

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

**AKFEN HOLDİNG ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE**  
**PERIOD ENDED 1 JANUARY 2016 - 31 MARCH 2016**

<b>INDEX</b>	<b>PAGES</b>
<b>CONSOLIDATED BALANCE SHEET.....</b>	<b>1-2</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>3-4</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....</b>	<b>5-6</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>7-8</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>9-79</b>
NOTE 1      REPORTING ENTITY .....	9
NOTE 2      BASIS OF PREPARATION OF FINANCIAL STATEMENTS .....	17
NOTE 3      SEGMENT REPORTING .....	24
NOTE 4      CASH AND CASH EQUIVALENTS.....	27
NOTE 5      RESTRICTED CASH BALANCES .....	28
NOTE 6      LOANS AND BORROWINGS .....	29
NOTE 7      TRADE RECEIVABLES AND PAYABLES.....	37
NOTE 8      OTHER RECEIVABLES AND PAYABLES.....	39
NOTE 9      INVENTORIES .....	41
NOTE 10     ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS .....	41
NOTE 11     INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES .....	45
NOTE 12     INVESTMENT PROPERTY .....	50
NOTE 13     PROPERTY, PLANT AND EQUIPMENT .....	51
NOTE 14     INTANGIBLE ASSETS.....	53
NOTE 15     GOVERNMENT GRANTS .....	54
NOTE 16     PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	54
NOTE 17     COMMITMENT AND CONTINGENCIES .....	55
NOTE 18     EMPLOYEE BENEFITS .....	56
NOTE 19     OTHER ASSETS AND LIABILITIES .....	56
NOTE 20     PREPAID EXPENSES.....	57
NOTE 21     EQUITY .....	58
NOTE 22     REVENUE AND COST OF SALES .....	61
NOTE 23     GENERAL ADMINISTRATIVE EXPENSES .....	61
NOTE 24     OTHER INCOME/EXPENSE.....	62
NOTE 25     FINANCIAL INCOME.....	62
NOTE 26     FINANCIAL EXPENSE .....	62
NOTE 27     TAXATION .....	63
NOTE 28     EARNINGS PER SHARE .....	66
NOTE 29     RELATED PARTY DISCLOSURES .....	67
NOTE 30     NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS .....	69
NOTE 31     SUBSEQUENT EVENTS.....	78
NOTE 32     OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE .....	79

*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
Consolidated Balance Sheet as at 31 March 2016  
(Currency: Thousands of TL)

<b>ASSETS</b>	<b><u>Notes</u></b>	<b><u>Not-Audited</u></b> <b><u>31 March 2016</u></b>	<b><u>Audited</u></b> <b><u>31 December 2015</u></b>
<b>Current Assets</b>		<b>187,806</b>	<b>196,719</b>
Cash and cash equivalents	4	48,495	22,424
Trade receivables		21,123	17,867
- <i>Due from related parties</i>	7-29	7	--
- <i>Trade receivables from third parties</i>	7	21,116	17,867
Other receivables		28,741	99,734
- <i>Other receivables from related parties</i>	8-29	28,505	99,587
- <i>Other receivables from third parties</i>	8	236	147
Restricted bank balances	5	77,217	47,664
Prepaid expenses	20	10,694	8,119
Current tax assets		772	886
Other current assets	19	764	25
<b>Asset classified as held for sale</b>	<b>10</b>	<b>1,215,913</b>	<b>1,071,328</b>
<b>Non-Current Assets</b>		<b>2,921,821</b>	<b>2,902,219</b>
Trade receivables		2	--
- <i>Trade receivables from related parties</i>	29	2	--
Other receivables		466,625	448,730
- <i>Other receivables from related parties</i>	8-29	448,860	431,387
- <i>Other receivables from third parties</i>	8	17,765	17,343
Investments in equity accounted investees	11	839,812	864,249
Investment property	12	1,449,368	1,428,361
Property, plant and equipment	13	67,819	63,210
Intangible assets	14	34,424	31,754
Goodwill		3,309	3,309
Deferred tax assets	27	4,192	6,364
Prepaid expenses	20	11,406	11,797
Other non-current assets	19	44,864	44,445
<b>TOTAL ASSETS</b>		<b>4,325,540</b>	<b>4,170,266</b>

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

**Akfen Holding Anonim Şirketi**

Consolidated Balance Sheet as at 31 March 2016

(Currency: Thousands of TL)

<b>LIABILITIES</b>	<b>Notes</b>	<b><u>Not-Audited</u> 31 March 2016</b>	<b><u>Audited</u> 31 December 2015</b>
<b>Current Liabilities</b>		<b>554,372</b>	<b>299,188</b>
Short term loans and borrowings	6	--	42,728
Short term portion of long term loans and borrowings	6	532,093	224,119
Trade payables		9,113	19,316
- <i>Due to related parties</i>	7-29	3,255	3,783
- <i>Trade payables to third parties</i>	7	5,858	15,533
Other payables		9,454	10,022
- <i>Other payables to related parties</i>	8-29	3,474	1,603
- <i>Other payables to third parties</i>	8	5,980	8,419
Employee benefit obligations		235	548
Deferred income		6	402
Short term provisions		2,033	2,053
- <i>Provision for employee benefits</i>	16	2,033	2,053
Other current liabilities		1,438	--
<b>Liabilities classified as held for sale</b>	<b>10</b>	<b>826,092</b>	<b>788,562</b>
<b>Non-Current Liabilities</b>		<b>1,174,343</b>	<b>1,346,703</b>
Long term loans and borrowings	6	1,087,746	1,262,779
Other payables		13,211	12,688
- <i>Other payables to related parties</i>	8-29	9,489	9,066
- <i>Other payables to third parties</i>	8	3,722	3,622
Deferred tax liability	27	71,870	69,795
Long term provisions		1,516	1,441
- <i>Provision for employee benefits</i>	16	1,516	1,441
<b>EQUITY</b>		<b>1,770,733</b>	<b>1,735,813</b>
<b>Total Equity Attributable to Equity Holders of the Parent</b>		<b>1,423,045</b>	<b>1,388,191</b>
Paid in capital	21	247,081	261,900
Adjustments to share capital		(7,257)	(7,257)
Share premium		155,864	157,694
Treasury shares (-)	21	--	(76,029)
Business combination of entities under common control		6,236	6,236
Other comprehensive income/expense not to be reclassified to profit or loss		133,117	133,279
- <i>Revaluation reserve</i>		137,068	137,068
- <i>Actuarial gain/loss arising from defined benefit plans</i>		(3,951)	(3,789)
Other comprehensive income/expense to be reclassified to profit or loss		163,295	177,894
- <i>Foreign currency translation reserve</i>	21	189,879	199,899
- <i>Cash flow hedge reserves</i>	21	(26,584)	(22,005)
Restricted reserves allocated from profit		20,479	96,508
Retained earnings		646,508	600,501
Net (loss)/profit for the period		57,722	37,465
<b>Non-controlling interests</b>	<b>21</b>	<b>347,688</b>	<b>347,622</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,325,540</b>	<b>4,170,266</b>

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

*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Three Month Period Ended 31 March 2016**  
(Currency: Thousands of TL)

