interest expenses	24.021	31.215
Foreign exchange loss	21.649	18.864
Unearned interest expense, net	904	1.094
Other	2.537	1.365
	49.111	52.538

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26 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Share Sale Agreement was signed on 13 March 2013, for the sale of whole 60% of shares that Company has on HES IV to Aquila for a consideration of EUR 36.550.000. For the closing of transaction, EUR 1.000.000 of break-up fee and 50% of sale price was transferred to the escrow account and the agreement has become valid. Based on this agreement, all assets and liabilities belonging to Karasular, are presented in asset classified as held for sale. Therefore, the total amount of classified assets is TL 166.348 and the total amount of classified liabilities is TL 74.067.

Subsequent to completion of required approvals, it is planned that share transfer will be completed until 25 June 2013.

27 TAXATION

Corporate tax:

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

As at 31 March 2013, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

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

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

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

In Northern Cyprus, corporate income tax is levied at the rate of 23.5%, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. Thus, the operations of the branch of Akfen Ticaret and Akfen İnşaat are subject to this tax rate. As at 1 January 2008 corporate income tax is decreased from 20% to 15% according to Georgia laws. Deferred tax is calculated for relevant assets and liabilities with 15% rate as at 31 December 2009.

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27 TAXATION (continued)

Corporate tax (continued)

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

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

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

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

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

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

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

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

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27 TAXATION (continued)

Corporate tax (continued)

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

Investment allowance:

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

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

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27 TAXATION (continued)

Investment allowance:

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

Income withholding tax:

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

Transfer pricing regulations:

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

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

27.1 Taxation income/(expense)

The taxation charge for the periods ended 31 March comprised the following items:

	<u>2013</u>	<u>2012</u>
Corporate tax expense	--	(3.180)
Deferred tax income/(expense)	(2.823)	(7.336)
Tax expense recognized in profit / loss	(2.823)	(10.516)
Deferred tax income / (expense) recognized in comprehensive income	(1.391)	1.882
Total	(4.214)	(8.634)

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27 TAXATION (continued)

27.2 Deferred tax assets and liabilities

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

Recognised deferred tax assets and liabilities

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

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>31 March</u> <u>2013</u>	<u>31 December</u> <u>2012</u>	<u>31 March</u> <u>2013</u>	<u>31 December</u> <u>2012</u>	<u>31 March</u> <u>2013</u>	<u>31 December</u> <u>2012</u>
Trade and other receivables	2.254	2.398	--	--	2.254	2.398
Property, plant and equipment and intangible assets	12.305	17.353	(12.260)	(13.382)	45	3.971
Effect of IAS 11	4.679	9.511	--	--	4.679	9.511
Derivative financial instruments	1.438	1.941	--	--	1.438	1.941
Government grants	14.627	14.974	--	--	14.627	14.974
Investment properties	--	--	(56.957)	(56.808)	(56.957)	(56.808)
Tax losses carried forward	10.185	7.607	--	--	10.185	7.607
Loans and borrowings	19	92	(647)	(1.068)	(628)	(976)
Other temporary differences	1.704	751	(282)	(149)	1.422	602
Subtotal	47.211	54.627	(70.146)	(71.407)	(22.935)	(16.780)
Net-off tax	(17.476)	(19.919)	17.476	19.919	--	--
Total deferred tax assets/(liabilities)	29.735	34.708	(52.670)	(51.488)	(22.935)	(16.780)

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. As at 31 March 2013, the Group management has recognized deferred tax asset amounting to TL 10.185 (31 December 2012: TL 7.607) for the tax losses in which taxable profits are estimated to be available in 2012 and the following years.

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27 TAXATION (continued)

27.2 Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets and liabilities

As at reporting date, the Group has unused statutory tax losses of TL 102.756 (31 December 2012: TL 82.044) available for offset against future profits. TL 10.366 deferred tax (31 December 2012: TL 8.802) was not recognized since the Group management estimates that there will not be sufficient future taxable profits. The expiry date of unrecognized tax losses are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
2014	1.169	1.365
2015	35.993	35.866
2016	3.280	3.280
2017	3.498	3.498
2018	7.891	--
	51.831	44.009

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

28 EARNINGS PER SHARE

For the periods ended 31 March 2013 and 31 March 2012, amounts of earning per share as TL 14.599 and TL 42.680, respectively is calculated by dividing the consolidated statement of comprehensive income/(loss) on attributable to main shareholders by the weighted average number of ordinary shares outstanding during the period.

