

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

AKFEN HOLDİNG ANONİM ŞİRKETİ
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 1 JANUARY 2015 - 31 MARCH 2015

INDEX	PAGES
CONSOLIDATED BALANCE SHEET.....	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3-4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5-6
CONSOLIDATED STATEMENT OF CASH FLOWS	7-8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	9-82
NOTE 1 REPORTING ENTITY	9
NOTE 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS	17
NOTE 3 BUSINESS COMBINATIONS.....	25
NOTE 4 SEGMENT REPORTING	26
NOTE 5 CASH AND CASH EQUIVALENTS.....	29
NOTE 6 LOANS AND BORROWINGS	31
NOTE 7 TRADE RECEIVABLES AND PAYABLES	44
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	47
NOTE 9 INVENTORIES	48
NOTE 10 INVESTMENT PROPERTY	49
NOTE 11 INVESTMENT IN EQUITY ACCOUNTED INVESTEES	53
NOTE 12 PROPERTY, PLANT AND EQUIPMENT	54
NOTE 13 INTANGIBLE ASSETS.....	56
NOTE 14 GOODWILL	57
NOTE 15 GOVERNMENT GRANTS	57
NOTE 16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	57
NOTE 17 COMMITMENT AND CONTINGENCIES	58
NOTE 18 EMPLOYEE BENEFITS	59
NOTE 19 OTHER ASSETS AND LIABILITIES	59
NOTE 20 PREPAID EXPENSES.....	60
NOTE 21 EQUITY	61
NOTE 22 REVENUE AND COST OF SALES	64
NOTE 23 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES	64
NOTE 24 OTHER INCOME/EXPENSE.....	65
NOTE 25 FINANCIAL INCOME.....	66
NOTE 26 FINANCIAL EXPENSE	66
NOTE 27 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	66
NOTE 28 TAXATION	67
NOTE 29 EARNINGS PER SHARE	70
NOTE 30 RELATED PARTY DISCLOSURES	71
NOTE 31 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	73
NOTE 32 SUBSEQUENT EVENTS.....	82
NOTE 33 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE	82

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish
Akfen Holding Anonim Şirketi
Consolidated Balance Sheet as at 31 March 2015
(Currency: Thousands of TL)

	<i>Notes</i>	<i>Not-Audited</i> <i>31 March 2015</i>	<i>Audited</i> <i>31 December 2014</i>
ASSETS			
Current Assets		779,479	564,851
Cash and cash equivalents	5	229,752	63,736
Trade receivables		124,093	115,043
- <i>Due from related parties</i>	7-30	5,738	822
- <i>Trade receivables from third parties</i>	7	118,355	114,221
Other receivables		12,912	2,190
- <i>Other receivables from related parties</i>	8-30	780	652
- <i>Other receivables from third parties</i>	8	12,132	1,538
Inventories	9	274,872	252,387
Prepaid expenses	20	12,227	7,805
Current tax assets		952	7,732
Other current assets	19	124,671	115,958
Non-Current Assets		3,503,537	3,342,575
Trade receivables		136,047	135,624
- <i>Trade receivables from third parties</i>	7	136,047	135,624
Other receivables		66,438	66,726
- <i>Other receivables from related parties</i>	8-30	51,238	51,690
- <i>Other receivables from third parties</i>	8	15,200	15,036
Investments in equity accounted investees	10	692,368	631,082
Investment property	11	1,400,600	1,351,891
Property, plant and equipment	12	922,116	875,349
Intangible assets	13	83,426	83,560
Goodwill	14	3,309	3,309
Deferred tax assets	28	81,537	77,457
Prepaid expenses	20	14,564	14,333
Other non-current assets	19	103,132	103,244
TOTAL ASSETS		4,283,016	3,907,426

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

Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as at 31 March 2015

(Currency: Thousands of TL)

LIABILITIES	Notes	Not-Audited 31 March 2015	Audited 31 December 2014
Current Liabilities		676,517	720,603
Short term loans and borrowings	6	--	31,809
Short term portion of long term loans and borrowings	6	302,035	331,706
Trade payables		43,525	30,815
- <i>Due to related parties</i>	7-30	2,848	1,530
- <i>Trade payables to third parties</i>	7	40,677	29,285
Other payables		32,724	41,820
- <i>Other payables to related parties</i>	8-30	17,390	25,911
- <i>Other payables to third parties</i>	8	15,334	15,909
Employee benefit obligations		574	574
Current tax liabilities		82	--
Deferred income		290,645	278,772
Short term provisions		3,630	3,655
- <i>Provision for employee benefits</i>	16	2,840	2,865
- <i>Other provisions</i>	16	790	790
Other current liabilities		3,302	1,452
Non-Current Liabilities		1,970,995	1,515,117
Long term loans and borrowings	6	1,872,283	1,414,551
Trade payables		291	8,411
- <i>Due to related parties</i>	7-30	39	39
- <i>Trade payables to third parties</i>	7	252	8,372
Other payables		12,767	12,408
- <i>Other payables to related parties</i>	8-30	8,007	7,737
- <i>Other payables to third parties</i>	8	4,760	4,671
Deferred tax liability	28	83,383	76,828
Long term provisions		2,271	2,919
- <i>Provision for employee benefits</i>	18	2,149	2,797
- <i>Other long term provisions</i>	16	122	122
EQUITY		1,635,504	1,671,706
Total Equity Attributable to Equity Holders of the Parent		1,254,716	1,296,841
Paid in capital	21	261,900	291,000
Adjustments to share capital		(7,257)	(7,257)
Share premium		107,054	211,695
Treasury shares (-)	21	(58,071)	(167,264)
Business combination of entities under common control		6,236	6,236
Other comprehensive income/expense not to be reclassified to profit or loss		78,477	78,697
- <i>Revaluation reserve</i>		81,192	81,192
- <i>Actuarial gain/loss arising from defined benefit plans</i>		(2,715)	(2,495)
Other comprehensive income/expense to be reclassified to profit or loss		125,913	63,102
- <i>Foreign currency translation reserve</i>	21	141,471	81,675
- <i>Cash flow hedge reserves</i>	21	(15,558)	(18,573)
Restricted reserves allocated from profit		78,550	187,743
Retained earnings		742,082	644,752
Net (loss)/profit for the period		(80,168)	(11,863)
Non-controlling interests	21	380,788	374,865
TOTAL EQUITY AND LIABILITIES		4,283,016	3,907,426

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

		<i>Not-Audited</i>	<i>Not-Audited</i>
	<u>Notes</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
PROFIT OR LOSS			
Revenue	22	50,441	26,490
Cost of sales (-)	22	(19,366)	(10,751)
GROSS PROFIT		31,075	15,739
General administrative expenses (-)	23	(17,807)	(13,366)
Other operating income	24	23,561	2,859
Other operating expense (-)	24	(2,814)	(2,542)
Share on profit/(loss) of equity-accounted investees, net of tax	10	4,839	20,658
OPERATING PROFIT		38,854	23,348
Income from investment activities		68	760
Expense from investment activities		--	(457)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		38,922	23,651
Financial income	25	11,398	4,955
Financial expense	26	(130,239)	(64,612)
PROFIT/(LOSS) BEFORE TAX		(79,919)	(36,006)
Tax Income/(Expense)		(979)	4,601
Tax expense	28	(999)	(1,182)
Deferred tax income	28	20	5,783
PROFIT/(LOSS) FOR THE PERIOD		(80,898)	(31,405)
PROFIT/(LOSS) FOR THE PERIOD		(80,898)	(31,405)
Profit/(Loss) Attributable To:			
Non-controlling interest		(730)	(6,597)
Equity holders of the parent		(80,168)	(24,808)
Profit/(Loss) for the Period		(80,898)	(31,405)
Basic and diluted earnings/(losses) per share	29	(0.316)	(0.094)

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

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Akfen Holding Anonim Şirketi
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Three Month Period Ended 31 March 2015
(Currency: Thousands of TL)

	<i>Not-Audited</i> <i>31 March 2015</i>	<i>Not-Audited</i> <i>31 March 2014</i>
OTHER COMPREHENSIVE INCOME	(80,898)	(31,405)
Items not to be reclassified to profit or loss in subsequent periods		
Items not to be reclassified to comprehensive income in subsequent periods from equity accounted investees	24,636	(339)
Items to be reclassified to profit or loss in subsequent periods		
Foreign currency translation differences 25	12,550	(6,133)
Items to be reclassified to comprehensive income in subsequent periods from equity accounted investees	57,179	2,357
OTHER COMPREHENSIVE INCOME	94,365	(4,115)
TOTAL COMPREHENSIVE INCOME	13,467	(35,520)
Total comprehensive income attributable to:		
Non-controlling interest	(28,778)	(11,515)
Equity holders of the parent	42,245	(24,005)
Total comprehensive income	13,467	(35,520)

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

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

Akfen Holding Anonim Şirketi

Consolidated Statements of Changes in Equity For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss		Retained Earnings		Total	Non-controlling interest	Total equity	
							Translation differences	Cash flow hedging reserve	Revaluati on reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings				Profit/(loss) for the period
Balances at 1 January 2014	291,000	(7,257)	211,118	(34,661)	(57,159)	6,236	101,270	(12,027)	56,367	(1,921)	111,010	765,882	(73,173)	1,356,685	406,187	1,762,872
Total comprehensive income/(expense) for the period																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	(24,808)	(24,808)	(6,597)	(31,405)
Other comprehensive income																--
Foreign currency translation differences	--	--	--	--	--	--	4,085	--	--	--	--	--	--	4,085	(4,918)	(833)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	(20)	--	--	25	--	5	--	5
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(344)	--	--	--	(344)	--	(344)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(2,943)	--	--	--	--	--	(2,943)	--	(2,943)
Total other comprehensive income/(expense)	--	--	--	--	--	--	4,085	(2,943)	(20)	(344)	--	25	--	803	(4,918)	(4,115)
Total comprehensive income/(expense)	--	--	--	--	--	--	4,085	(2,943)	(20)	(344)	--	25	(24,808)	(24,005)	(11,515)	(35,520)
Transfers	--	--	--	--	--	--	(2,732)	--	--	--	--	(70,441)	73,173	--	--	--
Reserves from acquisition of own shares	--	--	--	--	--	--	--	--	--	--	21,513	(21,513)	--	--	--	--
Transactions with subsidiaries	--	--	577	--	--	--	--	--	--	--	--	--	--	577	(577)	--
Acquisition of own shares	--	--	--	--	(21,513)	--	--	--	--	--	--	--	--	(21,513)	--	(21,513)
Total transactions with owners	--	--	577	--	(21,513)	--	(2,732)	--	--	--	21,513	(91,954)	73,173	(20,936)	(577)	(21,513)
Balances at 31 March 2014	291,000	(7,257)	211,695	(34,661)	(78,672)	6,236	102,623	(14,970)	56,347	(2,265)	132,523	673,953	(24,808)	1,311,744	394,095	1,705,839

(*) Article 520 of Law No. 6102 divided the amount that meets the acquisition value for the shares bought back in accordance with the reserves. As of 31 March 2014, in the consolidated financial statements there is restricted reserves allocated in the reserves amounting to TL 21,513 in 2014 related to the repurchase of shares.

(**) Explained in Note 21,

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

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

Akfen Holding Anonim Şirketi

Consolidated Statements of Changes in Equity For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss		Retained Earnings		Total	Non-controlling interest	Total equity	
							Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings				Profit/(loss) for the period
Balances at 1 January 2015	291,000	(7,257)	211,695	--	(167,264)	6,236	81,675	(18,573)	81,192	(2,495)	187,743	644,752	(11,863)	1,296,841	374,865	1,671,706
Total comprehensive income/(expense) for the period																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	(80,168)	(80,168)	(730)	(80,898)
Other comprehensive income																--
Foreign currency translation differences	--	--	--	--	--	--	59,796	--	--	--	--	--	--	59,796	6,653	66,449
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(220)	--	--	--	(220)	--	(220)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	3,015	--	--	--	--	--	3,015	--	3,015
Total other comprehensive income/(expense)	--	--	--	--	--	--	59,796	3,015	--	(220)	--	--	--	62,591	6,653	69,244
Total comprehensive income/(expense)	--	--	--	--	--	--	59,796	3,015	--	(220)	--	--	(80,168)	(17,577)	5,923	(11,654)
Transfers	--	--	--	--	--	--	--	--	--	--	--	(11,863)	11,863	--	--	--
Capital decrease	(29,100)	--	--	--	29,100	--	--	--	--	--	--	--	--	--	--	--
Capital decrease losses	--	--	(104,641)	--	104,641	--	--	--	--	--	--	--	--	--	--	--
Reserves from acquisition of own shares	--	--	--	--	--	--	--	--	--	--	(109,193)	109,193	--	--	--	--
Acquisition of own shares	--	--	--	--	(24,548)	--	--	--	--	--	--	--	--	(24,548)	--	(24,548)
Total transactions with owners	(29,100)	--	(104,641)	--	109,193	--	--	--	--	--	(109,193)	97,330	11,863	(24,548)	--	(24,548)
Balances at 31 March 2015	261,900	(7,257)	107,054	--	(58,071)	6,236	141,471	(15,558)	81,192	(2,715)	78,550	742,082	(80,168)	1,254,716	380,788	1,635,504

(*) Article 520 of Law No. 6102 divided the amount that meets the acquisition value for the shares bought back in accordance with the reserves. As of 22 January 2015, in the consolidated financial statements there is restricted reserves allocated in the reserves amounting to TL 24,548 related to the repurchase of shares.