<b>CONTINUING OPERATIONS PROFIT OR LOSS</b>	<u>Notes</u>	<u>Not-Audited 31 March 2016</u>	<u>Not-Audited 31 March 2016 Restated</u>
Revenue	22	75,030	50,441
Cost of sales (-)	22	(33,360)	(18,935)
<b>GROSS PROFIT</b>		<b>41,670</b>	<b>31,506</b>
General administrative expenses (-)	23	(31,009)	(10,719)
Other operating income	24	3,160	17,905
Other operating expense (-)		(301)	(668)
Share on profit/(loss) of equity-accounted investees, net of tax	11	52,121	7,617
<b>OPERATING PROFIT</b>		<b>65,641</b>	<b>45,641</b>
Income from investment activities		426	31
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>66,067</b>	<b>45,672</b>
Financial income	25	48,481	10,125
Financial expense	26	(48,081)	(121,868)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>66,467</b>	<b>(66,071)</b>
<b>Tax Income/(Expense)</b>		<b>(8,111)</b>	<b>5,207</b>
Tax expense	27	(970)	(999)
Deferred tax income	27	(7,141)	6,206
<b>PROFIT/(LOSS) OF CONTINUING OPERATIONS FOR DISCONTINUING OPERATIONS</b>		<b>58,356</b>	<b>(60,864)</b>
Profit/(loss) of discontinuing operations for the period	10	--	(20,034)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>58,356</b>	<b>(80,898)</b>
<b>Profit/(Loss) Attributable To:</b>			
Non-controlling interest		634	(730)
Equity holders of the parent		57,722	(80,168)
<b>Profit/(Loss) for the Period</b>		<b>58,356</b>	<b>(80,898)</b>
<b>Earnings/(losses) per share</b>		<b>0.230</b>	<b>(0.316)</b>
Basic and diluted earnings/(losses) per share for continuing		0.230	(0.237)
Basic and diluted earnings/(losses) per share for discontinuing		--	(0.079)
<b>Basic and diluted earnings/(losses) per share (full TL)</b>	28	<b>0.230</b>	<b>(0.316)</b>

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish  
**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Three Month Period Ended 31 March 2016**  
(Currency: Thousands of TL)

<b>OTHER COMPREHENSIVE INCOME</b>	<u>Notes</u>	<u>Not-Audited</u> <u>31 March 2016</u>	<u>Not-Audited</u> <u>31 March 2016</u> <u>Restated</u>
<b>Items not to be reclassified to profit or loss in subsequent</b>			
Items not to be reclassified to comprehensive income in subsequent periods from equity accounted investees		(162)	24,636
<b>Items to be reclassified to profit or loss in subsequent periods</b>			
Foreign currency translation differences	25	(3,678)	12,550
Items to be reclassified to comprehensive income in subsequent periods from equity accounted investees		(11,490)	57,179
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(15,330)</b>	<b>94,365</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>43,026</b>	<b>13,467</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		635	(28,778)
Equity holders of the parent		42,391	42,245
<b>Total comprehensive income</b>		<b>43,026</b>	<b>13,467</b>

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

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

## Akfen Holding Anonim Şirketi

### Consolidated Statements of Changes in Equity For the Three Month Period Ended 31 March 2016

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss			Retained Earnings		Total	Non-controlling interest	Total equity
	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings	Profit/(loss) for the period			
<b>Balances at 1 January 2015</b>	291,000	(7,257)	211,695	--	(167,264)	6,236	81,675	(18,573)	81,192	(2,495)	187,743	644,752	(11,863)	1,296,841	374,865	1,671,706
<b>Total comprehensive income/(expense) for the period</b>																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	(80,168)	(80,168)	(730)	(80,898)
<b>Other comprehensive income</b>																
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
<b>Total comprehensive income/(expense)</b>	--	--	--	--	--	--	<b>59,796</b>	<b>3,015</b>	--	<b>(220)</b>	--	--	<b>(80,168)</b>	<b>(17,577)</b>	<b>5,923</b>	<b>(11,654)</b>
Transfers	--	--	--	--	--	--	--	--	--	--	--	(11,863)	11,863	--	--	--
Capital decrease	(29,100)	--	--	--	29,100	--	--	--	--	--	--	--	--	--	--	--
Capital decrease losses	--	--	--	--	104,641	--	--	--	--	--	--	(104,641)	--	--	--	--
Reserves from acquisition of own shares	--	--	--	--	--	--	--	--	--	--	(109,193)	109,193	--	--	--	--
Acquisition of own shares	--	--	--	--	(24,548)	--	--	--	--	--	--	--	--	(24,548)	--	(24,548)
<b>Total transactions with owners</b>	(29,100)	--	--	--	109,193	--	--	--	--	--	(109,193)	(7,311)	11,863	(24,548)	--	(24,548)
<b>Balances at 31 March 2015</b>	261,900	(7,257)	211,695	--	(58,071)	6,236	141,471	(15,558)	81,192	(2,715)	78,550	637,441	(80,168)	1,254,716	380,788	1,635,504

(\*)According to the article 520 of the law numbered 6102 reserves are provided for the acquisition values of treasury shares. The Group cancelled the reserves for the capital decrease dated 22 January 2015 for 29,100,000 shares, and have provided a reserve for the treasury shares acquired in current period amounting to TL 24,548.

(\*\*) 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 2016

(Currency: Thousands of TL)

							Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss			Retained Earnings				Total equity
	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Translation differences	Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings	Profit/(loss) for the period	Total	Non-controlling interest	
<b>Balances at 1 January 2016</b>	261,900	(7,257)	157,694	--	(76,029)	6,236	199,899	(22,005)	137,068	(3,789)	96,508	600,501	37,465	1,388,191	347,622	1,735,813
<b>Total comprehensive income/(expense) for the period</b>																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	57,722	57,722	635	58,357
<b>Other comprehensive income</b>																--
Foreign currency translation differences	--	--	--	--	--	--	(10,020)	--	--	--	--	--	--	(10,020)	(569)	(10,589)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(162)	--	--	--	(162)	--	(162)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(4,579)	--	--	--	--	--	(4,579)	--	(4,579)
Total other comprehensive income/(expense)	--	--	--	--	--	--	(10,020)	(4,579)	--	(162)	--	--	--	(14,761)	(569)	(15,330)
<b>Total comprehensive income/(expense)</b>	--	--	--	--	--	--	<b>(10,020)</b>	<b>(4,579)</b>	--	<b>(162)</b>	--	--	<b>57,722</b>	<b>42,961</b>	<b>66</b>	<b>43,027</b>
Transfers	--	--	--	--	--	--	--	--	--	--	--	37,465	(37,465)	--	--	--
Acquisition of subsidiary shares	--	--	(1,830)	--	--	--	--	--	--	--	--	--	--	(1,830)	--	(1,830)
Capital decrease	(14,819)	--	--	--	14,819	--	--	--	--	--	--	--	--	--	--	--
Changes in non-controlling shares	--	--	--	--	--	--	--	--	--	--	--	(6,277)	--	(6,277)	--	(6,277)
Capital decrease losses	--	--	--	--	61,210	--	--	--	--	--	--	(61,210)	--	--	--	--
Reserves from acquisition of own shares	--	--	--	--	--	--	--	--	--	--	(76,029)	76,029	--	--	--	--
Distribution of dividend	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total transactions with owners</b>	(14,819)	--	(1,830)	--	76,029	--	--	--	--	--	(76,029)	46,007	(37,465)	(8,107)	--	(8,107)
<b>Balances at 31 March 2016</b>	247,081	(7,257)	155,864	--	--	6,236	189,879	(26,584)	137,068	(3,951)	20,479	646,508	57,722	1,423,045	347,688	1,770,733