	<u>1 January-31 March</u> <u>2013</u>	<u>1 January-31 March</u> <u>2012</u>
Income/(loss) on attributable to main shareholders of the Company	14.599	42.680
The weighted average number of shares outstanding during the period(*)	137.595.231	141.194.578
Profit/ (Loss) per share from operations (full TL)	0,106	0,302

(*)Earnings per share calculation is done by excluding 7.839.524 shares of Akfen İnşaat and Akfen Holding at the beginning of the period and 74.114 share purchases of Akfen Holding:within the period.

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29 RELATED PARTY DISCLOSURES

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

29.1 Related party balances

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Non-trade receivables	86	239
	86	239
Trade payables	288	955
Non-trade payables	162	100
	450	1.055

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Non-trade receivables	56.863	45.541
	56.863	45.541
Non-trade payables	7.690	7.534
	7.690	7.534

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

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

	<u>31 March</u>	<u>31 December</u>
	<u>2013</u>	<u>2012</u>
<i>Due from related parties (long term-non trade):</i>		
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.(“Akfen GYT”)	49.678	38.334
Hyper Foreign	5.623	5.552
Other	1.562	1.655
	56.863	45.541

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29 RELATED PARTY DISCLOSURES (continued)

29.1 Related party balances (continued)

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

<i>Due to related parties (long term-non trade):</i>	<u>31 March 2013</u>	<u>31 December 2012</u>
TAV Yatırım	7.655	7.499
TAV Havalimanları	35	--
	7.690	7.499

29.2 Related party transactions

For the periods ended 31 March, the transactions with related parties comprised the following:

<i>Services rendered to related parties:</i>	<u>31 March 2013</u>		<u>31 March 2012</u>	
Company	Amount	Service	Amount	Service
Akfen GYT	1.210	Interest income	1.352	Interest income
	1.210		1.352	

<i>Services obtained from related parties:</i>	<u>31 March 2013</u>		<u>31 March 2012</u>	
Company	Amount	Service	Amount	Service
Ibs Sigorta Brokerlik Hiz. A.Ş. ("IBS Sigorta")	641	Purchases	1.810	Purchases
	641		1.810	

29.3 Key management personnel compensation

Total salaries and similar expenses provided to key management personnel for the Group and subsidiaries amounted to TL 4.169 as at 31 March 2013 (31 March 2012: TL 3.416).

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30 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

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

	Receivables				Deposits on Banks (*)	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
31 March 2013							
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	--	15.091	56.949	24.156	397.697	--	61.170
- Portion of maximum risk covered any guarantee	--	6.366					--
A. Net carrying value of financial assets which are not impaired or overdue (2)	--	6.359	56.949	24.156	397.697	--	61.170
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired (6)	--	8.732	--	--	--	--	--
- The portion covered by any guarantee	--	6.366	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--	--
- Past due (gross book value)	--	1.127	--	--	--	--	--
- Impairment (-)	--	(1.127)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

	Receivables	
	Trade Receivables	Other Receivables
31 March 2013		
Past due 1-30 days	1.808	--
Past due 1-3 months	--	--
Past due 3-12 months	372	--
Past due 1-5 years	7.088	--
More than 5 years	589	--
Total undue receivables	9.857	--
Total allowances	1.127	
Amount secured by guarantees etc.	6.366	

(*) As at 31 March 2013, deposit amounting TL 135.653 is included in restricted cash. As at 31 March 2013, time deposits with maturities longer than 3 months amounting TL 40.046 are included in short term financial investments.

(**) As at 31 March 2013, government and private sector bonds amounting TL 61.170 is shown in other (Note 5).