(**) Explained in Note 21,

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Cash Flow

For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not-Audited</u> <u>31 March 2015</u>	<u>Not-Audited</u> <u>31 March 2014</u>
Cash flows from operating activities:			
(Loss)/Profit for the period		(80,898)	(31,405)
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangibles	12-13	7,982	4,576
Provision for employee termination benefits		(444)	19
Unearned interest income/(expense), net		2,163	(1,073)
Profit from sale of subsidiary and affiliate		--	82
Shares on profit of investments in equity accounted investees	10	(4,839)	(20,658)
Provision for vacation pay		(25)	161
Unrealized foreign exchange differences		95,139	46,506
Interest expense/income, net	25-26	36,508	24,246
Tax expense	28	979	(4,601)
Cash flow from operating activities before changes in working capital		56,565	17,853
<i>Changes in:</i>			
Other current trade receivables		(4,134)	(7,650)
Other current non-trade receivables		(10,594)	(4,566)
Other current assets		(6,358)	(3,009)
Other non-current trade receivables		(423)	81
Other non-current non-trade receivables		(164)	(243)
Inventories		(22,485)	(9,783)
Due from related parties		(4,592)	760
Other non-current assets		332	1,207
Other current trade payables		11,392	(2,987)
Other current non-trade payables		948	(5,809)
Other current liabilities		13,801	3,002
Other non-current trade payables		(8,120)	(8,120)
Other non-current payables		89	(167)
Due to related parties		(6,933)	(49)
Cash provided/(used) by operating activities		19,324	(19,480)
Taxes paid		(27)	(965)
Retirement benefit paid		(204)	(7)
Dividends received from investments in equity accounted investees		--	16,158
Net cash provided/(used) by operating activities		19,093	(4,294)

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Akfen Holding Anonim Şirketi
Consolidated Statement of Cash Flow
For the Three Month Period Ended 31 March 2015
(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not-Audited</u> <u>31 March 2015</u>	<u>Not-Audited</u> <u>31 March 2014</u>
Cash flows from investing activities			
Interest received		890	4,143
Acquisition of property, plant and equipment and intangible assets	12-13	(54,616)	(30,465)
Purchases of investment properties	11	(25,546)	(12,369)
Increase/(decrease) in financial investments		(449)	910
Sale of subsidiary and entity under common control		--	272
Acquisition of subsidiaries and affiliates		(4,500)	--
Net cash provided by operating activities		(84,221)	(37,509)
Cash flows from financing activities			
Proceeds from borrowings		606,669	649,936
Repayment of borrowings		(313,579)	(427,355)
Interest paid		(37,398)	(28,388)
Change in project reserve accounts		(25,128)	10,480
Acquisition of own shares		(24,548)	(21,513)
Change in non-controlling interests		--	(577)
Net cash (used in)/ provided by financing		206,016	182,583
Net increase in cash and cash equivalents		140,888	140,780
Cash and cash equivalents at period start	5	48,139	94,480
Cash and cash equivalents at period end	5	189,027	235,260

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY

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

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

As at 31 March 2015, Akfen Holding has 6 (31 December 2014: 6) subsidiaries and 6 (31 December 2014: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 31 December 2014 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 İnşaat”), PSA International (“PSA”), Souter Investments LLP (“Souter”), Kardan N.V. and Aéroports de Paris Management. There is also a Memorandum of Understanding (“MoU”) between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, based on Novotel and Ibis Hotel to be constructed in Turkey.

Akfen Holding is registered on the Capital Markets Board (“CMB”) and its shares are traded on the Borsa İstanbul A.Ş. (‘BİAŞ’) under ‘AKFEN’ code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 31 March 2015 are as follows (Note: 21):

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

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

** Publicly owned.

*** As at 31 March 2015 there are 4,163,894 shares of Akfen Holding, 1.59% of the paid-in capital, which are public in nature and so 12,153,700 shares in total are being held by Akfen Holding, which make up 4.64% of the paid-in capital of the Company (As at 31 December 2014 there are 29,100,00 Akfen Holding shares held by Akfen Holding, 10% of the paid-in capital, which are public in nature).

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

Koza Sokak No:22 Gaziosmanpaşa

06700/ Ankara-Türkiye

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 31 March 2014 is 352 (31 December 2014: 346) and 36,441 (31 December 2014: 36,166), respectively.

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

i) Subsidiaries

Akfen İnşaat Turizm ve Ticaret A.Ş.

Akfen Holding owns 99.85% of Akfen İnşaat Turizm ve Ticaret A.Ş. (“Akfen 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 2.06 billion dollars of construction projects.

The major projects include airport terminals plus associated infrastructure, natural gas pipe lines/distribution systems, hospitals, schools, residences, industrial plants, energy projects in hydroelectric / thermal sectors, water distribution, sewage systems and waste water treatment facilities.

Akfen İnşaat continues the construction of a real estate project, İncek Loft, in Ankara İncek, in a construction area of 279 thousands m² and the launch of the project having 1,199 units has started as at 25 April 2014.

The reverse auction for the tender concerning the “Construction works and the provision of products and services for Isparta City Hospital through Public Private Partnership Model (“PPP”) of Republic of Turkey Ministry of Health, Department of Public Private Partnership (“Administration”) took place on 22 February 2013. The best “all inclusive yearly price” was submitted by Akfen Holding’s wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. with TL 52,250. As a result of the meetings held with the Ministry of Health, Department of Public Private Partnership, last offer submitted by Akfen İnşaat amounted to TL 49,850. Republic of Turkey Ministry of Health sent for approval to the Higher Planning Council (“HPC”) on September 2013 and the approval of HPC was obtained in December 2013. Based on this, Isparta Şehir Hastanesi Yatırım İşletme A.Ş. was established and registered on 11 August 2014, which is subsidiary of Akfen İnşaat. The negotiations have been completed in a positive way, Republic of Turkey Ministry of Health made the final notification stating that the tender for the construction and operation of Isparta City Hospital with PPP model, was awarded to Akfen İnşaat on 6 August. Project agreement was signed on 26 August 2014 and for the transfer of land from The Ministry of Health to Akfen İnşaat the preparation of the usufruct right contract is completed and land delivery is expected after the approval of the final projects by the Ministry of Health. A loan agreement for the financing of the investment has been signed in the amount of US \$ 230 million on 22 January 2015, Isparta Şehir Hastanesi Yatırım İşletme A.Ş. is fully consolidated under Akfen İnşaat.

Akfen İnşaat has submitted the best offer in the reverse auction bidding on 26 December 2014 for the Eskişehir Hospital project, which has a capacity of 1,081 beds and negotiations are continuing with the Ministry of Health PPP department.

In addition, pre-qualification have been obtained for Tekirdag Health Campus, which has 480 bed capacity, Samsun Health Campus, which has 900 bed capacity, Denizli Health Campus, which has 1,000 bed capacity, Şanlıurfa Health Campus, which has 1,700 bed capacity; while application for pre-qualification for Uskudar State Hospital, which has 425 bed capacity and Bakırköy State Hospital Integrated Health Campus, which has 1,043 bed capacity were made and results of the pre-qualification from PPP Department are awaited.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

i) Subsidiaries (continued)

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

Akfen İnşaat, participated in Hacettepe Teknokent Eğitim ve Klinik Araştırma Merkezi Sağlık AR-GE Danışmanlık Proje Sanayi ve Ticaret A.Ş. ("Hacettepe Teknokent") by purchasing 45% shares paying 26.3 million TL to Renkyol Müteahhitlik San. ve Tic. A.Ş. ("Renkyol"), T.R. Hacettepe University has extended the usufruct right to invest in and to operate the student housing project with a capacity of 7,340 people (which can go up to 15,000), commercial areas and a complex with social facilities, for a period of 49-years to Hacettepe Teknokent. The project will include 7 dormitory blocks (approximately with 2,700 room capacity). 64.29% of the contracting of the project investment comprised of approximately 125.2 thousand m² construction area will be made by Akfen İnşaat. The first two blocks, which have 1,136 beds capacity, is expected to be completed in the second quarter of 2015 and design, architecture and mobilization procedures are continuing for the second stage, Hacettepe Teknokent is incorporated to the consolidation under Akfen İnşaat by using the equity method.

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 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 Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

i) Subsidiaries (continued)

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (continued)

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

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

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.

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

Akfen GYO established a subsidiary named Hotel Development and Investment BV (‘HDI’), with a 100% ownership, in the Netherlands on 18 March 2011 in order to develop hotel projects in Russia, HDI took over the shares of Severnyi Avtovokzal LLC (which is based on Russia) with share sales agreement between HDI and Beneta Limited on 4 September 2013, Severnyi has the rights of a project with 2,010 m² sized plot of land and 317-rooms capacity hotel (over the land) in Central Moscow with a license for construction.

As at 31 March 2015, Akfen GYO owns 17 hotels with a total number of 2,911 rooms and the number of beds are 5,830. Three hotels under construction have the total number of 717 rooms and 1,434 beds. Once the hotels in the construction phase and in the project phase have been completed the total number of hotels to be operational will reach 20, the number of rooms 3,628 and the corresponding number of beds in these rooms will reach 7,264.

HEPP Group

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

i) Subsidiaries (continued)

HEPP Group (continued)

As at 31 March 2015, a total of 14 projects are included in AkfenHES and total electricity generation capacity is 237.8 MW, 11 power plants having 203.0 MW installed power capacity and 847.8 GWh electricity generation capacity are operated for energy generation and the construction of 2 power plants with 24.8 MW installed power capacity and 73.1 GWh electricity generation capacity is in progress. Preliminary construction preparations continue at Çalıkobası HES project of HHK Enerji Elektrik Üretim A.Ş. (“HHK”) and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. (“Kurtal”). In addition, there is 1 hydroelectrical power plant with 10.0 MW installed power capacity and 42.5 GWh annual electricity generation capacity in planning phase. After completion of all projects, expected installed power capacity will be 237.8 MW and electricity generation capacity will be 963.4 GWh/year for a total of 14 power plants.

All projects are subject to the Law Regarding Use of Renewable Energy Resources for the Purpose of Electricity Production. In the case that these projects obtain the Renewable Energy Resources Certificate and all investments are completed by 31 December 2015, these projects will be able to benefit from the Government’s purchase guarantee for 10 years of 7.3 US Dollar cent/kWh.

As at 31 March 2015, subsidiaries of HEPP Group are, Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş., Beyobası Enerji Üretim A.Ş. (“Beyobası”), Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (“Bt Bordo”), Çamlıca Elektrik Üretim A.Ş. (“Çamlıca”), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Elen”), HHK, Kurtal, Laleli Enerji Elektrik Üretim A.Ş., Memülü Enerji Elektrik Üretim A.Ş., Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Pak”), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş., Yeni Doruk Enerji Elektrik Üretim A.Ş. (“Yeni Doruk”), Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş.

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

Akfen Termik Enerji Yatırımları A.Ş.

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

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

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 (“CCGT”) to 1,148.4 MW and EMRB’s favorable decision notice has been received. Environmental Impact Assessment (‘EIA’) Report for the project has been analyzed by Ministry of Environment and Urban Planning Inspection and Analyzing Commission and the report was accepted as decisive and analysis have been completed. Moreover, construction of the transformer station constructed free of charge to be turned over to TEİAŞ was completed and provisional acceptance was obtained and started on 7 April 2013,

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

i) Subsidiaries (continued)

Akfen Termik Enerji Yatırımları A.Ş. (continued)

EIA Application File submitted to the Ministry for 380 kV Mersin CCGT – Konya Ereğli TM transmission line project of Akfen Enerji Üretim, Akfen Enerji Üretim was inspected and approved within the 8th article of EIA Regulation, EIA process of the project has been completed. On the other hand, for the bid process of Engineering-Procurement-Construction (“EPC”), various turnkey offers were gathered from different turbine producers and EPC contract period was completed. It is planned to make premise notice for construction preparations following the EPC contractor selection and completion of EPC contract.