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

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

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 2016**

(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not-Audited</u> <u>31 March 2016</u>	<u>Not-Audited</u> <u>31 March 2015</u>
<b>Cash flows from operating activities:</b>			
(Loss)/Profit of continuing operation for the period		58,356	(60,864)
(Loss)/Profit of discontinuing operation for the period		--	(20,034)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment and amortization of intangibles	13-14	262	7,982
Provision for employee termination benefits		144	(444)
Unearned interest income/(expense), net		--	2,163
Shares on profit of investments in equity accounted investees	11	(52,121)	(4,839)
Provision for vacation pay		(32)	(25)
Unrealized foreign exchange differences		(32,960)	95,139
Interest expense/income, net	25-26	26,018	36,508
Tax expense	27	8,111	979
<b>Cash flow from operating activities before changes in working capital:</b>		<b>7,778</b>	<b>56,565</b>
<i>Changes in:</i>			
Other current trade receivables		(3,249)	(4,134)
Other current non-trade receivables		(89)	(10,594)
Other current assets		(32,753)	(6,358)
Other non-current trade receivables		--	(423)
Other non-current non-trade receivables		(422)	(164)
Inventories		--	(22,485)
Due from related parties		(1,466)	(4,592)
Other non-current assets		(28)	332
Other current trade payables		(9,675)	11,392
Other current non-trade payables		(5,333)	948
Other current liabilities		738	13,801
Other non-current trade payables		(3,622)	(8,120)
Other non-current payables		3,722	89
Due to related parties		1,766	(6,933)
<b>Cash provided/(used) by operating activities</b>		<b>(42,633)</b>	<b>19,324</b>
Taxes paid		(970)	(27)
Retirement benefit paid		(69)	(204)
Dividends received from investments in equity accounted investees	11	57,685	--
<b>Net cash provided/(used) by operating activities</b>		<b>14,013</b>	<b>19,093</b>

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

*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Cash Flow**  
**For the Three Month Period Ended 31 March 2016**  
(Currency: Thousands of TL)

	<u>Notes</u>	<u>Not-Audited</u> <u>31 March 2016</u>	<u>Not-Audited</u> <u>31 March 2015</u>
<b>Cash flows from investing activities</b>			
Interest received		517	890
Acquisition of property, plant and equipment and intangible assets	13-14	(1,458)	(54,616)
Purchases of investment properties	12	(8,104)	(25,546)
Increase/(decrease) in financial investments		--	(449)
Acquisition of subsidiaries and affiliates		--	(4,500)
Change in asset classified as held for sale		(35,876)	--
<b>Net cash provided by operating activities</b>		<b>(44,921)</b>	<b>(84,221)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		200,802	606,669
Repayment of borrowings		(101,175)	(313,579)
Interest paid		(42,648)	(37,398)
Change in project reserve accounts		--	(25,128)
Acquisition of own shares		--	(24,548)
<b>Net cash (used in)/ provided by financing activities</b>		<b>56,979</b>	<b>206,016</b>
<b>Net increase in cash and cash equivalents</b>		<b>26,071</b>	<b>140,888</b>
<b>Cash and cash equivalents at the beginning</b>	4	<b>22,424</b>	<b>48,139</b>
<b>Cash and cash equivalents at period end</b>	4	<b>48,495</b>	<b>189,027</b>

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

## **Akfen Holding Anonim Şirketi**

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

**As at and For the Three Month Period Ended 31 March 2016**

*(Currency: Thousands of TL)*

## **1 REPORTING ENTITY**

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

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

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

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

Akfen Holding 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,

Pursuant to the CMB Communiqué on the “Squeeze-Out and Sell-Out Rights” temporary Article 3, as of 22 December 2015, total stakes of the shareholders acting in concert; Hamdi Akın, Selim Akın, Akınısı Makina Sanayi ve Ticaret A.Ş., Akfen Turizm Yatırımları ve İşletmecilik A.Ş. and Akfen Altyapı Danışmanlık A.Ş.; has reached 97.11% and the right to sell-out and squeeze-out as regulated in the Communiqué was exercised. Following the date of 22 December 2015 the period of 3 months ended as of 22 March 2016. Following the end of the 3 month period (23 December 2015 – 22 March 2016), during which the shareholders have exercised their sell-out rights, the majority shareholders will exercise their right to squeeze-out the shareholders that have not exercised their sell-out rights, at a price of TL 10.9998, which is the weighted average trading price for the last 30 days prior the date of 22 December 2015, when the status of the majority shareholder was attained pursuant to the provisions of the Communiqué. As at reporting date, CMB approval process is continuing.

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

#### As at and For the Three Month Period Ended 31 March 2016

(Currency: Thousands of TL)

#### 1 REPORTING ENTITY (continued)

The shareholders of Akfen Holding and the ownership ratios as at 31 March 2016 and 31 December 2015 are as follows (Note: 21):

	31 March 2016		31 December 2015	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın(*)	198,500	80.34	198,500	68.21
Akfen Holding A.Ş.(**)	-	-	7,990	2.75
Other Partners	2,278	0.89	2,278	0.78
Public Shares(***)	46,303	18.74	53,132	28.26
<b>Paid in Capital (nominal)</b>	<b>247,081</b>	<b>100</b>	<b>261,900</b>	<b>100</b>

\* Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on the BİAŞ.

\*\* Publicly owned.

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

In addition, as of 31 March 2016, 12,295,307 shares in the section open to the public (4.98% of the paid-in capital) belong to Hamdi Akın, 8,583,303 shares (3.47% of the paid-in capital) belong to Selim Akın and 24,382,451 shares (9.87% of the paid-in capital) belong to Akfen Altyapı.

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

Koza Sokak No: 22 Gaziosmanpaşa

06700/Ankara-Turkey

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

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

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 31 March 2016 is 276 (31 December 2015: 265) and 37,908 (31 December 2015: 37,839), respectively.

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

#### i) Subsidiaries

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**Akfen REIT (continued)**

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

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

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

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

As at 31 March 2016, Akfen REIT owns 19 hotels with a total number of 3,428 rooms and the numbers of beds are 6,86. One hotel under construction has a total of 200 rooms and 400 beds. Once this hotel in the construction phase has been completed the total number of hotels to be operational will reach 20, the number of rooms 3,628 and the corresponding number of beds in these rooms will reach 7,264.

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**Akfen Renewable (continued)**

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

Since due to this agreement, there is a change of control in these subsidiaries and they will be accounted by equity method as a joint venture, as at 31 March 2016, all assets and liabilities of Akfen Renewable are presented in assets classified as held for sale and liabilities classified as held for sale.

**HEPP Group**

Akfen Holding has been investing in hydroelectric power plants through its subsidiaries since January 2007. As of 31 March 2016, Akfen Holding grouped the hydroelectric power plants under Akfen Renewable.

As at 31 March 2016, HEPP Group owns a total of 15 projects with a total installed capacity of 339.5 MW and an electricity generation capacity of 1,220.1 GWh/year, 11 power plants having 204.1 MW installed power capacity and 852.6 GWh electricity generation capacity are operational and the construction of 2 power plants with 23.7 MW installed power capacity and 68.3 GWh electricity generation capacity is in progress; these are Çalıkobası HEPP project of HHK Enerji Elektrik Üretim A.Ş. (“HHK”) and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. (“Kurtal”). In addition, there are 2 hydroelectrical power plants with 111.6 MW installed power capacity and 299.2 GWh annual electricity generation capacity in planning phase.

All of Akfen HEPP projects are subject to the Law of Using Renewable Energy Resources for Electricity Production Purposes. In this context if projects have Renewable Energy Resources Document and their investments are completed until December 31, 2020, they can make use of the state’s purchase guarantee price of USD cents 7.3/kWh.

As at 31 March 2016, 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, 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.

**WPP Group**

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

**WPP Group (continued)**

As at 31 March 2016, Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavança Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Pruva Enerji A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. are the wholly owned direct subsidiaries of WPP Group or companies with the same control structure. The process of developing wind power plant projects has begun, and the process continues with preparation works for 14 projects having an estimated 984 MW installed capacity. Applications to EMRA have been completed on 28 April 2015, the company's paid-in capital amounts were increased, and letters of guarantee were submitted to the EMRA. As a result of the review process by the EMRA 14 project have been evaluated and approved.

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

**SPP Group**

Within the SPP Group, as of 31 March 2016, there are 7.26 MW unlicensed projects that are operational, and the total portfolio of 151.7 MW consists of licensed (78 MW) and unlicensed (66 MW) projects that are under development.