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

Credit risk (continued)

31 December 2012	Receivables				Deposits on Banks (*)	Derivative Instruments	Other(**)
	Trade Receivables		Other Receivables				
	Related Party	Related Party	Related Party	Other Parties			
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	--	19.262	45.780	13.731	374.278	--	59.853
- Portion of maximum risk covered any guarantee	--	6.366	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	--	6.253	45.780	13.731	374.278	--	59.853
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired (6)	--	13.009	--	--	--	--	--
- The portion covered by any guarantee	--	6.366	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--	--
- Past due (gross book value)	--	1.127	--	--	--	--	--
- Impairment (-)	--	(1.127)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

31 December 2012	Receivables	
	Trade Receivables	Other Receivables
Past due 1-30 days	6.427	--
Past due 1-3 months	--	--
Past due 3-12 months	31	--
Past due 1-5 years	7.088	--
More than 5 years	590	--
Total undue receivables	14.136	--
Total allowances	1.127	--
Amount secured by guarantees etc.	6.366	--

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

(**)As at 31 December 2012, government and private sector bonds amounting TL 59.853 is shown in other (Note 5).

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

Impairment

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Balance at the beginning of the period	(1.127)	(1.048)
Allowance for the period	--	(79)
Balance at the end of the period	(1.127)	(1.127)

Liquidity risk

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 March 2013:

	<u>31 March 2013</u>						
	Note	Carrying Amount	Expected Cash Outflow	3 months or less	3-12 Months	1-5 Years	More than 5 years
Loans and borrowings	6	1.308.111	(1.501.694)	(125.374)	(414.445)	(687.320)	(274.555)
Trade payables	8	43.212	(43.366)	(8.762)	(9.261)	(25.343)	--
Due to related parties	8-9-29	8.140	(8.140)	(36)	(414)	(7.690)	--
Other payables (*)		13.016	(13.016)	(7.363)	(1.967)	(3.686)	--
Other short term liabilities (*)		6.296	(6.296)	(4.301)	(1.995)	--	--
Interest rate swap		7.230	(7.303)	(1.489)	(1.356)	(4.458)	--
Total		1.386.005	(1.579.815)	(147.325)	(429.438)	(728.497)	(274.555)

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

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

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

31 December 2012							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Outflow</u>	<u>3 months or less</u>	<u>3-12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
Loans and borrowings	6	1.292.033	(1.496.119)	(52.030)	(325.628)	(813.974)	(304.487)
Trade payables	8	54.237	(54.347)	(7.927)	(13.573)	(32.737)	--
Due to related parties	8-9-29	8.589	(8.589)	(179)	(876)	(7.534)	--
Other payables (*)		14.187	(14.187)	(8.071)	(2.477)	(3.639)	--
Other short term liabilities (*)		2.638	(2.638)	(249)	(1.632)	(757)	--
Interest rate swap		9.704	(10.039)	--	(3.906)	(6.133)	--
Total		1.381.388	(1.585.809)	(68.456)	(348.092)	(864.774)	(304.487)

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

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

Currency risk

Exposure to currency risk

As at 31 March 2013, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

	31 March 2013			
	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	5.567	11	2.392	--
2a. Monetary Financial Assets (including Cash and Cash at Banks)	333.985	140.896	34.129	4
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	16.729	646	6.710	--
4. Current Assets (1+2+3)	356.281	141.553	43.231	4
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	16.432	3.876	4.060	7
8. Non-current Assets (5+6+7)	16.432	3.876	4.060	7
9. Total Assets (4+8)	372.713	145.429	47.291	11
10. Trade Payables	12.137	1.649	3.948	--
11. Financial Liabilities	270.389	29.528	93.571	--
12a. Other Monetary Liabilities	98	--	42	--
12b. Other Non-monetary Liabilities	9.087	2	3.917	--
13. Short Term Liabilities (10+11+12)	291.711	31.179	101.478	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	773.329	77.380	273.134	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4.740	1.316	1.017	--
17. Long Term Liabilities (14+15+16)	778.069	78.696	274.151	--
18. Total Liabilities (13+17)	1.069.780	109.875	375.629	--
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Total Assets Hedged (**)	--	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(697.067)	35.555	(328.338)	11
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(716.401)	32.350	(334.174)	4
22. Total fair Value of Financial Instruments Used For Currency Hedge (**)	--	--	--	--
23. Export (**)	--	--	--	--
24. Import (**)	--	--	--	--

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(Currency: Thousands of TL)

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

Currency risk (continued)

Exposure to currency risk (continued)