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

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

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

RES Group

In order to build the structure of Akfenres Rüzgar Enerjisi Yatırımları A.Ş. (“AkfenRES” or “RES Group”), the transformation of Sim-Er Enerji Üretim Sanayi Ve Ticaret Ltd. Şti., consolidated under Akfen Holding, to AkfenRES was completed on 6 February 2014 and 7 new companies with specific purposes of setting up wind measurement poles and wind measurement were founded under AkfenRES. Four other companies, which have wind measurement poles settled up and measuring wind, were acquired on 10 February 2014 and one other company was acquired on 26 September 2014. As at 31 December 2014, Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., Kavança Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. are the subsidiaries of RES Group with 100% ownership. The process of developing wind power plant projects has begun, and the process continues with 14 measurement poles having an estimated 945 MW installed capacity.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

1 REPORTING ENTITY (continued)

ii) Joint Ventures

TAV Havalimanları Holding A.Ş.

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

TAV İstanbul Terminal İşletmeciliği A.Ş. signed a rental contract with the General Directorate of State Airports Operations (“DHMI”) on 3 June 2005 in order to operate AUHT and Atatürk Airport Domestic Terminal for 15,5 years until 2021.

In Turkey, for Ankara Esenboğa Airport, İzmir Adnan Menderes International Terminal and Antalya Gazipaşa Airport TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. (“TAV Esenboğa”), TAV İzmir Terminal İşletmeciliği A.Ş. (“TAV İzmir”), TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) and TAV Milas Bodrum Terminal İşletmeciliği A.Ş. companies made Build – Operate – Transfer Agreements with Turkish State Airport Operations (“DHMI”), TAV Urban Georgia LLC (“TAV Tbilisi”) signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations (“JSC”); TAV Batumi Operations LLC (“TAV Batumi”) signed a Build – Operate – Transfer Agreement with Georgia Ministry of Economic Development (“GMED”); TAV Tunisia SA (“TAV Tunisia”) signed a Build – Operate – Transfer Agreement with Tunisia State Airports Operations (“OACA”) for Monastir and Enfidha Airports; TAV Macedonia 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. At the end of the agreement period, TAV Havalimanları will transfer the property of built airport to respective institution (DHMI, JSC, GMED, OACA, MOT, MOTC, and GACA). In addition, the Group also signed individual contracts for the operation of airports thereafter.

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

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.

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(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 operations. 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 Otopark Yatırım ve İşletmeleri A.Ş., TAV İnşaat Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction LLC and TAV – Alrajhi Construction Co, with 100%, 70%, 99.99%, 49% and 50% stakes, respectively.

Mersin Uluslararası Liman İşletmeciliği A.Ş.

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

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.

Akfen 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 6,615 subscribers as at 31 March 2015.

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

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

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. Akfen Holding has joint control with Tepe İnşaat, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. İDO provides passenger and vehicle transportation service under ‘Sea Bus and Fast Ferry Lines’ title both in innercity and the intercity seaways İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 55 sea vehicles (24 sea buses, 19 conventional ferries, 9 fast ferries, 1 passenger boat and 2 service vessels) and 15 lines consisted of 9 sea buses, 2 conventional ferries and 4 fast ferries. The sea buses, fast ferries and conventional ferries have a total of 36,701 passengers capacity for summer period and 30,379 passengers capacity for winter period and 2,736 vehicles capacity for both periods as at 31 March 2015.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2,1 Basis of Presentation

(a) Statement of compliance

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

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

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

In accordance with 5th clause of the Communiqué, Group implements Turkish Accounting Standards (“TAS”). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and related appendixes and interpretations.

Group prepared the condensed interim consolidated financial statements for the period ending 31 March 2015 in accordance with TAS:34 “Interim Financial Reporting”.

The accompanying consolidated interim financial statements as at 31 March 2015 have been approved by the Board of Directors of the Company on 11 May 2015, The General Assembly and the related legal authorities have the authority to revise the statutory and the reported consolidated financial statements.

(b) Preparation of the financial statements

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

(c) Accounting in hyperinflationary periods

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

(d) Basis of measurement

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,1 Basis of Presentation (continued)

(e) Functional and presentation currency

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

<u>Company</u>	<u>Functional Currency</u>
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Termik Enerji	TL
AkfenHES	TL
AkfenRES	TL
Akfen Elektrik Toptan Satış	TL
TAV Havalimanları	Euro
TAV Yatırım	US Dollar
MIP	US Dollar
PSA Liman	TL
Akfen Su	TL
İDO	TL

(f) Basis of consolidation

The accompanying condensed interim consolidated financial statements as at 31 March 2015 include the accounts of the parent company, Akfen Holding, its subsidiaries, investments in equity accounted investees, prepared in accordance with the basis of preparation stated in those financial statements.

Subsidiaries and joint ventures are consolidated through following methods.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,1 Basis of Presentation (continued)

(f) Basis of consolidation (continued)

(i) Subsidiaries

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

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

As at 31 March 2015 and 31 December 2014, ownership and voting right rates of subsidiaries subject to consolidation are as follows:

	Akfen Holding's ownership rate		Akfen Holding's direct or indirect voting rights		Voting rights of Akın Family		Total voting rights		Principal activity
	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	
	<u>March</u>	<u>December</u>	<u>March</u>	<u>December</u>	<u>March</u>	<u>December</u>	<u>March</u>	<u>December</u>	
Akfen İnşaat	99.85	99.85	99.85	99.85	0.15	0.15	100.00	100.00	Construction
Akfen GYO	56.88	56.88	56.88	56.88	16.41	16.41	73.29	73.29	Realestate investment
HES Grubu	100.00	100.00	100.00	100.00	--	--	100.00	100.00	Hydroelectric, electricity production
Akfen Elektrik									
Toptan Satış	100.00	100.00	100.00	100.00	--	--	100.00	100.00	Electricity sales
Akfen Termik									
Enerji	69.50	69.50	69.75	69.75	29.75	29.75	99.50	99.50	Energy
AkfenRES	99.70	99.70	99.80	99.80	--	--	99.80	99.80	Energy

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

(ii) Joint ventures

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,1 Basis of Presentation (continued)

(f) Basis of consolidation (continued)

(ii) Joint ventures (continued)

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

As at 31 March 2015 and 31 December 2014, the detail of joint ventures is as follows.

	31 March 2015		31 December 2014		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	49.98	49.98	Water Treatment
İDO	30.00	30.00	30.00	30.00	Construction and Management
					Marine transportation

(iii) Acquisitions of entities under common control

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

(iv) Transactions eliminated on consolidation

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

(v) Business combinations for acquisition from third parties

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,1 Basis of Presentation (continued)

(g) Foreign currency

(i) Foreign currency transactions

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

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

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

As at 31 March 2015 and 31 December 2014 yearly changes for period ends and as at 31 March 2015 and 31 December 2014 three month average changes are as follows:

	Average Rates		Period End Rates	
	31 March 2015	31 March 2014	31 March 2015	31 December 2014
US Dollar	2.4571	2.2147	2.6102	2.3189
Euro	2.7709	3.0342	2.8309	2.8207
Georgian Lari ("GEL")	1.1854	1.2659	1.1728	1.2450
Macedonian Denar ("MKD")	0.0449	0.0492	0.0459	0.0459
Tunisian Dinar ("TND")	1.2718	1.3818	1.3393	1.2469
Swedish Krona ("SEK")	0.2954	0.3426	0.3049	0.2990
Saudi Riyal ("SAR")	0.6548	0.5905	0.6958	0.6188
Croatian Kuna ("HRK")	0.3608	0.2659	0.3703	0.3692

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,1 Basis of Presentation (continued)

(g) Foreign currency (continued)

(ii) Foreign operations

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

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

2,2 Summary of Significant Accounting Policies

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

Standards issued but not yet effective and not early adopted

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

IFRS 9 Financial Instruments – Classification and measurement

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

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

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

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate.

The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,2 Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

IFRS 9 Financial Instruments (2014)

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,2 Summary of Significant Accounting Policies (continued)

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

IFRS 14 Regulatory Deferral Accounts

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

Improvements to IFRSs

In December 2013. the IASB issued two cycles of Annual Improvements to IFRSs – 2010 – 2012 Cycle and IFRSs – 2011 – 2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective as of 1 July 2014,

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement Decision Requirements

As clarified in the Basis for Conclusions, short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16,35(a) and IAS 38,80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the carrying amount equals to the market value. The amendment is effective retrospectively.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2,2 Summary of Significant Accounting Policies (continued)

Improvements to IFRSs (continued)

Annual Improvements to IFRSs – 2010–2012 Cycle (continued)

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards

The amendment clarifies that in its first IFRS financial statements, a first-time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early application.

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3. not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to the contracts within the context of IAS 39. not just financial assets and financial liabilities. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments did not have an impact on the financial position or performance of the Group.

3 BUSINESS COMBINATIONS

Participating in Hacettepe Teknokent

Akfen İnşaat and Renkyol agreed on transferring 45% of shares of Hacettepe Teknokent on 12 May 2014, TL 12,809 of respective amount was paid in cash, TL 12,300 will be paid by 10 equal installments through notes and TL 1,059 was netted of advance amounts of 9 apartments in İncek Loft and TL 50 was netted with chargeout. The remaining TL 82 is recorded in current accounts. As at 31 March 2015 all notes were paid.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

3 BUSINESS COMBINATIONS (continued)

Participating in Hacettepe Teknokent (continued)

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

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

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

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

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

4 SEGMENT REPORTING

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

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

Other

Subsidiaries and jointly controlled entities in other operations segment are Akfen Termik Enerji and RES Group and Akfen Holding is included in the other industrial segment as well.

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

4 SEGMENT REPORTING (continued)

<u>1 January-31 March 2015</u>	<u>Akfen İnsaat</u>	<u>Akfen GYO</u>	<u>HEPP Group</u>	<u>Akfen Elektrik ToptanSatış (*)</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	--	10,765	28,566	11,110	--	--	--	50,441
Inter segment revenue	12,599	--	6,600	48	--	--	(19,247)	--
Total revenue	12,599	10,765	35,166	11,158	--	--	(19,247)	50,441
Cost of sales	(12,721)	(1,519)	(13,813)	(10,217)	--	--	18,904	(19,366)
Gross profit	(122)	9,246	21,353	941	--	--	(343)	31,075
General administrative expenses	(7,101)	(1,485)	(1,249)	(95)	(7,916)	--	39	(17,807)
Other operating income	5,654	2,219	15,219	0	469	--	--	23,561
Other operating expense	(2,146)	(358)	(285)	--	(25)	--	--	(2,814)
Investment in equity accounted investees	(2,777)	--	--	--	--	7,616	--	4,839
Operating profit/ (loss)	(6,492)	9,622	35,038	846	(7,472)	7,616	(304)	38,854
Income from investment activities	39	--	--	5	24	--	--	68
Financial income	491	10,645	44	9	14,237	--	(14,028)	11,398
Financial expense	--	(14,557)	(90,819)	(36)	(24,109)	--	14,028	(130,239)
Profit / (loss) of continuing operations before tax	(20,708)	5,710	(55,737)	824	(17,320)	7,616	(304)	(79,919)
Tax income/(expense) for the period	(6,186)	(3,153)	8,514	0	(154)	--	--	(979)
Profit/(loss) of continuing operations after tax	(26,894)	2,557	(47,223)	824	(17,474)	7,616	(304)	(80,898)
Profit (loss) for the period attributable to the parent of the Company	(26,894)	2,639	(46,890)	824	(17,337)	7,616	(126)	(80,168)
Depreciation and amortization expenses	369	12	7,464	20	117	--	--	7,982
Investments of tangible and intangible assets, investment properties and other investments (**)	67,426	25,549	7,493	6	2,173	--	--	102,647
31 March 2015								
Segment assets	991,191	1,528,142	1,123,338	7,222	1,895,134	669,748	(1,931,759)	4,283,016
Segment liabilities	894,054	658,906	888,668	6,168	755,229	--	(555,513)	2,647,512

(*) Due to the transfer of Akfen Elektrik Toptan Satış's shares from the Energy Group to Akfen Holding as at 31 December 2014, Akfen Elektrik Toptan Satış that had been presented in the Other segment as at 31 March 2014, has been presented as a separate segment as at 31 March 2015,

(**) As at 31 March 2015 comprised of investments amounting to TL 22,485 for İncek Loft project, TL 25,546 for investment property, TL 54,330 for plant and equipment and TL 286 for intangible assets.