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

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

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**i) Subsidiaries (continued)**

***Akfen Thermal Energy (continued)***

According to the Board Decision dated 13 July 2015, within the Company's growth strategy, it was decided to purchase shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio. In order to restructure and to achieve a more efficient structure of a subsidiary Akfen Thermal Energy, it is decided to initiate partial division transaction and to complete necessary transactions for the transfer of the whole shares of Adana Ipekyolu, a subsidiary of Akfen Thermal Energy, to a new company by the way of partial division until 31 December 2015.

The Company decided to purchase 29.75% of Akfen Thermal Energy owned by Hamdi Akın, 40% of Adana Ipekyolu owned by Selim Akın. The share transfer in Adana Ipekyolu was completed as of 30 October 2015 as the closing conditions were met. As of 31 March 2016, the share transfer in Akfen Thermal Energy has not been completed yet.

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

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

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

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

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

**ii) Joint Ventures**

***TAV Havalimanları Holding A.Ş. ("TAV Airports")***

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

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



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**TAV Airports (continued)**

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 signed Build – Operate – Transfer (“BOT”) Agreements with DHMİ, TAV Urban Georgia LLC (“TAV Tbilisi”) signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations (“JSC”); TAV Batumi Operations LLC (“TAV Batumi”) signed a BOT Agreement with Georgia Ministry of Economic Development (“GMED”); TAV Tunisia SA (“TAV Tunisia”) signed a BOT Agreement with Tunisia State Airports Operations (“OACA”) for Monastir and Enfidha Airports; TAV Macedonia Doel Petrovec (“TAV Macedonia”) signed a BOT Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports, Tibah Airport Development Company (“Tibah Development”), established by TAV Airports, Al Rajhi Holding Group and Saudi Oger Ltd., signed a BOT Agreement with Saudi Arabia State Airport Operations (“GACA”) for Medinah Airport. At the end of the agreement period, TAV Airports will transfer the property of built airport to respective institution (DHMİ, JSC, GMED, OACA, MOT, MOTC, and GACA). In addition, the Group also signed individual contracts for the operation of airports thereafter.

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

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

The concession agreement of TAV Ege dated 16 December 2011 is for renting the international terminal on 10 January 2015 and operating it until 31 December 2032. TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

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

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, for a period of 10 years. The project covers the operation right of 700 square meters of duty free area in the airport which in total, served nearly 41 million passengers in 2014.

TAV Airports 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 2016**

(Currency: Thousands of TL)

**1 REPORTING ENTITY (continued)**

**ii) Joint Ventures (continued)**

**TAV Investment**

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

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

**MIP**

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

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

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. (“Akfen Water”) has started operating on 24 August 2006. Akfen Water, having completed all of its investments, served 6,826 subscribers as at 31 March 2016.

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

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

**İDO**

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011 by Akfen Holding, Tepe Construction; Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. joint venture. İDO provides passenger and vehicle transportation service under ‘Sea Bus and Fast Ferry Lines’ title both in innercity and the intercity seaways. İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 55 sea vehicles (24 sea buses, 20 conventional ferries, 9 fast ferries, and 2 service vessels) and 15 lines consisting of 9 sea buses, 2 conventional ferries and 4 fast ferries. The sea buses, fast ferries and conventional ferries have a total of 36,435 passengers capacity for the summer period and 30,113 passengers capacity for the winter period and 2,873 vehicles capacity for both periods as at 31 March 2016.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

*(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 CMB’s “Capital Market Communiqué on Principles Regarding Financial Reporting” serial II, No: 14.1 (the “Communiqué”) which is published in official gazette, dated 13 June 2013 no 28676.

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

Group prepared the condensed interim consolidated financial statements for the period ending 31 March 2016 in accordance with TAS:34 “Interim Financial Reporting”.

The accompanying consolidated interim financial statements as at 31 March 2016 have been approved by the Board of Directors of the Company on 16 May 2016. 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 2016**

(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:

Valid functional and presentation currency of subsidiaries and joint ventures are shown below:

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

**(f) Basis of consolidation**

The accompanying condensed interim consolidated financial statements as at 31 March 2016 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 2016**

(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**

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 2016 and 31 December 2015, 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>Decemb</u>	<u>March</u>	<u>December</u>	<u>March</u>	<u>Decemb</u>	<u>March</u>	<u>Decemb</u>	
	<u>2016</u>	<u>er 2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>er 2015</u>	<u>2016</u>	<u>er 2015</u>	
Akfen Construction (*)	--	--	--	--	--	100	--	--	Construction
Akfen REIT	56.88	56.88	56.88	56.88	16.41	16.41	73.29	73.29	Realestate investment
HEPP Group	--	100.00	--	100.00	--	--	--	100.00	Hydroelectric, electricity production
Akfen Energy Distribution	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	Energy
Akfen Electricity Wholesale (**)	--	100.00	--	100.00	--	--	--	100.00	Electricity sales
Akfen Thermal Energy	70.25	70.25	70.25	70.25	29.75	29.75	100.00	100.00	Energy
Akfen WPP (**)	--	100.00	--	100.00	--	--	--	100.00	Energy
Akfen Renewable	100.00	--	100.00	--	--	--	100.00	--	Energy

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

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

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

**(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.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(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)**

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

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

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

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

	31 March 2016		31 December 2015		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Airports	8.12	8.12	8.12	8.12	Operation of airports
TAV Investment	21.68	21.68	21.68	21.68	Investment, construction and operation in aviation industry
MIP	50.00	50.00	50.00	50.00	Port operation
PSA Liman	50.00	50.00	50.00	50.00	Consultancy
Akfen Water	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 2016**

(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 2016 and 31 December 2015 yearly changes for period ends and as at 31 March 2016 and 31 December 2015 three month average changes are as follows:

	Average Rates		Period End Rates	
	31 March 2016	31 March 2015	31 March 2016	31 December 2015
US Dollar	2.9409	2.4571	2.8334	2.9076
Euro	3.2420	2.7709	3.2081	3.1776
Georgian Lari ("GEL")	1.1977	1.1854	1.1973	1.2142
Macedonian Denar ("MKD")	0.0489	0.0449	0.0520	0.0515
Tunisian Dinar ("TND")	1.3864	1.2718	1.4029	1.4321
Swedish Krona ("SEK")	0.3227	0.2954	0.3474	0.3479
Saudi Riyal ("SAR")	0.7244	0.6548	0.7555	0.7753
Croatian Kuna ("HRK")	0.3960	0.3608	0.4286	0.4140
Russian Ruble ("RUB")	0.0393	0.0391	0.0417	0.0396

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

*(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 2016 have been prepared in accordance with TAS 34 “Interim Financial Reporting” standard of TFRS. In addition, except for the new and amended standards effective as of 1 January 2014 summarized below, accounting policies taken into account for preparation of condensed interim consolidated financial statements as at 31 March 2016 are consistent with policies applied for previous periods. Effects of these standards and interpretations on Group’s financial position and performance are disclosed in related paragraphs. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015.

*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 2018. 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.



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

*(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*

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.