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

	31 December 2012			
	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	6.057	11	2.567	--
2a. Monetary Financial Assets (including Cash and Cash at Banks)	317.143	156.582	16.164	5
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	14.906	607	5.878	--
4. Current Assets (1+2+3)	338.106	157.200	24.609	5
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	7	--	--	7
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	6.667	2.293	1.097	--
8. Non-current Assets (5+6+7)	6.674	2.293	1.097	7
9. Total Assets (4+8)	344.780	159.493	25.706	12
10. Trade Payables	14.549	2.246	4.485	--
11. Financial Liabilities	266.847	29.311	91.252	--
12a. Other Monetary Liabilities	428	--	182	--
12b. Other Non-monetary Liabilities	8.861	2	3.767	--
13. Short Term Liabilities (10+11+12)	290.685	31.559	99.686	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	764.399	76.521	267.037	--
16a. Other Monetary Liabilities	2.276	1.249	21	--
16b. Other Non-monetary Liabilities	3.889	--	1.654	--
17. Long Term Liabilities (14+15+16)	770.564	77.770	268.712	--
18. Total Liabilities (13+17)	1.061.249	109.329	368.398	--
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Total Assets Hedged (**)	--	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(716.467)	50.165	(342.690)	12
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(725.291)	47.266	(344.246)	12
22. Total fair Value of Financial Instruments Used For Currency Hedge (**)	--	--	--	--
23. Export (**)	--	--	--	--
24. Import (**)	--	--	--	--

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

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(Currency: Thousands of TL)

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

Currency risk (continued)

Sensitivity analysis

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

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

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

Currency Sensitivity Analysis				
31 March 2013				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
1- Net USD asset/liability	6.431	(6.431)	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	6.431	(6.431)	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(76.138)	76.138	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(76.138)	76.138	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1	(1)	--	--
TOTAL (3+6+9)	(69.706)	69.706	--	--

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

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

Currency risk (continued)

Sensitivity analysis (continued)

Currency Sensitivity Analysis				
31 December 2012				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
1- Net USD asset/liability	8.492	(8.942)	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	8.942	(8.942)	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(80.590)	80.590	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(80.590)	80.590	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1	(1)	--	--
TOTAL (3+6+9)	(71.646)	71.646	--	--

Interest rate risk

Profile

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Fixed rate instruments		
Financial assets	295.887	372.976
Financial liabilities	212.039	201.076
Variable rate instruments		
Financial assets	81.484	58.245
Financial liabilities	1.096.073	1.090.957

Fair value sensitivity analysis for fixed rate instruments:

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

Akfen Holding Anonim Şirketi

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

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in TRY Base Interest Rate, Euribor or Libor rate, when the effect of derivative financial instruments is disregarded, caused to approximately TL 10.960 (31 December 2012: TL 10.910) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 1.378 of this amount (31 December 2011: TL 1.850) was hedged with due interest rate swap (whole amount arises from HEPP companies; Beyobası and Çamlıca (31 December 2012: TL635 HES I, TL 484 HES IV, TL 731 HES V)). Because of this reason, the net risk on profit and loss is TL 9.582 (31 December 2012: TL 9.060).

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

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

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

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

Capital Risk Management

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

Group may determine on amount of dividend to be paid, issue new stocks and sell its assets to decrease indebtedness for the purpose of protection or restructuring of capital.

Group monitors the capital by using net financial liabilities/equity ratio. Net financial liability is calculated by subtracting cash and cash equivalents from total financial liabilities.

As at 31 March 2013 and 31 December 2012, net financial liabilities/equity ratios are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Total financial liabilities	1.308.111	1.292.033
Cash and banks(*)	(459.120)	(434.388)
Net financial liabilities	848.991	857.645
Equity	1.727.661	1.709.824
Net financial liability/equity ratio	0,49	0,50

(*)As at 31 March 2013 and 31 December 2012, in addition to cash and cash equivalents, restricted cash balances and time deposits with maturity longer than three months which are presented in financial assets, are included in cash and banks.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

31 SUBSEQUENT EVENTS

Akfen Holding and it's Subsidiaries:

Akfen Holding:

The Company's appeal to increase share capital from TL 145.500 to TL 291.000 through internal resources, via a bonus share issue, was approved by CMB's meeting numbered 12/401 on 04 April 2013 and the decision was notified to the Company by the letter of CMB numbered 29833736-110.02-1026 on 09 April 2012. The distribution of shares as a result of capital increase through bonus share issue was done on 10 April 2013.