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

4 SEGMENT REPORTING (continued)

<u>1 January-31 March 2014</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	--	11,513	8,803	6,174	--	--	26,490
Inter segment revenue	16,759	--	4,567	281	--	(21,607)	--
Total revenue	16,759	11,513	13,370	6,455	--	(21,607)	26,490
Cost of sales	(15,162)	(1,378)	(8,303)	(5,652)	--	19,744	(10,751)
Gross profit	1,597	10,135	5,067	803	--	(1,863)	15,739
General administrative expenses	(2,536)	(1,512)	(1,519)	(8,066)	--	267	(13,366)
Other operating income	1,242	1,435	166	16	--	--	2,859
Other operating expense	(595)	(1,510)	(386)	(51)	--	--	(2,542)
Investment in equity accounted investees	--	--	--	--	20,658	--	20,658
Operating profit/ (loss)	(292)	8,548	3,328	(7,298)	20,658	(1,596)	23,348
Income from investment activities	11	--	--	749	--	--	760
Expense from investment activities	--	--	--	(457)	--	--	(457)
Financial income	1,211	216	317	14,854	--	(11,643)	4,955
Financial expense	(9,420)	(24,812)	(21,377)	(20,646)	--	11,643	(64,612)
Profit / (loss) of continuing operations before tax	(8,490)	(16,048)	(17,732)	(12,798)	20,658	(1,596)	(36,006)
Tax income/(expense) for the period	1,886	986	2,547	(818)	--	--	4,601
Profit/(loss) of continuing operations after tax	(6,604)	(15,062)	(15,185)	(13,616)	20,658	(1,596)	(31,405)
Profit (loss) for the period attributable to the parent of the Company	(6,604)	(14,800)	(14,753)	(13,444)	20,658	4,135	(24,808)
Depreciation and amortization expenses	268	16	4,170	122	--	--	4,576
Investments of tangible and intangible assets , investment properties and other investments (*)	12,159	12,390	23,865	4,203	--	--	52,617
31 December 2014							
Segment assets	807,083	1,445,950	1,089,733	7,495	1,859,475	605,684	(1,907,994)
Segment liabilities	683,493	589,730	807,957	7,261	680,524	--	(533,245)

(*) As at 31 March 2014 comprised of investments amounting to TL 9,783 for İncek Loft project, TL 12,369 for investment property, TL 29,997 for plant and equipment and TL 468 for intangible assets.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

5 CASH AND CASH EQUIVALENTS

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

	31 March 2015	31 December 2014
Cash on hand	420	297
Cash at banks	185,543	39,012
- Demand deposits	133,018	5,066
- Time deposits	52,525	33,946
Project reserve and assignment accounts	40,725	15,597
Other cash and cash equivalents(*)	3,064	8,830
Cash and cash equivalents	229,752	63,736
Project, reserve and assignment accounts	(40,725)	(15,597)
Cash and cash equivalents in the statement of cash flow	189,027	48,139

(*) As at 31 March 2015 and 31 December 2014, the whole amount of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding and Akfen İnşaat..

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

	31 March 2015	31 December 2014
Akfen Holding	1,459	12,494
HEPP Group	45,691	21,838
Akfen GYO	50,592	24,097
Akfen İnşaat	128,974	2,124
Other	3,036	3,183
Total	229,752	63,736

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

Para birimi	31 March 2015	31 December 2014
TL	2,299	3,945
US Dollar	63,774	723
Euro	66,854	328
Other	91	70
Total	133,018	5,066

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

5 CASH AND CASH EQUIVALENTS (continued)

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

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 March 2014</u>
TL	April 2015	6.00 – 10.00	850
US Dollar	April 2015	0.25	3,683
Euro	April 2015	0.05 – 7.20	47,992
			<u>52,525</u>

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

Project reserve and assignment accounts

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
HEPP Group	40,601	15,572
Akfen GYO	124	25
Total	40,725	15,597

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

<u>Currency</u>	<u>Interest Rate</u>	<u>31 March 2015</u>
TL	6.00	2,180
US Dollar	0.10 - 0.25	38,331
		<u>40,511</u>
Demand deposits		214
		<u>40,725</u>

<u>Currency</u>	<u>Interest Rate</u>	<u>31 December 2015</u>
TL	7.00	4,680
US Dollar	0.1 - 2.05	10,807
		<u>15,487</u>
Demand deposits		110
		<u>15,597</u>

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

6 SHORT TERM AND LONG TERM LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 31,

The detail of Group's financial liabilities as at 31 March 2015 is as follows:

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	245,048	297,969
Current portion of long term issued bonds	--	3,981
Short-term loans from financial leases	85	85
	245,133	302,035
Non-current financial liabilities		
Long term secured bank loans	1,495,195	1,470,726
Long-term issued bonds	400,000	400,000
Long-term loans from financial leases	1,557	1,557
	1,896,752	1,872,283

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

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

	<u>Nominal Value</u>	<u>Carrying Amount</u>
Bank loans	1,740,243	1,768,695
Bonds	400,000	403,981
Loans from financial leases	1,642	1,642
	2,141,885	2,174,318

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

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

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 March 2015 are as follows:

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	48,733	550,353	599,086
Akfen İnşaat	48,543	211,240	259,783
Akfen GYO	22,221	551,043	573,264
HEPP Group	182,453	558,090	740,543
	301,950	1,870,726	2,172,676

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	37,940	553,350	591,290
Akfen İnşaat	41,129	216,485	257,614
Akfen GYO	19,756	550,925	570,681
HEPP Group	146,223	574,435	720,658
	245,048	1,895,195	2,140,243

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2014 are as follows:

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

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

Conditions and repayment schedules

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
Within 1 year	245,048	309,701	301,950	363,344
1 – 2 years	663,441	297,269	680,445	310,344
2 – 3 years	275,325	590,803	280,003	596,669
3 – 4 years	159,456	158,552	156,043	154,154
5 years and more	796,973	392,442	754,235	351,833
	2,140,243	1,748,767	2,172,676	1,776,344

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
US Dollar	907,390	749,069	931,602	760,212
Euro	744,310	531,428	747,554	536,136
TL	488,543	468,270	493,520	479,996
	2,140,243	1,748,767	2,172,676	1,776,344

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Since majority of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk. As at 31 March 2015 and 31 December 2014 the lowest and highest interest rates of loans that the Company used are as follows:

31 March 2015^(*)				31 December 2014^(*)			
	TL	US Dollar	Euro		TL	US Dollar	Euro
Fixed rate loans				Fixed rate loans			
The Lowest	10.50%	3.75%	2.76%	The Lowest	10.56%	3.75%	2.76%
The Highest	14.40%	6.00%	7.20%	The Highest	14.40%	6.00%	7.50%
Floating interest rate loans				Floating interest rate loans			
The Lowest	1.64%	5.15%	4.60%	The Lowest	3.00%	5.25%	3.75%
The Highest	3.50%	5.25%	7.35%	The Highest	3.50%	5.25%	7.35%

(*) For the floating interest rate loans, additional interest rate is added to Euribor, Libor and Base Interest rates of 31 March 2015 and 31 December 2014.

Group has obtained project loans for refinancing of existing HEPP Group loans, investments of hydroelectrical power plants under construction and hotel projects that will be built within the scope of MoU signed with Accor.

As at 31 March 2015, total amount of project loans is TL 1,549,040 (31 December 2014: TL 1,202,049) and its share on total loans is 71% (31 December 2014: 68%).

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

Akfen Holding

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

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	6.00	2016	37,492	39,053
Secured bank loans ⁽²⁾	USD	3.75	2016	18,271	18,633
Secured bank loans ⁽¹⁾	USD	Libor+5.25	2017	39,153	40,497
Secured bank loans ⁽²⁾	Euro	3.20	2015	22,279	22,638
Secured bank loans ⁽²⁾	Euro	4.15	2018	49,541	49,722
Secured bank loans ⁽³⁾	TL	11.28(*)	2017	24,554	24,562
Bond ⁽⁴⁾	TL	GDS(**) + 3.25	2017	140,000	143,221
Bond ⁽⁵⁾	TL	GDS(**) + 3.50	2017	200,000	200,412
Bond ⁽⁶⁾	TL	GDS(**) + 3.00	2017	60,000	60,348
				591,290	599,086

⁽¹⁾ Sureties are Akfen Holding shares belonging to Hamdi Akın.

⁽²⁾ Sureties are given by Akfen İnşaat.

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

⁽⁴⁾ Represents the liability every bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment of 3 months with a floating interest rate, amounting to TL 140,000, The 5th period coupon payment date is 13 April 2015, According to determined additional rate of return, coupon interest rate that will be valid for 5th period coupon payment is 2.65%.

⁽⁵⁾ Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000, The 3rd period coupon payment date is 24 September 2015, According to determined additional rate of return, coupon interest rate that will be valid for 3rd period coupon payment is 5.88%.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen Holding (continued)

⁽⁶⁾ Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000, The 2nd period coupon payment date is 11 June 2015, According to determined additional rate of return, coupon interest rate that will be valid for 2nd period coupon payment is 2.86%.

^(*) Overnight interest rate of share purchase loan as at 31 March 2015,

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

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	6,00	2016	33,308	34,298
Secured bank loans ⁽²⁾	USD	3,75	2016	16,232	16,393
Secured bank loans ⁽¹⁾	USD	Libor + 5,25	2017	34,784	35,468
Secured bank loans ⁽²⁾	Euro	3,20	2015	22,199	22,371
Bond ⁽³⁾	TL	GDS(*) + 3,25	2017	140,000	143,865
Bond ⁽⁴⁾	TL	GDS(*) + 3,50	2017	200,000	206,722
Bond ⁽⁵⁾	TL	GDS(*) + 3,00	2017	60,000	60,365
				506,523	519,482

⁽¹⁾ Sureties are Akfen Holding shares belonging to Hamdi Akın.

⁽²⁾ Sureties are given by Akfen İnşaat.

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen Holding (continued)

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within 1 year	37,940	29,156	48,733	43,659
1 – 2 years	435,979	63,454	436,779	61,910
2 – 3 years	117,371	413,913	113,574	413,913
	591,290	506,523	599,086	519,482

Akfen İnşaat:

The breakdown of bank loans as at 31 March 2015 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	4.44	2015	1,416	1,418
Secured bank loans ⁽²⁾	USD	6.00	2016	25,145	26,193
Secured bank loans ⁽³⁾	USD	Libor+5.15	2029	65,255	65,265
Secured bank loans ⁽¹⁾	Euro	2.76	2016	6,837	6,902
Secured bank loans ⁽¹⁾	Euro	3.00	2016	8,914	8,934
Secured bank loans ⁽¹⁾	Euro	3.84	2017	20,241	20,268
Secured bank loans ⁽³⁾	Euro	Euribor+5.05	2029	65,817	65,826
Secured bank loans ⁽¹⁾	TL	10.92-14.40	2015	12,951	13,090
Secured bank loans ⁽¹⁾	TL	12.60	2015	328	331
Secured bank loans ⁽¹⁾	TL	11.40	2016	910	925
Secured bank loans ⁽¹⁾	TL	10.50	2016	5,000	5,100
Secured bank loans ⁽⁴⁾	TL	10.90	2017	12,300	12,464
Secured bank loans ⁽⁴⁾	TL	11.00	2017	32,500	33,067
				257,614	259,783

⁽¹⁾ The sureties are given by Akfen Holding.

⁽²⁾ Sureties are Akfen Holding shares belonging to Hamdi Akın.

⁽³⁾ Akfen İnşaat has completion guarantee and equity participation commitment as a main shareholder. Changes in interest rates at the rate of 100% is secured by interest rate swap agreements against loan interest rate. Also loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of rent receivables
- Assignment of account receivables
- Pledge of 100% of shares of borrower
- Mortgage of rights of construction
- Assignment of consecutive receivables

⁽⁴⁾ Sureties are received bills from İncek Loft Project by Akfen İnşaat.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen İnşaat (continued)

The breakdown of bank loans as at 31 December 2014 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	4.44	2015	2,175	2,178
Secured bank loans ⁽²⁾	USD	6.00	2016	22,339	23,004
Secured bank loans ⁽¹⁾	Euro	2.76	2016	6,812	6,827
Secured bank loans ⁽¹⁾	Euro	3.84	2017	20,675	20,898
Secured bank loans ⁽¹⁾	TL	10.92-14.40	2015	22,255	22,863
Secured bank loans ⁽¹⁾	TL	12.60	2015	806	814
Secured bank loans ⁽³⁾	TL	11.00	2016	12,500	12,635
Secured bank loans ⁽¹⁾	TL	11.40	2016	910	924
				88,472	90,143

⁽¹⁾ The sureties are given by Akfen Holding.

⁽²⁾ Sureties are Akfen Holding shares belonging to Hamdi Akın.

⁽³⁾ Sureties are received bills from İncek Loft Project by Akfen İnşaat.