*Amendments to IAS 7 – Disclosure Initiative*

IAS 7 Statement of Cash Flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in consolidated financial statements. The amendments will require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted. The Group is in the process of assessing the impact of the amendment on consolidated 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 2016**

*(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)*

*Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017, The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

**3 SEGMENT REPORTING**

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

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

*Other*

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

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 2016**

(Currency: Thousands of TL)

**3 SEGMENT REPORTING (continued)**

<u>1 January-31 March 2016</u>	<u>Akfen REIT</u>	<u>Akfen Renewable</u>	<u>Other</u>	<u>Investment in equity accounted investees</u>	<u>Inter segment eliminations</u>	<u>Total</u>
External revenues	12,608	62,422	--	--	--	75,030
Inter segment revenue	--	16	--	--	(16)	--
<b>Total revenue</b>	<b>12,608</b>	<b>62,438</b>	<b>--</b>	<b>--</b>	<b>(16)</b>	<b>75,030</b>
Cost of sales	(1,995)	(31,653)	--	--	288	(33,360)
<b>Gross profit</b>	<b>10,613</b>	<b>30,785</b>	<b>--</b>	<b>--</b>	<b>272</b>	<b>41,670</b>
General administrative expenses	(1,823)	(3,431)	(25,776)	--	21	(31,009)
Other operating income	29	2,537	58,824	--	(58,230)	3,160
Other operating expense	(97)	(204)	(0)	--	--	(301)
Investment in equity accounted investees	--	--	--	52,121	--	52,121
<b>Operating profit/ (loss)</b>	<b>8,722</b>	<b>29,687</b>	<b>33,048</b>	<b>52,121</b>	<b>(57,937)</b>	<b>65,641</b>
Income from investment activities	--	--	426	--	--	426
Financial income	6,693	19,775	32,390	--	(10,377)	48,481
Financial expense	(13,906)	(19,699)	(24,853)	--	10,377	(48,081)
<b>Profit / (loss) of continuing operations before tax</b>	<b>1,509</b>	<b>29,763</b>	<b>41,011</b>	<b>52,121</b>	<b>(57,937)</b>	<b>66,467</b>
Tax income/(expense) for the period	(3,230)	(5,316)	1	--	434	(8,111)
Profit/(loss) of continuing operations after tax	<b>(1,721)</b>	<b>24,447</b>	<b>41,012</b>	<b>52,121</b>	<b>(57,503)</b>	<b>58,356</b>
Profit (loss) for the period attributable to the parent of the Company	(1,404)	24,452	41,008	52,121	(58,455)	57,722
Depreciation and amortization expenses	7	7,852	255	--	(289)	7,825
Investments of tangible and intangible assets, investment properties and other investments (**)	8,132	--	1,430	--	--	9,562
<b>31 March 2016</b>						
Segment assets	1,598,538	1,204,825	2,191,003	839,812	(1,508,638)	4,325,540
Segment liabilities	791,069	1,039,039	1,094,001	--	(369,305)	2,554,804

(\*) As at 31 March 2016 investments comprised of investments amounting to TL 8,104 for investment property, TL 1,188 for plant and equipment and TL 270 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 2016

(Currency: Thousands of TL)

### 3 SEGMENT REPORTING (continued)

	<u>Akfen</u>		<u>HEPP</u>	<u>Akfen Electricity</u>		<u>Investment in</u>	<u>Inter segment</u>	
<b>1 January-31 March 2015</b>	<u>Construction</u>	<u>Akfen REIT</u>	<u>Group</u>	<u>Wholesale</u>	<u>Other</u>	<u>equity accounted</u>	<u>eliminations</u>	<u>Total</u>
						<u>investees</u>		
External revenues	--	10,765	28,566	11,110	--	--	--	50,441
Inter segment revenue	--	--	6,600	48	--	--	(6,648)	--
<b>Total revenue</b>	--	<b>10,765</b>	<b>35,166</b>	<b>11,158</b>	--	--	<b>(6,648)</b>	<b>50,441</b>
Cost of sales	--	(1,519)	(13,813)	(10,217)	--	--	6,614	(18,935)
<b>Gross profit</b>	--	<b>9,246</b>	<b>21,353</b>	<b>941</b>	--	--	<b>(34)</b>	<b>31,506</b>
General administrative expenses	--	(1,485)	(1,249)	(95)	(7,916)	--	26	(10,719)
Other operating income	--	2,219	15,219	--	467	--	--	17,905
Other operating expense	--	(358)	(285)	--	(25)	--	--	(668)
Investment in equity accounted investees	--	--	--	--	--	7,617	--	7,617
<b>Operating profit/ (loss)</b>	--	<b>9,622</b>	<b>35,038</b>	<b>846</b>	<b>(7,474)</b>	<b>7,617</b>	<b>(8)</b>	<b>45,641</b>
Income from investment activities	--	--	--	5	26	--	--	31
Financial income	--	10,645	44	9	14,237	--	(14,810)	10,125
Financial expense	--	(14,557)	(90,819)	(36)	(24,109)	--	7,653	(121,868)
<b>Profit / (loss) of continuing operations before tax</b>	--	<b>5,710</b>	<b>(55,737)</b>	<b>824</b>	<b>(17,320)</b>	<b>7,617</b>	<b>(7,165)</b>	<b>(66,071)</b>
Tax income/(expense) for the period	--	(3,153)	8,514	0	(154)	--	--	5,207
Profit/(loss) of continuing operations after tax	--	2,557	(47,223)	824	(17,474)	7,617	(7,165)	(60,864)
Profit/(loss) of discontinuing operations after tax	(26,894)	--	--	--	--	--	6,860	(20,034)
Profit/(loss) of period	(26,894)	2,557	(47,223)	824	(17,474)	7,617	(305)	(80,898)
Profit (loss) for the period attributable to the parent of the Company	(26,894)	2,639	(46,890)	824	(17,337)	7,617	(127)	(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
<b>31 December 2015</b>								
Segment assets	--	1,585,858	1,063,990	9,629	2,094,815	864,249	(1,448,275)	4,170,266
Segment liabilities	--	781,751	923,528	10,194	1,036,024	--	(317,043)	2,434,454

(\*) As at 31 March 2015 investments 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.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**4 CASH AND CASH EQUIVALENTS**

As at 31 March 2016 and 31 December 2015, cash and cash equivalents comprise the following:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Cash on hand	194	66
Cash at banks	12,434	22,337
- Demand deposits	4,722	3,365
- Time deposits	7,712	18,972
Other cash and cash equivalents(*)	35,867	21
<b>Cash and cash equivalents</b>	<b>48,495</b>	<b>22,424</b>

(\*)As at 31 March 2016 and 31 December 2015, the whole amount of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding.

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Akfen REIT	5,017	16,239
Akfen Holding	42,848	5,229
Other	629	956
<b>Total</b>	<b>48,495</b>	<b>22,424</b>

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

<b>Currency</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
TL	2,010	1,901
US Dollar	2,195	255
Euro	409	1,103
Other	108	106
	<b>4,722</b>	<b>3,365</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**4 CASH AND CASH EQUIVALENTS (continued)**

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

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 March 2016</u>
TL	May 2016	9.75	2,995
US Dollar	April 2016	0.50	274
Euro	April 2016	0.02 – 7.20	4,365
Other	April 2016	1.00	77
			<u>7,712</u>

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 December 2015</u>
TL	January 2016	10.00	2,050
Euro	January 2016	1.25 – 7.20	16,185
Other	January 2016	11.50	737
			<u>18,972</u>

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 30. As at 31 March 2016 and 31 December 2015, except for the balances stated as restricted cash, there is no blokage.

**5 RESTRICTED CASH BALANCES**

As at 31 March 2016, Group's restricted cash balances are composed of TL 48,122 Akfen REIT's and TL 29,095 Akfen Holding's restricted cash accounts (31 December 2015: Akfen REIT TL 47,664). The details of the restricted cash balances, due dates and interest rates of the Group as at 31 March 2016 and 31 December 2015 are as follows:

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 March 2016</u>
US Dollar	April 2016	0.50	29,095
Euro	April 2016	7.20	48,122
			<u>77,217</u>

<u>Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>31 December 2015</u>
Euro	January 2016	7.2	47,664
			<u>47,664</u>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(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 30.