On 17 April 2013, Company has purchased 50.000 shares of Akfen GYO with an amount of TL 1,61 for each. After that transaction Company's share on Akfen GYO rose from 56,42% to 56,44% as at 17 April 2013. After the purchases made, total number of shares of Akfen GYO belonging to Akfen Holding became 103,858,112 and 8,701,728 (4,73% of total capital) of these shares are public in nature.

Akfen Holding paid its loan amounting to USD 75.000.000 through the money in related deposit account on 30 April 2013.

Company's Ordinary General Meeting of Shareholders will be held on 28 May 2013 at Company's head office in order to analyze the works for 2012 operating year.

According to Board Decision on 03 May 2013, related with profit for the year of 2012 and retained earnings, the decision for dividend distribution amounting full TL 25.529.166,46 (TL 0,0877 gross per share) on 30 May 2013 will be presented to shareholders on Company's Ordinary General Meeting on 28 May 2013.

According to the decision of Board of Directors on 03 May 2013, Mr. Şaban Erdikler and Mr. Nusret Cömert became "Candidate for Independent Members of the Board of Directors" to be presented to approval of General Assembly.

Akfen GYO

In order to ensure the compliance with effective Turkish Commercial Code and Law, decision was made for change of 3.,7.,8.,9.,14.,15.,16.,18.,19.,21.,22.,23.,24.,26.,27.,28.,31.,33.,35.,36. and 37. clauses of Akfen GYO's Article of Association and the related appeal for the change was made to CMB.

Within the Board Decision of Akfen GYO on 19 April 2013; Akfen GYO's Ordinary General Meeting of Shareholders will be held on 23 May 2013 at 14:00 at Akfen GYO's head office.

Within the Board Decision of Akfen GYO on 25 April 2013; according to consolidated financial statements for the period of 01 January 2012-31 December 2012; after subtracting tax expense from profit for the period, net profit for the period is TL 24.202. However, according to nonconsolidated financial statements prepared based on the Tax Procedure Law and Turkish Commercial Code, net profit for the period is TL 4.127 and after netting off with previous years' losses in nonconsolidated financial statements amounting TL 64.995, there is no distributable profit. Decision for not distributing the profit will be presented to approval of General Assembly.

Akfen Holding Anonim Şirketi

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three-month period ended 31 March 2013

(Currency: Thousands of TL)

31 SUBSEQUENT EVENTS (continued)

Akfen Holding and its Subsidiaries (continued)

Akfen GYO (continued)

According to Akfen GYO's board decision on 25 March 2013; as per the regulation "Within the framework of principles pertaining to independence of members of the board of directors as specified in Corporate Governance Principles of the Capital Markets Board, sufficient quantity of independent board members, being no less than 2 (two), shall be elected to the Board of Directors, by the general assembly." As included in Akfen GYO's articles of association; and the report submitted by the Corporate Governance Committee, it has been resolved to determine the below specified persons as "Candidates for Independent Members of the Board of Directors", to be submitted for the approval of the shareholders; Mr. Mehmet Semih Çiçek, Mr. Mustafa Dursun Akın and Mr. Ahmet Seyfi Usluoğlu.

Joint ventures:

TAV Havalimanları

In order to comply with 6102 numbered Turkish Commercial Code; decision was made for appealing to CMB for change in 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 34A, 34B, 35, 36, 37, 38, 39, 40, 41, 42. and cancellation of 43. and 44. clauses of Article of Association. Subsequent to CMB's and Customs and Trade Ministry's approval changes will be presented to General Assembly's approval.

According to special material disclosure announced on 30 April 2013, Board of Directors of TAV Havalimanları made a decision to join tender that will be held by DHMI on 3 May 2013 for New İstanbul Airport which will be launched as a BOT. Project will be based on Law 3996 and decision of Council of Ministers numbered 2011/1807.

According to material disclosure announced on 3 May 2013, it has been announced that the winning bid for the tender made on May 3, 2013 as per the tender specifications of İstanbul's New Airport Project to be undertaken by Build-Operate-Transfer model within the framework of the procedures and principles defined by the DHMI as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than TAV Havalimanları. TAV Havalimanları has not received any written notification regarding the tender result yet.

TAV Yatırım

TAV İnşaat won the design and construction tender for Terminal 5 of King Khaled Airport in Saudi Arabia on 14 May 2013. The terminal building that will be completed in 18 months with an investment amount of USD 400 million. TAV İnşaat has a 50% share on this project.

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

None.