The repayment schedules of financial liabilities are as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within 1 year	41,129	37,974	48,543	42,205
1 – 2 years	85,413	48,681	80,149	46,261
2 – 3 years	5,143	1,817	5,162	1,677
3 – 4 years	4,779	--	4,779	--
5 years and more	121,150	--	121,150	--
	257,614	88,472	259,783	90,143

Akfen GYO:

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

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	Euro	Euribor + 4.60	2018	25,478	25,482
Secured bank loans ⁽²⁾	Euro	Euribor + 7.00	2019	19,639	19,824
Secured bank loans ⁽³⁾	Euro	Euribor + 6.50	2020	17,332	17,529
Secured bank loans ⁽⁴⁾	Euro	Euribor + 7.35	2021	73,060	73,117
Secured bank loans ⁽⁵⁾	Euro	Euribor + 6.50	2022	30,069	30,410
Secured bank loans ⁽⁶⁾	Euro	Euribor + 6.50	2022	22,930	23,190
Secured bank loans ⁽⁷⁾	Euro	Euribor + 6.35	2024	53,787	54,473
Secured bank loans ⁽⁸⁾	Euro	7.20	2024	328,386	329,239
				570,681	573,264

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen GYO (continued)

⁽¹⁾ Bank borrowings obtained is secured by the followings.

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

⁽²⁾ The loans borrowed by RPI are secured by following:

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

⁽³⁾ The loan obtained for Yaroslavl Hotel Project is secured by following:

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

⁽⁴⁾ The loans borrowed by HDI are secured by following:

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

⁽⁵⁾ The loan obtained for Samara Hotel Project is secured by following:

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

⁽⁶⁾ The loan obtained for Kaliningrad Hotel Project is secured by following:

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen GYO (continued)

⁽⁷⁾ The loan is secured by following:

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen GYO (continued)

⁽¹⁾ Sureties are given by Akfen Holding.

⁽²⁾ The loan borrowed is secured by the following:

2nd degree pledge on Merit Park Hotel in Akfen Ticaret's portfolio is given in favor of creditor.

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

⁽³⁾ The loan borrowed is secured by the following:

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

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

Sureties of Akfen GYO is given for the total outstanding loan amount.

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

⁽⁴⁾ The loans borrowed by RPI are secured by following:

-Pledge of Volgostroykom shares owned 100%

-Sureties of Akfen GYO and Akfen GT

-Pledge on the office building

-Alienation of operating revenue.

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

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

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

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

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

⁽⁶⁾ The loan obtained for Yaroslavl Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

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

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

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

⁽⁷⁾ The loans borrowed by HDI are secured by following:

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

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

· Sureties of Akfen GYO and Akfen GT

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

⁽⁸⁾ The loan obtained for Samara Hotel Project is secured by following:

· Akfen Holding gave surety equal to loan amount.

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Akfen GYO (continued)

⁽⁹⁾ The loan obtained for Kaliningrad Hotel Project is secured by following:

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

⁽¹⁰⁾ The loan is secured by following:

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

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

⁽¹¹⁾ Sureties are given by Akfen Holding and Akfen İnşaat.

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

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

The repayment schedule of loans and borrowings is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
Within 1 year	19,756	112,668	22,221	117,615
1 – 2 years	31,139	86,602	31,152	86,194
2 – 3 years	40,659	75,436	40,671	75,412
3 – 4 years	42,525	58,916	42,539	58,888
5 years and more	436,602	179,920	436,681	179,740
	570,681	513,542	573,264	517,849

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

HEPP Group

As at 31 March 2015, the detail of loans is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans ⁽¹⁾	USD	5.60	2020	694,556	713,970
Secured bank loans ⁽²⁾	USD	5.50	2026	26,102	26,573
				720,658	740,543

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

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

As at 31 March 2015, the completion guarantee of Akfen İnşaat continued for HEPP Companies Beyobası, Yeni Doruk and Elen, The completion guarantee will be ended on the condition that all the relevant permissions are obtained, operating insurances are made and all assigned guarantees are valid.

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

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

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

HEPP Group (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

HEPP Group (continued)

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
Within 1 year	146,223	129,903	182,453	159,865
1 – 2 years	110,910	98,532	132,365	115,979
2 – 3 years	112,152	99,636	120,596	105,667
3 – 4 years	112,152	99,636	108,726	95,266
5 years and more	239,221	212,523	196,403	172,093
	720,658	640,230	740,543	648,870

7 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Due from related parties (Note 30)	5,738	822
Trade receivables from third parties	118,355	114,221
	124,093	115,043

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Notes receivable	62,687	73,831
Account receivable	38,619	30,767
Income accruals	18,099	10,528
Checks on hand	--	129
Allowance for doubtful receivables (-)	(1,050)	(1,034)
	118,355	114,221

The distribution of the trade receivables per Group companies as at 31 March 2015 and 31 December 2014 is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Akfen GYO	15,409	10,942
Akfen İnşaat	70,601	80,835
HEPP Group	28,307	18,677
Other	4,038	3,767
	118,355	114,221

As at 31 March 2015, notes receivables are comprised of Akfen İnşaat's notes receivable arising from İncek Loft project, TL 5,670 of trade receivables of Akfen İnşaat are comprised of receivables arising from Aliğa project.

TL 14,587 of income accruals are comprised of unbilled revenues of HEPP Group for electricity sales to TEİAŞ. The remaining trade receivables are comprised of receivables from TEİAŞ, Çoruh Elektrik Dağıtım A.Ş. and Aydem Elektrik Dağıtım A.Ş. for electricity sales amounting to TL 3,698. TL 3,386 and TL 3,175. respectively

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

7 TRADE RECEIVABLES AND PAYABLES (continued)

Current trade receivables (continued)

As at 31 March 2015 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 5,536 and TL 9,475. respectively

As at 31 March 2015, TL 18,743 (31 December 2014: TL 17,891) represents overdue amount of trade receivables, for which TL 1,050 allowance has been booked (31 December 2014: TL 1,034). The aging of respective trade receivables is as follows

	<u>31 March 2015</u>	<u>31 December</u>
0-3 months overdue	11,210	8,435
3-12 months overdue	97	81
1-5 years overdue	8,039	8,782
Overdue more than 5 years	447	593
	19,793	17,891
Impairment	(1,050)	(1,034)
Credit risk	18,743	16,857

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Opening balance	(1,034)	(1,175)
Reversal of provisions	--	151
Currency differences	(16)	(10)
Closing balance	(1,050)	(1,034)

Non-current trade receivables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Trade receivables from third parties	136,047	135,624
	136,047	135,624

As at 31 December 2015, TL 122,615 of notes receivables are comprised of Akfen İnşaat's notes receivable arising from İncek Loft project (31 December 2014: TL 122,115), TL 13,432 of trade receivables are comprised of income accruals arising from Akfen İnşaat's Aliğa project (31 December 2014: 13,509).

Current trade payables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Due to related parties (Note 30)	2,848	1,530
Trade payables to third parties	40,677	29,285
	43,525	30,815

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

7 TRADE RECEIVABLES AND PAYABLES (continued)

Current trade payables (continued)

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Trade payables	22,700	26,128
Expense accruals	17,977	3,157
	40,677	29,285

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Akfen İnşaat	17,746	8,574
HEPP Group	7,809	9,337
Akfen GYO	2,501	1,099
Akfen Holding	1,365	712
Other	11,256	9,563
	40,677	29,285

As at 31 March 2015, TL 6,333 of HEPP group trade payables are comprised of payables to suppliers related to hydroelectrical power plants.

TL 4,873 of trade payables of Akfen İnşaat arises from payables to subcontractors due to İncek Loft project, and TL 498 arises from payables to subcontractors arising from HEPP projects.

As at 31 March 2015, TL 1,533 of Akfen GYO's payables are comprised of payables to contractors for construction work (31 December 2014: TL 571) and TL 297 of Akfen GYO's payables are comprised of payables to insurances of hotel and hotel projects (31 December 2014: None).

As at 31 March 2015, other trade payables include Akfen Enerji Üretim's payables amounting TL 8,120.

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

Non-current trade payables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Trade payables to related parties (Note 30)	39	39
Trade payables to third parties	252	8,372
	291	8,411

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
0-3 months	4,611	14,291
3 months - 1 year	18,089	11,837
More than 1 year	252	8,372
	22,952	34,500

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

8 OTHER RECEIVABLES AND PAYABLES

Other current receivables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Due to related parties (Note 30)	780	652
Other receivables from third parties	12,132	1,538
	12,912	2,190

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Akfen İnşaat	10,720	675
HEPP Group	973	863
Other	439	--
	12,132	1,538

Other non-current receivables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Due from related parties (Note 30)	51,238	51,690
Other receivables from third parties	15,200	15,036
	66,438	66,726

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Akfen GYO	10,165	10,036
Akfen İnşaat	3,000	3,000
HEPP Group	1,545	1,526
Other	490	474
	15,200	15,036

As at 31 March 2015, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 8,020 and TL 2,013, respectively (31 December 2014: TL 7,847 and TL 2,006).

Other current payables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Due to related parties (Note 30)	17,390	25,911
Other payables to third parties	15,334	15,909
	32,724	41,820

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

8 OTHER RECEIVABLES AND PAYABLES (continued)

Other current payables (continued)

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Akfen İnşaat	10,237	10,653
Akfen Holding	1,799	1,611
Akfen GYO	1,109	1,213
HEPP Group	224	325
Other	1,965	2,107
	15,334	15,909

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Deposits and guarantees received	6,320	5,903
Taxes and duties payable	8,205	5,737
Notes payable	--	4,141
Other payables	809	128
	15,334	15,909

As at 31 March 2015, TL 6,288 of deposits and guarantees received arises from deposits and guarantees taken from subcontractors for construction works by Akfen İnşaat (31 December 2014: TL 5,871).

Other non-current payables

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Due to related parties (Note 30)	8,007	7,737
Other payables to third parties	4,760	4,671
	12,767	12,408

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Akfen GYO	3,313	3,232
HEPP Group	1,447	1,439
	4,760	4,671

As at 31 March 2015, all of Akfen GYO's other payables to third parties are comprised of rent accruals and all of HEPP Group's other payables to third parties are comprised of deposits and guarantees received

9 INVENTORIES

As at 31 March 2015, inventories are comprised of investments made for Akfen İnşaat's İncek Project amounting TL 274,872 (31 December 2014: TL 252,387).

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

10 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

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

	Ownership Rate (%)	31 March 2015	Ownership Rate (%)	31 December 2014
MIP	50.00	426,251	50.00	354,423
TAV Havalimanları	8.12	167,764	8.12	158,129
TAV Yatırım	21.68	61,766	21.68	52,838
İDO	30.00	--	30.00	26,310
Hacettepe Teknokent	45.00	22,620	45.00	25,398
Akfen Su	50.00	13,967	50.00	13,984
		692,368		631,082

As at 31 March 2015 and 2014, Group's share in profit or loss of equity accounted investees for three months period is as follows:

	31 March 2015	31 March 2014
MIP	25,704	26,410
TAV Yatırım	1,301	5,868
TAV Havalimanları	6,894	5,007
Akfen Su	(68)	141
İDO	(26,214)	(16,768)
Hacettepe Teknokent	(2,778)	--
	4,839	20,658

As at 31 March 2015, the movement of investments in equity accounted investees is as follows:

	31 December 2014	Profit for the period	Other equity transactions	31 March 2015
MIP	354,423	25,704	46,124	426,251
TAV Havalimanları	158,129	6,894	2,741	167,764
TAV Yatırım	52,838	1,301	7,627	61,766
İDO	26,310	(26,214)	(96)	--
Akfen Su	13,984	(68)	51	13,967
Hacettepe Teknokent	25,398	(2,778)	--	22,620
	631,082	4,839	56,447	692,368

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

10 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)

MIP:

The summary of financials of MIP is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Total Assets	2,292,077	2,001,918
Total Liabilities	1,439,575	1,293,073
Net Assets	852,502	708,845
Group's share on net assets of MIP	<u>426,251</u>	<u>354,423</u>

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue	180,373	163,042
Gross profit/(loss)	108,222	97,221
General administrative expenses	(13,789)	(10,846)
Operating profit/(loss)	94,433	86,375
Profit/(loss) before tax	72,418	67,689
Profit/(loss) after tax	51,408	52,820
Profit/(loss) attributable to equity holders of parent	51,408	52,820
Group's share on MIP's profit	<u>25,704</u>	<u>26,410</u>
Amortization and depreciation expenses	19,382	17,114

TAV Havalimanları:

The summary of financials of TAV Havalimanları is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Total Assets	8,205,819	7,465,541
Total Liabilities	6,032,204	5,410,593
Net Assets (*)	2,173,615	2,054,948
Group's share on net assets of TAV Havalimanları	<u>176,480</u>	<u>166,845</u>

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue	568,938	586,466
Gross profit/(loss)	199,828	173,133
General administrative expenses	(118,001)	(107,911)
Other operating income/(loss), net	55,462	35,594
Operating profit/(loss)	153,426	126,258
Profit/(loss) before tax	107,872	77,636
Profit/(loss) after tax	73,225	49,804
Profit/(loss) attributable to equity holders of parent	84,904	61,668
Group's share on TAV Havalimanları's profit	<u>6,894</u>	<u>5,007</u>
Amortization and depreciation expenses	59,216	53,328
Construction revenue (**)	69,614	69,614
Construction cost (**)	(69,614)	(69,614)

(*) As at 31 March 2015, Group's share on TAV Havalimanları's net asset includes goodwill amounting to TL 8,716 (31 December 2014: TL 8,716). In addition, non-controlling interest amounting to TL 2,037 is included in net assets of TAV Havalimanları (31 December 2014: TL 3,934).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

10 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

TAV Havalimanları (continued):

As at 31 March 2015, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Doel, AS Riga Airport Commercial Development, TAV Gözen Havacılık İşletme ve Ticaret A.Ş., Cyprus Airport Services Ltd., TGS Yer Hizmetleri A.Ş., SAUDI HAVAS Ground Handling Services Limited, BTU Lokum Şeker Gıda San. ve Tic. A.Ş., BTU Gıda Satış ve Paz. A.Ş., BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. (“BTA Denizyolları”), Tibah Airports Development Company Limited, Tibah Airports Operation Limited, Medunarodna Zračna Luka Zagreb d.d., Upraviteli Zračne Luke Zagreb d.o.o are ZAIC-A companies are included in investment in equity accounted investees in the financials of TAV Havalimanları.