The detail of Group's financial liabilities as at 31 March 2016 is as follows:

<b>Current portion of long term financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Current portion of long term secured bank loans	138,753	186,706
Current portion of long term issued bonds	340,000	345,387
	<b>478,753</b>	<b>532,093</b>
<b>Non-current financial liabilities</b>		
Long term secured bank loans	1,065,387	1,027,746
Long-term issued bonds	60,000	60,000
	<b>1,125,387</b>	<b>1,087,746</b>

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

<b>Current financial liabilities</b>	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Short term secured bank loans	42,506	42,728
	<b>42,506</b>	<b>42,728</b>

<b>Current portion of long term financial liabilities</b>		
Current portion of long term secured bank loans	157,591	211,884
Current portion of long term issued bonds	--	12,235
	<b>157,591</b>	<b>224,119</b>

<b>Non-current financial liabilities</b>		
Long term secured bank loans	908,159	862,779
Long-term issued bonds	400,000	400,000
	<b>1,308,159</b>	<b>1,262,779</b>

As at 31 March 2016, Group's total bank loans, issued bonds and leasing liabilities are as follows:

	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Bank loans	1,204,140	1,214,452
Bonds	400,000	405,387
	<b>1,604,140</b>	<b>1,619,839</b>

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

	<b><u>Nominal Value</u></b>	<b><u>Carrying Amount</u></b>
Bank loans	1,108,256	1,117,391
Bonds	400,000	412,235
	<b>1,508,256</b>	<b>1,529,626</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(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 March 2016 are as follows:

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	490,728	418,651	909,379
Akfen REIT	41,365	669,095	710,460
	<b>532,093</b>	<b>1,087,746</b>	<b>1,619,839</b>

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	475,485	422,873	898,358
Akfen REIT	3,268	702,514	705,782
	<b>478,753</b>	<b>1,125,387</b>	<b>1,604,140</b>

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

<u>Carrying Amount</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	222,116	603,493	825,609
Akfen REIT	44,730	659,287	704,017
	<b>266,846</b>	<b>1,262,780</b>	<b>1,529,626</b>

<u>Nominal Value</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
Akfen Holding	200,097	609,087	809,184
Akfen REIT	--	699,072	699,072
	<b>200,097</b>	<b>1,308,159</b>	<b>1,508,256</b>

**Conditions and repayment schedules**

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

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2016</u>	<u>31 December</u>	<u>31 March 2016</u>	<u>31 December</u>
Within 1 year	478,753	200,097	532,093	266,847
1 – 2 years	422,361	548,228	397,308	579,585
2 – 3 years	57,800	110,284	131,230	130,394
3 – 4 years	44,294	43,046	60,314	58,877
5 years and more	600,933	606,601	498,893	493,923
	<b>1,604,140</b>	<b>1,508,256</b>	<b>1,619,838</b>	<b>1,529,626</b>



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

As at 31 March 2016 and 31 December 2015 the currency distribution of bank loans and issued bonds is as follows:

	<u>Nominal Value</u>		<u>Carrying Amount</u>	
	<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
TL	400,000	442,506	405,387	454,963
US Dollar	272,187	142,658	274,949	144,469
Euro	931,953	923,092	939,503	930,194
	<b>1,604,140</b>	<b>1,508,256</b>	<b>1,619,839</b>	<b>1,529,626</b>

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 2016 and 31 December 2015 the lowest and highest interest rates of loans that the Company used are as follows:

	<u>31 March 2016<sup>(*)</sup></u>				<u>31 December 2015<sup>(*)</sup></u>		
	<u>TL</u>	<u>US Dollar</u>	<u>Euro</u>		<u>TL</u>	<u>US Dollar</u>	<u>Euro</u>
<b>Fixed rate loans</b>				<b>Fixed rate loans</b>			
The Lowest	--	%3.75	%3.85	The Lowest	%14.00	%3.75	%3.85
The Highest	--	%6.00	%7.20	The Highest	%14.00	%6.00	%7.20
<b>Floating interest rate loans</b>				<b>Floating interest rate loans</b>			
The Lowest	%3.00	%5.25	%5.50	The Lowest	%2.15	%5.25	%5.50
The Highest	%3.50	%5.25	%5.50	The Highest	%3.50	%5.25	%5.50

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

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

As at 31 March 2016, total amount of project loans is TL 701,460 (31 December 2015: TL 704,017) and its share in total loans is 44% (31 December 2015: 46%)

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Akfen Holding**

The breakdown of bank loans as at 31 March 2016 is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	US Dollar	6.00	2016	40,698	41,663
Secured bank loans <sup>(2)</sup>	US Dollar	4.85	2016	27,484	28,101
Secured bank loans <sup>(2)</sup>	US Dollar	3.75	2017	141,670	142,669
Secured bank loans <sup>(2)</sup>	US Dollar	4.50	2017	19,834	19,839
Secured bank loans <sup>(1)</sup>	US Dollar	Libor+5.25	2017	25,501	25,638
Secured bank loans <sup>(1)</sup>	US Dollar	5.60	2017	17,000	17,041
Secured bank loans <sup>(2)</sup>	Euro	3.85	2016	28,873	29,717
Secured bank loans <sup>(2)</sup>	Euro	Euribor+5.50	2017	28,873	29,410
Secured bank loans <sup>(2)</sup>	Euro	4.60	2017	48,122	49,218
Secured bank loans <sup>(2)</sup>	Euro	4.15	2018	56,142	56,341
Secured bank loans <sup>(2)</sup>	Euro	4.00	2018	32,081	32,191
Secured bank loans <sup>(2)</sup>	Euro	4.70	2018	32,081	32,164
Bond <sup>(3)</sup>	TL	GDS(*) + 3.25	2017	140,000	144,324
Bond <sup>(4)</sup>	TL	GDS(*) + 3.50	2017	200,000	200,586
Bond <sup>(5)</sup>	TL	GDS(*) + 3.00	2017	60,000	60,477
				<b>898,358</b>	<b>909,379</b>

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

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

<sup>(3)</sup> Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140,000, The 9<sup>th</sup> period coupon payment date is 11 April 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 9<sup>th</sup> period coupon payment is 3.47%.

<sup>(4)</sup> Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000, The 5<sup>th</sup> period coupon payment date is 22 September 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 5<sup>th</sup> period coupon payment is 6.66%.

<sup>(5)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000, The 6<sup>th</sup> period coupon payment date is 9 June 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 6<sup>th</sup> period coupon payment is 3.29%

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Akfen Holding (continued)**

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

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

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

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

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

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

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

<sup>(6)</sup> Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140,000. The 8<sup>th</sup> period coupon payment date is 11 January 2016, According to the determined additional rate of return, coupon interest rate that will be valid for the 8<sup>th</sup> period coupon payment is 3.41%.

<sup>(7)</sup> Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000. The 4<sup>th</sup> period coupon payment date is 24 March 2015. According to the determined additional rate of return, coupon interest rate that will be valid for the 4<sup>th</sup> period coupon payment is 7.19%.

<sup>(8)</sup> Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000. The 5<sup>th</sup> period coupon payment date is 10 March 2016, According to the determined additional rate of return, coupon interest rate that will be valid for the 5<sup>th</sup> period coupon payment is 3.33%.

(\*) Simple O/N interest rate of the share purchase loan as of 31 December 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 furthestmost future dated treasury bills issued by the Undersecretariat of Treasury.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(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 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
Within 1 year	475,485	200,097	490,728	222,117
1 – 2 years	401,571	532,380	346,142	532,214
2 – 3 years	21,302	76,707	72,509	71,278
	<b>898,358</b>	<b>809,184</b>	<b>909,379</b>	<b>825,609</b>

**Akfen REIT:**

As at 31 March 2016, the detail of loans and borrowings is as follows:

	<u>Currency</u>	<u>Nominal Interest Rate</u>	<u>Maturity</u>	<u>Nominal Value</u>	<u>Carrying Amount</u>
Secured bank loans <sup>(1)</sup>	Euro	7.20	2025	372,140	374,908
Secured bank loans <sup>(2)</sup>	Euro	7.20	2025	96,243	97,218
Secured bank loans <sup>(3)</sup>	Euro	7.20	2025	48,122	48,689
Secured bank loans <sup>(4)</sup>	Euro	7.20	2025	189,278	189,645
				<b>705,782</b>	<b>710,460</b>

(1) On February 19, 2015 between Akfen REIT and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116,000,000 with 10 years maturity having a 2 year grace period has been signed for the refinancing of Akfen REIT's current loans and financing of the investments of ongoing projects. The loan has been used on 18 March 2015 and all loans of Akfen REIT have been refinanced.

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Akfen REIT (continued)**

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

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

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

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

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

(4) The loan agreement in the amount of Euro 59.000.000 having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to HDI – subsidiary of Akfen REIT- and RHI and RPI – subsidiaries of Akfen GT- and the loan has been used on 6 November 2015 and 17 November 2015. Bank borrowings obtained with this agreement is secured by the followings:

- Some portion of the shares which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding has been pledged to the favor of creditor,
- All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
- Akfen GT has corporate guarantee in amount of the loans used by RHI and RPI,
- Akfen REIT has corporate guarantee in amount of the loans used by HDI,
- Euro 15.000.000 portion of the loan used by Akfen GT is kept as guarantee,
- Right of tenancies of Yaroslavl Ibis Hotel, Samara Ibis Hotel, Samara Office, Kaliningrad Ibis Hotel and Moscow Ibis Hotel are pledged in favor of the creditors,
- Rent revenues of the projects are alienated in favor of the creditor.

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Akfen REIT (continued)**

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

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

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

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

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

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Akfen REIT (continued)**

- Some portion of the shares which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding has been pledged to the favor of creditor,
- All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
- Akfen GT has corporate guarantee in amount of the loans used by RHI and RPI,
- Akfen REIT has corporate guarantee in amount of the loans used by HDI,
- Euro 15.000.000 portion of the loan used by Akfen GT is kept as guarantee,
- Right of tenancies of Yaroslavl Ibis Hotel, Samara Ibis Hotel, Samara Office, Kaliningrad Ibis Hotel and Moscow Ibis Hotel are pledged in favor of the creditors,
- Rent revenues of the projects are alienated in favor of the creditor.

The repayment schedule of loans and borrowings is as follows:

	<b>Nominal Value</b>		<b>Carrying Amount</b>	
	<b>31 March 2016</b>	<b>31 December 2015</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Within 1 year	3,268	--	41,365	44,730
1 – 2 years	20,790	15,848	51,167	47,370
2 – 3 years	36,498	33,577	58,721	59,116
3 – 4 years	44,294	43,046	60,314	58,877
5 years and more	600,933	606,601	498,894	493,924
	<b>705,782</b>	<b>699,072</b>	<b>710,460</b>	<b>704,017</b>

**7 TRADE RECEIVABLES AND PAYABLES**

**Current trade receivables**

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Due from related parties (Note 29)	7	--
Trade receivables from third parties	21,116	17,867
	<b>21,123</b>	<b>17,867</b>

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Account receivable	20,465	17,179
Income accruals	651	688
	<b>21,116</b>	<b>17,867</b>

As at 31 March 2016 and 31 December 2015, the distribution of the trade receivables per Group companies are as follows:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Akfen REIT	21,116	17,867
	<b>21,116</b>	<b>17,867</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Current trade receivables (continued)**

As at 31 March 2016 and 31 December 2015, HEPP Group's account receivables is included in asset classified as held for sale.

As at 31 March 2016 Akfen REIT's trade receivables arises from rental revenue receivables from Tamaris, the operator of the hotels in Turkey and Russian Hotel Management Company, the operator of hotels in Russia amounting TL 5,766 and TL 14,462 respectively (31 December 2015: TL 5,601 and TL 11,397).

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Opening balance	--	1,034
Changes in Group structure (*)	--	(1,066)
Reversal of provisions	--	--
Currency differences	--	32
<b>Closing balance</b>	<b>--</b>	<b>--</b>

(\*) Effect of transfer of Akfen Constructions's shares to a related party of the Company, Akfen Altyapı according to the Board of Director's decision dated 13 July 2015.

**Current trade payables**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 29)	3,255	3,783
Trade payables to third parties	5,858	15,533
	<b><u>9,113</u></b>	<b><u>19,316</u></b>

As at 31 March 2016 and 31 December 2015, current trade payables to third parties comprised the following:

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Trade payables	4,429	14,060
Expense accruals	1,429	1,473
	<b><u>5,858</u></b>	<b><u>15,533</u></b>



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Current trade payables (continued)**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen REIT	4,903	3,436
Akfen Holding	936	3,187
Akfen Thermal Energy	--	8,910
Other	19	--
	<b>5,858</b>	<b>15,533</b>

As at 31 March 2016, TL 2,002 of Akfen REIT's payables are comprised of payables to contractors (31 December 2015: TL 1,232).

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

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
0 - 3 months	1,562	4,958
3 months - 1 year	2,867	9,102
	<b>4,429</b>	<b>14,060</b>

**8 OTHER RECEIVABLES AND PAYABLES**

**Other current receivables**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 29)	28,505	99,587
Other receivables from third parties	236	147
	<b>28,741</b>	<b>99,734</b>

**Other non-current receivables**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Due from related parties (Note 29)	448,860	431,387
Other receivables from third parties	17,765	17,343
	<b>466,625</b>	<b>448,730</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Other non-current receivables (continued)**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen REIT	17,494	17,075
Other	271	268
	<b><u>17,765</u></b>	<b><u>17,343</u></b>

As at 31 March 2016, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 15,106 and TL 2,281, respectively (31 December 2015: TL 14,652 and TL 2,260).

**Other current payables**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Due to related parties (Note 29)	3,474	1,603
Other payables to third parties	5,980	8,419
	<b><u>9,455</u></b>	<b><u>10,022</u></b>

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen Holding	3,518	4,383
Akfen REIT	1,249	2,062
Akfen Thermal Energy	1,115	1,974
Other	98	--
	<b><u>5,980</u></b>	<b><u>8,419</u></b>

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Taxes and duties payable	4,895	6,834
Other payables	1,085	1,585
	<b><u>5,980</u></b>	<b><u>8,419</u></b>

As at 31 March 2016, TL 3,518 and TL 1,115 of taxes and duties payables arises from tax payables by Akfen Holding and Akfen Thermal Energy's subsidiary Akfen Energy Production, respectively.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Other non-current payables**

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

	<u>31 March 2016</u>	<u>31 December 2015</u>
Due to related parties (Note 29)	9,489	9,066
Other payables to third parties	3,722	3,622
	<b>13,211</b>	<b>12,688</b>

As of 31 March 2016 and 31 December 2015, all of the non-current other payables to third parties belong to Akfen REIT. As at 31 March 2016, TL 3,701 of Akfen REIT's other payables to third parties are comprised of rent accruals (31 December 2015: TL 3,601).

**9 INVENTORIES**

As at 31 March 2016, Akfen Holding has no inventories.