TAV Yatırım:

The summary of financials of TAV Yatırım is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Total Assets	2,762,915	2,318,363
Total Liabilities	2,477,950	2,074,590
Net Assets	284,965	243,773
Group’s share on net assets of TAV Yatırım	<u>61,766</u>	<u>52,838</u>

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue	571,004	513,611
Gross profit/(loss)	22,706	36,404
General administrative expenses	(14,488)	(13,282)
Other operating income/(loss), net	1,409	659
Operating profit/(loss)	9,626	23,781
Profit/(loss) before tax	(2,213)	30,465
Profit/(loss) after tax	6,000	27,072
Profit/(loss) attributable to equity holders of parent	6,001	27,074
Group’s share on TAV Yatırım’s profit	<u>1,301</u>	<u>5,868</u>
Amortization and depreciation expenses	8,175	7,562
Commission expenses of letter of guarantee included in cost of sales	3,437	4,199

İDO:

The summary of financials of İDO is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Total Assets	1,656,402	1,635,087
Total Liabilities	1,748,739	1,547,388
Net Assets	(92,337)	87,699
Group’s share on net assets of İDO	<u>--</u>	<u>26,310</u>

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

10 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

İDO (continued):

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue	102,484	100,389
Gross profit/(loss)	30,169	19,523
General administrative expenses	(9,746)	(14,979)
Other operating income/(loss), net	1,121	1,325
Operating profit/(loss)	21,088	6,148
Profit/(loss) before tax	(179,569)	(55,851)
Profit/(loss) after tax	(179,716)	(55,894)
Profit/(loss) attributable to equity holders of parent	(179,716)	(55,894)
Group's share on İDO's profit	<u>(26,214)</u>	<u>(16,768)</u>
Amortization and depreciation expenses	17,750	20,064

As at 31 March 2015, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları are included in consolidated financials of İDO as investments in equity accounted investees.

Akfen Su:

The summary of financials of Akfen Su is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Total Assets	74,084	72,404
Total Liabilities	46,149	44,434
Net Assets	27,935	27,970
Group's share on net assets of Akfen Su	<u>13,967</u>	<u>13,984</u>

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue	2,671	2,864
Gross profit/(loss)	1,358	1,413
General administrative expenses	(669)	(629)
Other operating income/(loss), net	(77)	(269)
Operating profit/(loss)	612	515
Profit/(loss) before tax	585	679
Profit/(loss) after tax	139	589
Profit/(loss) attributable to equity holders of parent	(136)	282
Group's share on Akfen Su's profit	<u>(68)</u>	<u>141</u>
Amortization and depreciation expenses	125	106
Guaranteed revenue	760	649
Construction revenue(*)	62	283
Construction cost(*)	(56)	(257)

As at 31 March 2015, non-controlling interest amounting to TL 4,010 is included in net assets of Akfen Su (31 December 2014: TL 3,856).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

10 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

Hacettepe Teknokent:

The summary of financials of Hacettepe Teknokent is as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Total Assets	147,854	98,805
Total Liabilities	95,156	44,796
Net Assets (*)	52,698	54,009
Group's share on net assets of Hacettepe Teknokent (**)	23,714	24,304

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue	--	--
Gross profit/(loss)	(402)	--
General administrative expenses	(664)	--
Other operating income/(loss), net	8	--
Operating (loss)	(1,058)	--
(Loss) before tax	(6,245)	--
(Loss) after tax	(6,172)	--
(Loss) attributable to equity holders of parent	(6,171)	--
Group's share on Hacettepe Teknokent's loss	(2,778)	--
Amortisation and depreciation expenses	946	--

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

(**) As at 31 March 2015, Group's share on TAV Havalimanları's net assets include goodwill amounting TL 1,094,

11 INVESTMENT PROPERTY

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Operating investment properties	1,059,188	1,046,989
Investment property under development	341,412	304,902
Toplam	1,400,600	1,351,891

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Opening balance	1,351,891	1,418,899
Additions	25,546	59,699
Foreign currency translation difference	23,163	(145,372)
Change in fair value	--	18,665
Closing balance	1,400,600	1,351,891

Additions

As at 31 March 2015 and 31 December 2014, additions are made by Akfen GYO. TL 64 of additions arises from additions to operating investment properties and TL 25,482 arises from additions to investment property under development

Pledges and Insurance Amounts

As at 31 March 2015 total insurance amount on investment property is TL 1,201,906 (31 December 2014: TL 1,198,138)

As at 31 March 2015 the amount of pledge on investment property is TL 1,407,813 (31 December 2014: TL 914,612).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

12 PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2015, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2015	159,136	681,401	2,732	11,298	62	82,768	3,100	940,497
Additions (*)	278	275	--	90	--	53,551	136	54,330
Disposals	--	--	(87)	(1)	--	--	--	(88)
Balance at 31 March 2015	159,414	681,676	2,645	11,387	62	136,319	3,236	994,739
Less: Accumulated depreciation								
Balance at 1 January 2015	(4,907)	(48,468)	(774)	(10,046)	(62)	--	(891)	(65,148)
Depreciation charge for the period	(966)	(6,239)	(100)	(95)	--	--	(162)	(7,562)
Disposals	--	--	87	--	--	--	--	87
Balance at 31 March 2015	(5,873)	(54,707)	(787)	(10,141)	(62)	--	(1,053)	(72,623)
Net book value								
Net book value at 31 December 2014	154,229	632,933	1,958	1,252	--	82,768	2,209	875,349
Net book value at 31 March 2015	153,541	626,969	1,858	1,246	--	136,319	2,183	922,116

(*) As at 31 March 2015, TL 44,794 of additions, which corresponds to 82% of additions, arises from project of Isparta City Hospital and TL 6,997 of additions, which corresponds to 13% of additions, arises from construction in progress additions of HEPP projects.

As at 31 March 2015, capitalized finance expense amounting TL 493 arises from HEPP projects (31 December 2014: TL 16,036).

As at 31 March 2015, costs for property, plant and equipment acquired by financial leasing amounted to TL 1,871 (Net book value: TL 1,676).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

(*) As at 31 December 2014, TL 64.444 of additions, which corresponds to 62% of additions, arises from construction in progress additions of HEPP projects.

As at 31 December 2014, capitalized finance expense amounting TL 16.036 arises from HEPP projects (31 December 2013: TL 12.279).

As at 31 December 2014 costs for property, plant and equipment acquired by financial leasing amounted to TL 1.871 (Net book value: TL 1.832).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

13 INTANGIBLE ASSETS

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

	Licenses	Other intangible assets	Total
Costs			
Balance at 1 January 2014	62,004	31,778	93,782
Additions	173	320	493
Balance at 31 December 2014	62,177	32,098	94,275
Balance at 1 January 2015	62,177	32,098	94,275
Additions	--	286	286
Balance at 31 March 2015	62,177	32,384	94,561
Accumulated amortization			
Balance at 1 January 2014	(7,445)	(1,621)	(9,066)
Amortization charge for the period	(1,310)	(339)	(1,649)
Balance at 1 December 2014	(8,755)	(1,960)	(10,715)
Balance at 1 January 2015	(8,755)	(1,960)	(10,715)
Amortization charge for the period	(328)	(92)	(420)
Balance at 31 March 2015	(9,083)	(2,052)	(11,135)
Net book value			
Net book value at 31 December 2014	53,422	30,138	83,560
Net book value at 31 March 2015	53,094	30,332	83,426

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

14 GOODWILL

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

15 GOVERNMENT GRANTS

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

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

According to the decree dated 02 December 2004 and numbered 2004/5266 of the Cabinet, any revenues obtained from operation and transfer of any vessels and yachts registered in the Turkish International Ship Registry are exempt from income and corporate taxes and funds. Purchase and sales, mortgage, registration, loan and freight agreements for any vessels and yachts registered in the Turkish International Ship Registry are not subject to stamp tax, duties, taxes and funds of bank and insurance procedures. IDO makes use of discounts of corporate tax and income tax in this scope.

As at 31 March 2015 and 2014, TAV Esenboğa and TAV İzmir have investment grants.

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

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

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

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Provision for litigations	790	790
Employee benefits (Note 18)	2,840	2,865
	3,630	3,655

Non-current provisions

Provision for litigations

As at 31 March 2015 and 31 December 2014, TL 122 of non-current debt provisions amounting TL 100 arises from provision for litigations of Akfen İnşaat. These provisions are determined by taking into account professional advices and sample cases.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

17 COMMITMENTS AND CONTINGENCIES

(a) Commitments, Pledges and Mortgages

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

<u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
A. Total amount of CPM is given on behalf of own legal personality	1,471,440	970,049
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	1,301,156	1,094,435
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total amount of other CPM	73,152	35,269
i, Total amount of CPM given in favor of parent company	--	--
ii, Total amount of CPM given in favor of other group companies, which articles B and C don't include	73,152	35,269
ii, Total amount of CPM given to the third parties not included in the article C	--	--
Total	2,845,748	2,099,753

As at 31 March 2015, the ratio of total amount of other CPM given by the Group to the Group's equity is 4% (31 December 2014: 2%).

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

	<u>31 March 2015^(*)</u>			<u>31 December 2014^(*)</u>		
	TL	Euro	US Dollar	TL	Euro	US Dollar
Total amount of CPM given on behalf of own legal personality	190,850	1,229,722	50,868	139,743	784,871	45,435
Total amount of CPM given in favor of subsidiaries which are	72,751	441,077	787,329	58,067	393,962	642,407
Other CPMs given	--	11,660	61,491	--	11,618	23,650
	263,601	1,682,459	899,688	197,810	1,190,451	711,492

(*) All amounts are expressed by TL equivalents.

(b) Letter of Guarantees Received

As at 31 March 2015, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have nature of letter of guarantees amounting TL 262,355 (31 December 2014: TL 251,988) from subcontractors. As at 31 March 2015 TL 63,413 (31 December 2014: TL 63,387) of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 3,524 (31 December 2014: TL 3,375) were given to hydro electrical power plants of the Group.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

18 EMPLOYEE BENEFITS

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Vacation pay liability – short term	2,840	2,865
Employee severance indemnity – long term	2,149	2,797
	4,989	5,662

19 OTHER ASSETS AND LIABILITIES

Other current assets

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
VAT carried forward	69,063	59,492
Advances given to sub-contractors	54,220	53,123
Other	1,388	3,343
	124,671	115,958

As at 31 March 2015 VAT carried forward is comprised of VAT receivables of Akfen İnşaat, HEPP Group, Akfen GYO, Akfen Termik Enerji and RES Group amounting TL 42,820, TL 19,002, TL 3,574, TL 3,360 and TL 307, respectively.

As at 31 March 2015, the major part of the advances given to subcontractors are comprised of advances given by Akfen İnşaat for Isparta City Hospital, İncek Loft project, hotel projects and hydroelectrical power plant projects amounting TL 24,918, TL 17,585, TL 6,468 and TL 2,544, respectively.

Other non-current assets

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

	<u>31 March 2015</u>	<u>31December 2014</u>
VAT carried forward	97,046	101,967
Taxes and funds to be refunded through progress	5,593	1,235
Other	493	42
	103,132	103,244

As at 31 March 2015, TL 64,821 of VAT carried forward arises from the VAT payments made for investments in hydroelectrical power plants (31 December 2014: TL 70,390). Since these hydroelectrical power plants are in construction process Group does not have enough VAT liability to offset. Akfen GYO has VAT carried forward amounting TL 32,225 (31 December 2014: TL 51,577). According to new corporate tax law real estate investment trusts have tax exemption for their income. However, they should bear up 18% of VAT from construction agreements

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

20 PREPAID EXPENSES

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Prepaid expenses (*)	2,524	2,423
Advances given	9,057	4,676
Advances given to personnel	225	288
Job advances	421	418
	12,227	7,805

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Advances given	5,828	5,783
Prepaid expenses(*)	8,736	8,550
	14,564	14,333

(*) Akfen Karaköy took over the “Conditional Construction Lease Agreement” on 22 June 2011 that was signed between 1, Regional Directorate of Foundations and ‘Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş. (“Hakan Madencilik”) under the build-operate-transfer model for a period of 49 years on 01 September 2009 for the land in İstanbul, Beyoğlu, Kemankes district, Rihtim Street, 121-77 map section, 28-60 parcels. Transfer payment, which also includes the 5 years of rent prepaid by Hakan Madencilik, is recognized under the prepaid expenses and recorded as profit or loss by the straight-line basis over the lease term. As at 31 March 2015 the amount of expenses paid in advance for short and long-term is TL 269 (31 December 2014: TL 196) and TL 7,725 (31 December 2014: TL 7,771), respectively.

Deferred income

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Advances received	289,523	278,717
Deferred income	1,122	55
	290,645	278,772

As at 31 March 2015, TL 287,716 of advances received arises from advances taken from apartment sales in İncek Loft project of Akfen İnşaat (31 December 2014: TL 272,396).

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

21 EQUITY

As at 31 March 2015, Akfen Holding had 261,900,000 shares, each has full TL 1 of nominal value. As at 31 March 2015, the whole of TL 261,900 capital was paid

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

57,458,736 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 204.441.264 B Group shares are wholly bearer shares.

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

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

** Publicly owned.

*** As at 31 March 2015 there are 4,163,894 shares of Akfen Holding, 1.59% of the paid-in capital, which are public in nature and so 12,153,700 shares in total are being held by Akfen Holding, which make up 4.64% of the paid-in capital of the Company (As at 31 December 2014 there are 29,100,00 Akfen Holding shares held by Akfen Holding, 10% of the paid-in capital, which are public in nature).

On 10 April 2013. Akfen Holding increased its paid in capital from TL 145,500 to TL 291,000. Whole amount of the increase is done through share premiums.

The necessary approval for Akfen Holding's share capital reduction through cancellation of the shares acquired within repurchase was obtained by letter of the CMB dated at 5 December 2014. Akfen Holding share capital reduction from TL 291.000 to TL 261.900 through cancellation of shares with a nominal value of TL 29.100 was approved at the Extraordinary General Assembly held on 15 January 2015 and the paid-in capital reduction was carried out as of 22 January 2015.

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

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

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

As at 31 March 2015, 40,000,000 Akfen Holding shares owned by Hamdi Akın has been presented as sureties for the loans used by Akfen Holding and Akfen İnşaat.

Dividend Payments

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

21 EQUITY (continued)

Dividend Payments (continued)

As a result of the General Assembly held on 28 April 2014, Company decided to distribute dividend from the profit of 2013 (none) and previous years (2007) with a gross amount of TL 12.000 (full TL 0,041237 gross per share) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 15 May 2014 and completed on 20 May 2014.

Treasury shares

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

In the framework of the Buy Back Programme approved at the General Assembly of the Company on 15 January 2015 and as at 31 March 2015, 4,163,894 Akfen Holding A.Ş. shares were purchased by Akfen Holding amounting to TL 24,548 . The Company holds 7,989,806 Akfen Holding shares, acquired within the previous share buyback program. As at 31 March 2015 in total share purchases have reached 12,153,700 shares, making up 4,64% of the Company's paid-in capital. As at 31 March 2015, share purchases amounted to TL 58,071 (31 December 2014: TL 167,264).

Translation reserve

As at 31 March 2015 the translation reserve amounting to TL 141,471 (31 December 2014: TL 81,675) is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, Akfen Su, TAV Yatırım, Akfen GYO, Akfen İnşaat and TAV Havalimanları from their functional currency of USD and EUR to the presentation currency TL and is recognized in equity.

Restricted reserves allocated from profit

Article 520 of Law No. 6102 foresees reserves equaling to the acquisition value for bought back shares. As at 31 March 2015 the Group allocated reserves in consolidated financial statements that includes the amount of restricted reserves for bought back shares allocated from profit amounting to TL 78,550 (31 December 2014: TL 167,264).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 31 March 2015 the hedging reserve amounting to TL 15,558 (IDO: TL 2,509 and TAV Havalimanları: TL 13,049) is recognized in equity and it is related to the interest rate swap contracts made by IDO and TAV Havalimanları (31 December 2014: TL 18,573 (TAV Havalimanları TL 16,161. İDO: TL 2,413)).

Entities under common control

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

21 EQUITY (continued)

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. In addition, vessels owned by İDO have been revaluated in 2013 and respective revaluation increase is shown under revaluation reserve in financial statements.

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

Share premium

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

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

All gain or loss realized on sale and purchase of non-controlling interest in a subsidiary is also included in share premium. Akfen GYO increased its capital by TL 46,000 upon the decision of the Board of Directors dated 24 January 2011, 46,000,000 shares corresponding to this increase and total 54,117,500 Akfen 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. After these transactions ownership has changed without losing control, and these transactions were recognized under the share premium item after the transaction costs were netted off.

Group's share on Akfen GYO's total share has reached 56.88% as at 31 March 2015. After the purchases number of shares belonging to Akfen Holding has reached 104,656,831 and 9,500,5447 (5.16% of total shares) of them are publicly traded on the BİAŞ.

Non-controlling interests

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

As at 31 March 2015 and 31 December 2014, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 380,788 and TL 374,865, respectively. In addition, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the periods ended 31 March 2015 and 31 December 2014 are TL (730) and TL (6,597), respectively.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

22 REVENUE AND COST OF SALES

22,1 Revenue

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

	<u>31 March 2015</u>	<u>31 March 2014</u>
Revenue from electricity sales	39,676	14,900
Rent income from investment property	10,687	11,502
Other	78	88
	<u>50,441</u>	<u>26,490</u>

As at 31 March 2015, the amount of other sales revenues come from Akfen GYO's interest incomes.

22,2 Cost of sales

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

	<u>31 March 2015</u>	<u>31 March 2014</u>
Depreciation and amortization	7,458	4,196
Outsourcing expenses	4,757	2,117
Personnel expenses	2,377	1,599
Insurance expenses	1,275	972
Rent expenses	1,178	964
Construction contract cost	431	--
Other	1,890	903
	<u>19,366</u>	<u>10,751</u>

23 SELLING, 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 2015</u>	<u>31 March 2014</u>
Personnel expenses	8,185	7,399
Grant and charities	3,961	179
Rent expenses	1,094	938
Advertisement expenses	900	722
Consultancy expenses	766	917
Travel expenses	479	573
Depreciation and amortization expenses	426	311
Taxes and duties	316	769
General office expenses	312	267
Office supplies expenses	188	135
Representation expenses	116	292
Outsourcing expenses	94	87
Insurance expenses	64	46
Other	906	731
	<u>17,807</u>	<u>13,366</u>

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

24 OTHER INCOME/EXPENSE

Other operating income:

For the years ended 31 March, other operating income comprised the following:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Insurance compensation income	19,434	--
Gain on fair value of investment properties	314	--
Foreign exchange gain from trade receivables and trade payables	21	673
Rent income	--	55
Other	3,792	2,131
	<u>23,561</u>	<u>2,859</u>

As at 31 March 2015, insurance income arises from the income obtained from the insurance company as a result of damage occurred in HEPP projects.

As at 31 March 2015, TL 464 is composed of income resulting from the payable to Kasa Stroy in aforesaid amount related to the Group's construction works in Russia becoming not to be paid dealing with the counter party.

Other operating expense:

For the periods ended 31 March 2015 and 2014, other expenses comprised the following:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Notes receivable from accrued expenses	646	--
Foreign exchange loss from trade receivables and trade payables	351	371
Other	1,817	2,171
	<u>2,814</u>	<u>2,542</u>

As at 31 March 2014, TL 1,420 of other expense is related to advocacy expenses of the ongoing case of Moscow project which the Group is planning to develop in Russia.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

25 FINANCIAL INCOME

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

	<u>31 March 2015</u>	<u>31 March 2014</u>
Foreign exchange gain	10,508	41
Interest income	890	3,841
Unearned interest income, net	--	1,073
	<u>11,398</u>	<u>4,955</u>

For the periods ended 31 March, financial income/(expenses) accounted in other comprehensive income as a result of hedging agreements and functional-reporting currency differences of subsidiaries and joint ventures are as follows:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Foreign currency translation differences	12,550	(6,133)
	<u>12,550</u>	<u>(6,133)</u>

As at 31 March 2015, finance income/(expense) accounted under other comprehensive income arises from MIP, TAV Yatırım, Akfen Su, Akfen GYO, Akfen İnşaat, HEPP Group and TAV Havalimanları.

As at 31 March 2015, foreign exchange translation differences accounted under equity amounting TL 141,458 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, Akfen Su, Akfen GYO, Akfen İnşaat and TAV Havalimanları conversion from their functional currency of USD and EUR to the presentation currency of TL (31 December 2014: TL 81,675. TAV Yatırım, MIP, Akfen Su, Akfen İnşaat, Akfen GYO ve TAV Havalimanları).

26 FINANCIAL EXPENSE

For the periods ended 31 March, financial expense comprised the following:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Interest expense	37,398	28,087
Foreign exchange losses	88,698	34,969
Unearned interest expense, net	2,163	--
Other	1,980	1,556
	<u>130,239</u>	<u>64,612</u>

27 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

28

TAXATION

Corporate tax:

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

As at 31 March 2015, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

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

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

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

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

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

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

28

TAXATION (continued)

Corporate tax (continued):

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

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

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

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

According to Article 5/1(d) (4) of the New Corporate Tax Law 5220, the income of Real Estate Investment Trusts (“REIT”) is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. However, the Tax Inspectors' Board challenges this exemption for the Real Estate Investment Trusts (“REIT”) which are not publicly traded and imposes tax penalties to these REITs. On the other hand, the Capital Markets Board is of the opinion that REIT status is obtained by companies instantaneously founded or transformed to the REIT after the Board's approval of the amendments in the Articles of Association in case of transformation, and approval of establishment in case of immediate establishment. Therefore, the management and the legal advisors of the Group do not expect to be exposed to any tax exposure related with this penalty and expects the Tax Authorities to settle the tax assessments in due course.

Income withholding tax:

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

28

TAXATION (continued)

Transfer fiyatlandırması düzenlemeleri:

Transfer pricing regulations:

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

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

28,1

Taxation income/(expense)

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

	<u>31 March 2015</u>	<u>31 March 2014</u>
Corporate tax expense	(999)	(1,182)
Deferred tax benefit/(expense)	20	5,783
Tax expense recognized in profit / loss	(979)	4,601
Deferred tax expense recognized in comprehensive income	--	--
Total	(979)	4,601

28,2

Deferred tax assets and liabilities

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

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 31 March 2015 and 31 December 2014 were attributable to the items detailed in the table below:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>
	<u>March</u>	<u>December</u>	<u>March</u>	<u>December</u>	<u>March</u>	<u>December</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade and other receivables	7,958	7,225	--	--	7,958	7,225
Tangible and intangible fixed assets	28,792	35,181	(16,970)	(17,597)	11,822	17,584
Investment incentives	12,387	12,888	--	--	12,387	12,888
Investment properties	--	--	(78,974)	(72,284)	(78,974)	(72,284)
Tax losses carried forward	44,370	34,572	--	--	44,370	34,572
Loans and borrowings	261	147	(230)	(129)	31	18
Other temporary differences	560	626	--	--	560	626
Subtotal	94,328	90,639	(96,174)	(90,010)	(1,846)	629
Net-off tax	(12,791)	(13,182)	12,791	13,182	--	--
Total deferred tax assets/(liabilities)	81,537	77,457	(83,383)	(76,828)	(1,846)	629

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

28 TAXATION (continued)

28,2 Deferred tax assets and liabilities (continued)

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years, Group management has assessed that it is possible for the Company to have taxable profit in the years ahead and as at 31 March 2015 has reflected TL 44,370 (31 December 2014: TL 34,572) of deferred tax assets arising from tax losses to its consolidated financial statements.

Unrecognized deferred tax assets and liabilities

At the balance sheet date, the Group has statutory tax losses of TL 153,701 (31 December 2014: TL 132,089) available for offset against future profits that is unused. TL 30,740 deferred tax asset (31 December 2014: TL 26,418) was not recorded since the profit for the future cannot be estimated. The expiry dates of previous years' losses that are not recognized as deferred tax asset are as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
2015	58	58
2016	37,219	37,867
2017	5,741	5,741
2018	50,005	50,005
2019	38,418	38,418
2020	22,260	--
	153,701	132,089

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

29 EARNINGS PER SHARE

For the periods ended 31 March 2015 and 31 March 2014 amounts of earning per share as TL (80,168) and TL 24,808, 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>31 March 2015</u>	<u>31 March 2014</u>
Income/(loss) on attributable to main shareholders of the Company	(80,168)	(24,808)
The weighted average number of shares outstanding during the period(*)	253,884,147	264,881,625
(Loss)/Profit per share from operations (full TL)	(0.316)	(0.094)

(*) Earnings per share calculation is done by excluding 29,100,000 shares of Akfen Holding at the beginning of the period and 4,163,894 share purchases of Akfen Holding during the period.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

30 RELATED PARTY DISCLOSURES

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

30,1 Related party balances

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Trade receivables	5,738	822
Non-trade receivables	780	652
	<u>6,518</u>	<u>1,474</u>
Trade payables	2,848	1,530
Non-trade payables	17,390	25,911
	<u>20,238</u>	<u>27,441</u>

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Non-trade receivables	51,238	51,690
	<u>51,238</u>	<u>51,690</u>
Trade payables	39	39
Non-trade payables	8,007	7,737
	<u>8,046</u>	<u>7,776</u>

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

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

<i>Due from related parties (long term-non trade):</i>	<u>31 March 2015</u>	<u>31 December 2014</u>
İDO	36,285	31,665
Hacettepe Teknokent	4,132	9,114
Hyper Foreign Holland N.V.	8,289	7,373
Other	2,532	3,538
	<u>51,238</u>	<u>51,690</u>

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

30 RELATED PARTY DISCLOSURES (continued)

30,1 Related party balances (continued)

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

<i>Due to related parties (short term-non trade):</i>	<u>31 March 2015</u>	<u>31 December 2014</u>
Adana İpekyolu (*)	17,110	17,109
Akfen Gayrimenkul Geliştirme ve Ticaret A.Ş.	--	8,502
Other	280	300
	17,390	25,911

(*) Short term-non trade payables comprise of Akfen Termik Enerji's payables to Adana İpekyolu.

As at 31 March 2015 and 31 December 2014, 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 2015</u>	<u>31 December 2014</u>
TAV Yatırım	8,007	7,737
	8,007	7,737

30,2 Related party transactions

For the periods ended 31 March, services rendered to related parties comprised the following:

<i>Services rendered to related parties:</i>	<u>31 March 2015</u>		<u>31 March 2014</u>	
Company	Amount	Transaction	Amount	Transaction
TAV Havalimanları	5,248	Electric Sales Revenue	3,611	Electric Sales Revenue
MIP	1,985	Electric Sales Revenue	--	Electric Sales Revenue
İDO	854	Electric Sales Revenue	840	Electric Sales Revenue
İDO	545	Financial Income	--	Financial Income
Hacettepe Teknokent	313	Financial Income	--	Financial Income
Akfen Su	175	Electric Sales Revenue	--	Electric Sales Revenue
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.	--	Financial Income	123	Financial Income
Other	12	Financial Income	--	Financial Income
	9,132		4,574	

For the periods ended 31 March, services obtained from related parties comprised the following:

<i>Services obtained from related parties:</i>	<u>31 March 2015</u>		<u>31 March 2014</u>	
Company	Amount	Transaction	Amount	Transaction
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	1,135	Alımlar	760	Alımlar
	1,135		760	

30,3 Key management personnel compensation

As at 31 March 2015, total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 1,790 (31 March 2014: TL 2,322).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

31 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

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

31 March 2015	Receivables				Deposits on Bank	Other
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	5,738	254,402	52,018	27,332	229,332	--
- Portion of maximum risk covered any guarantee (*)	--	5,670	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	5,738	235,658	52,018	27,332	229,332	--
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)	--	18,743	--	--	--	--
- The portion covered by any guarantee	--	5,670	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--
- Past due (gross book value)	--	1,050	--	--	--	--
- Impairment (-)	--	(1,050)	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

31 March 2015	Receivables	
	Trade Receivables	Other Receivables
Past due 1-30 days	11,210	--
Past due 3-12 months	97	--
Past due 1-5 years	8,039	--
More than 5 years	447	--
Total undue receivables	19,793	--
Total allowances	1,050	--
Amount secured by guarantees etc.	5,670	--

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Credit risk (continued)

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Impairment

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Balance at the beginning of the period	(1,034)	(1,175)
Provision cancelation	--	151
Foreign exchange difference	(16)	(10)
Balance at the end of the period	(1,050)	(1,034)

Liquidity risk

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

<u>31 March 2015</u>							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
Financial liabilities							
Loans and borrowings	6	1,770,338	(2,219,735)	(95,301)	(250,837)	(1,127,772)	(745,825)
Bonds	6	403,980	(495,560)	(5,426)	(39,780)	(450,354)	--
Trade payables	7	40,929	(41,050)	(17,592)	(23,206)	(252)	--
Due from related parties	7-8-30	28,284	(28,284)	(240)	(19,997)	(8,047)	--
Other payables (*)		12,272	(12,272)	(3,695)	(3,987)	(4,590)	--
Total		2,255,803	(2,796,901)	(122,254)	(337,807)	(1,591,015)	(745,825)

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

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2014:

<u>31 December 2014</u>							
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
Financial liabilities							
Loans and borrowings	6	1,367,115	(1,599,463)	(81,723)	(319,560)	(934,997)	(263,183)
Bonds	6	410,951	(520,991)	(18,464)	(30,424)	(472,103)	--
Trade payables	7	37,657	(37,991)	(7,937)	(21,682)	(8,372)	--
Due from related parties	7-8-30	35,217	(35,217)	(236)	(27,205)	(7,776)	--
Other payables (*)		13,237	(13,237)	(3,669)	(4,761)	(4,807)	--
Total		1,864,177	(2,206,899)	(112,029)	(403,632)	(1,428,055)	(263,183)

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Currency risk

Exposure to currency risk

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

	31 March 2015			
	<u>TL Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>Other(*)</u>
1, Trade receivables	15,088	1,597	465	9,602
2a. Monetary Financial Assets (including Cash	221,185	39,033	42,104	108
2b. Non-monetary Financial Assets	--	--	--	--
3, Other	41,488	12,312	3,238	185
4, Current Assets (1+2+3)	277,761	52,942	45,807	9,895
5, Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7, Other	57,275	13,901	7,415	--
8, Non-current Assets (5+6+7)	57,275	13,901	7,415	--
9, Total Assets (4+8)	335,036	66,843	53,222	9,895
10, Trade Payables	19,192	2,459	4,026	1,378
11, Financial Liabilities	273,785	78,738	24,114	--
12a. Other Monetary Liabilities	4,040	--	1,427	--
12b. Other Non-monetary Liabilities	6,960	768	1,433	901
13, Short Term Liabilities (10+11+12)	303,977	81,965	31,000	2,279
14, Trade Payables	--	--	--	--
15, Financial Liabilities	1,407,013	278,170	240,536	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4,492	1,243	441	--
17, Long Term Liabilities (14+15+16)	1,411,505	279,413	240,977	--
18, Total Liabilities (13+17)	1,715,482	361,378	271,977	2,279
19, Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics	--	--	--	--
19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics	--	--	--	--
20, Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(1,380,446)	(294,535)	(218,755)	7,616
21, Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,467,757)	(318,737)	(227,534)	8,332
22, Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23, Hedged Amount of Foreign Currency Assets	--	--	--	--
24, Hedged Amount of Foreign Currency Liabilities	--	--	--	--

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Currency risk (continued)

Exposure to currency risk (continued)

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

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

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Currency risk (continued)

Sensitivity analysis

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

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

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

Currency Sensitivity Analysis				
31 March 2015				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(76,879)	76,879	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(76,879)	76,879	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(61,927)	61,927	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(61,927)	61,927	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	(18)	18	780	(780)
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	(18)	18	780	(780)
TOTAL (3+6+9)	(138,825)	138,825	780	(780)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Currency risk (continued)

Sensitivity analysis (continued)

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

Interest rate risk

Profile

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Fixed rate instruments		
Financial assets	96,100	58,263
Financial liabilities	1,330,161	865,946
Variable rate instruments		
Financial assets	--	--
Financial liabilities	844,157	912,120

Fair value sensitivity analysis for fixed rate instruments:

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in TL Benchmark Interest Rate, Euribor or Libor rate, caused to approximately TL 8,442 (31 December 2014: TL 9,121) increase in the annual interest costs of floating interest rate liabilities of the Group. The amount of TL 653 has been projected by interest rate swap. Therefore the risk is on the profit/loss is TL 7,789,

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

Interest rate profile			
		31 March 2015	31 December 2014
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		--	--
Financial Liabilities		(8,442)	(9,121)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

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

Capital Risk Management

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

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

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

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

	31 March 2015	31 December 2014
Total financial liabilities	2,174,318	1,778,066
Cash and banks	(229,752)	(63,736)
Net financial liabilities	1,944,566	1,714,330
Equity	1,635,504	1,671,706
Net financial liability/equity ratio	1.19	1.03

As at 31 March 2015, Akfen Holding shares purchased within the "Buy Back Programme" by Akfen Holding amounting to TL 58,071 (31 December 2014: TL 167,264) were not included in cash and banks.

As at 31 March 2015, although land and development investments made for İncek Project of Akfen İnşaat amounting TL 274,872 (31 December 2014: TL 252,387) is convertible to cash, were not included in cash and banks.

As at 31 March 2015, short term notes receivable from apartment sales of İncek Project of Akfen İnşaat amounting to TL 62,687 (31 December 2014: 73,831) and total notes receivables amounting to TL 185,302 (31 December 2014: 195,946), were not included in cash and banks.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2015

(Currency: Thousands of TL)

32 SUBSEQUENT EVENTS

Akfen Holding and Its Subsidiaries:

Akfen Holding

Ordinary General Shareholders' Meeting of our Company for the year 2014 was held on April 16th, 2015 Thursday at the Headquarters of the Company, located at the address of Koza Sokak, No: 22. GOP ANKARA, at Akfen Holding A.Ş. 3rd floor Meeting Hall. At the Ordinary General Meeting, the following resolution has been reached; to approve the distribution of full TL 20,000,000 (gross) cash dividend (TL 0.076365025 per share gross) from 2014 and previous years' profits on April 28th, 2015.

Within the "Share Buyback Program" approved at the Extraordinary General Assembly on 15 January 2015, our Company repurchased a total of 27,767 Akfen Holding shares on 11 May 2015. Following this transaction the total of share purchases within the frame of the "Share Buyback Program" so far have reached 5,613,126 shares. Our Company holds 7,989,806 Akfen Holding shares, acquired within the previous share buyback program. Thus, in total share purchases have reached 13,602,932 shares, making up 5.19% of the Company's paid-in capital.

Akfen İnşaat

Akfen İnşaat has submitted an offer for Tekirdağ City Hospital with 480 bed capacity on 4 May 2015, and for Şanlıurfa City Hospital with 1,700 bed capacity on 8 May 2015 and invitations of the last auctions are being awaited from Privatization Administration.

Akfen GYO

Ordinary General Assembly regarding the fiscal year 2014 of Akfen GYO has convened on 14 April 2015 at 14:00 at company headquarters at the address Levent Loft Building, Büyükdere Caddesi, No: 201. C Blok, Kat:8 Levent Istanbul. Since there has not been any distributable profit in the financial statements regarding the fiscal period of 01 January 2014 - 31 December 2014, which has been prepared in accordance of Turkish Accounting Standards and Turkish Financial Reporting Standards, it has been approved not to distribute any dividends at the General Assembly.

Equity Accounted Investees:

MIP

MIP has distributed TL 62,000 of cash dividends on 2 April 2015 (Akfen Holding's share: TL 31,300).

TAV Havalimanları

TAV Havalimanları distributed full TL 0.8425 gross cash dividend per share having nominal value of TL 1, the total gross cash dividend distribution amount to full TL 306,052,855, on 5 May 2015.

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

None.