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

On 15 December 2015, a partnership agreement was signed between Akfen Holding and EBRD. Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine SPP and Akfen HEPP would be consolidated under one roof, a renewable energy company would be structured and EBRD would participate in this company with a 20% stake, paying USD 100 million. Since due to this agreement, there is a change of control of Akfen Renewable and it will be recognized as joint ventures and accounted for as investment in equity accounted investees; as at 31 March 2016, HEPP, SPP, WPP Groups and Akfen Electricity Wholesale are included in assets classified as held for sale and liabilities classified as held for sale.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Assets classified as held for sale**

As at 31 March 2016, assets classified as held for sale of the Group are as follows:

	<b>Renewable Energy Group</b>
<b>Current Assets</b>	<b>98,776</b>
Cash and cash equivalents	50,016
Trade receivables	27,535
- Due from related parties	370
- Trade receivables from third parties	27,165
Other receivables	581
- Other receivables from third parties	581
Prepaid expenses	7,325
Current tax assets	13
Other current assets	13,306
<b>Non-Current Assets</b>	<b>1,117,137</b>
Trade receivables	60,174
- Trade receivables from related parties	49,183
- Trade receivables from third parties	10,991
Other receivables	2,873
- Other receivables from third parties	2,873
Financial investments	100
Property, plant and equipment	818,807
Intangible assets	107,998
Deferred tax assets	58,130
Prepaid expenses	8,257
Other non-current assets	60,798
<b>Total Assets</b>	<b>1,215,913</b>

As at 31 December 2015, assets classified as held for sale of the Group are as follows:

	<b>HEPP Group</b>	<b>WPP Group</b>	<b>Akfen Electricity Wholesale</b>	<b>Total</b>
<b>Current Assets</b>	<b>49,407</b>	<b>1,075</b>	<b>4,927</b>	<b>55,409</b>
Cash and cash equivalents	9,235	295	2,250	11,780
Trade receivables	12,680	--	2,545	15,225
- Due from related parties	--	--	1,859	1,859
- Trade receivables from third parties	12,680	--	686	13,366
Other receivables	179	--	--	179
- Other receivables from third parties	179	--	--	179
Prepaid expenses	7,841	--	123	7,964
Current tax assets	60	--	9	69
Other current assets	19,412	780	--	20,192
<b>Non-Current Assets</b>	<b>976,880</b>	<b>38,104</b>	<b>935</b>	<b>1,015,919</b>
Trade receivables	17,175	32,898	--	50,073
- Trade receivables from related parties	5,685	32,898	--	38,583
- Trade receivables from third parties	11,490	--	--	11,490
Other receivables	2,399	11	277	2,787
- Other receivables from third parties	2,399	11	277	2,687
Financial investments	--	--	100	100
Property, plant and equipment	782,840	5,161	2	788,003
Intangible assets	51,270	20	217	51,507
Deferred tax assets	62,805	13	339	63,157
Prepaid expenses	5,105	1	0	5,106
Other non-current assets	55,286	--	--	55,286
<b>Total Assets</b>	<b>1,026,287</b>	<b>39,179</b>	<b>5,862</b>	<b>1,071,328</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

As at 31 March 2016, liabilities classified as held for sale of the Group are as follow:

	<u>Renewable Energy Group</u>
<b>Current Liabilities</b>	<b>136,668</b>
Short term loans and borrowings	111,596
Trade payables	23,643
- <i>Due to related parties</i>	10,195
- <i>Trade payables to third parties</i>	13,448
Other payables	712
- <i>Other payables to third parties</i>	712
Employee benefit obligations	331
Deferred income	43
Short term provisions	343
<b>Non-Current Liabilities</b>	<b>689,424</b>
Long term loans and borrowings	668,305
Trade payables	9,574
- <i>Due to related parties</i>	9,574
Other payables	1,473
- <i>Other payables to third parties</i>	1,473
Long term provisions	375
Provision for employee benefits	1,071
Deferred tax liability	8,626
<b>Total Liabilities</b>	<b>826,092</b>

As at 31 December 2015, liabilities classified as held for sale of the Group are as follows:

	<u>HEPP Group</u>	<u>WPP Group</u>	<u>Akfen Electricity Wholesale</u>	<u>Total</u>
<b>Current Liabilities</b>	<b>126,189</b>	<b>3,330</b>	<b>3,040</b>	<b>132,559</b>
Short term loans and borrowings	112,043	--	--	112,043
Trade payables	11,232	3,092	2,493	16,817
- <i>Due to related parties</i>	4,895	--	--	4,895
- <i>Trade payables to third parties</i>	6,337	3,092	2,493	11,922
Other payables	2,085	238	542	2,865
- <i>Other payables to third parties</i>	2,085	238	542	2,865
Employee benefit obligations	270	--	3	273
Deferred income	280	--	--	280
Short term provisions	279	--	2	281
<b>Non-Current Liabilities</b>	<b>655,984</b>	<b>--</b>	<b>19</b>	<b>656,003</b>
Long term loans and borrowings	642,647	--	--	642,647
Trade payables	1,411	--	--	1,411
- <i>Due to related parties</i>	1,411	--	--	1,411
Other payables	1,373	--	--	1,373
- <i>Other payables to third parties</i>	1,373	--	--	1,373
Long term provisions	375	--	--	375
Provision for employee benefits	983	--	19	1,002
Deferred tax liability	9,195	--	--	9,195
<b>Total Liabilities</b>	<b>782,173</b>	<b>3,330</b>	<b>3,059</b>	<b>788,562</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Discontinued operations**

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

Income and expenses of Akfen Construction until 31 March 2015 are included in profit/loss after tax from discontinued operations. For the period ended 31 March 2015, details of profit/loss after tax from discontinued operations as follows:

	<b><u>31 March 2015</u></b>
Revenue	--
Cost of sales	(431)
<b>Gross Profit</b>	<b>(431)</b>
General administrative expenses	(7,087)
Other operating income	5,319
Other operating expense	(212)
Share on profit/(loss) of equity-accounted investees	(2,777)
<b>Operating Profit</b>	<b>(5,188)</b>
Income from investment activities	39
Expense from investment activities	--
Financial income	2,665
Financial expense	(11,364)
<b>Profit/(Loss) Before Tax</b>	<b>(13,848)</b>
Tax Income/(Expense)	(6,186)
Profit/(Loss) For The Period	(20,034)
<b>Profit/(Loss) After Discontinuing Operations For The Period</b>	<b>(20,034)</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**11 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

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

	<b>Ownership Rate (%)</b>	<b>31 March 2016</b>	<b>Ownership Rate (%)</b>	<b>31 December 2015</b>
MIP	50.00	529,455	50.00	536,906
TAV Airports	8.12	174,568	8.12	199,634
TAV Investment	21.68	74,879	21.68	76,021
İDO	30.00	46,798	30.00	37,851
Akfen Water	50.00	14,112	50.00	13,837
		<b>839,812</b>		<b>864,249</b>

As at 31 March 2016 and 2015, Group's share in profit or loss of equity accounted investees for three months period is as follows:

	<b>31 March 2016</b>	<b>31 March 2015</b>
MIP	36,598	25,704
TAV Investment	153	1,301
TAV Airports	3,854	6,894
Akfen Water	25	(68)
İDO	11,491	(26,214)
	<b>52,121</b>	<b>7,617</b>

As at 31 March 2016, the movement of investments in equity accounted investees is as follows:

	<b>31 December 2015</b>	<b>Profit for the period</b>	<b>Other equity transactions</b>	<b>Profit distribution</b>	<b>31 March 2016</b>
MIP	536,906	36,598	(14,583)	(29,466)	529,455
TAV Airports	199,634	3,854	(701)	(28,219)	174,568
TAV Investment	76,021	153	(1,295)	--	74,879
İDO	37,851	11,491	(2,544)	--	46,798
Akfen Water	13,837	25	250	--	14,112
	<b>864,249</b>	<b>52,121</b>	<b>(18,873)</b>	<b>(57,685)</b>	<b>839,812</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

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

	<u>31</u> <u>December</u> <u>2014</u>	<u>Profit</u> <u>for the</u> <u>period</u>	<u>Capital</u> <u>increase</u>	<u>Changes</u> <u>in group</u> <u>structure</u>	<u>Other equity</u> <u>transactions</u>	<u>Profit</u> <u>distribution</u>	<u>31</u> <u>December</u> <u>2015</u>
MIP	354,423	119,323	--	--	94,505	(31,345)	536,906
TAV Airports	158,129	51,387	--	--	14,967	(24,849)	199,634
TAV Investment	52,838	8,403	--	--	14,780	--	76,021
İDO	26,310	(70,085)	36,756	--	44,870	--	37,851
Akfen Water	13,984	(1,704)	--	--	1,557	--	13,837
Hacettepe Teknokent (*)	25,398	(7,341)	--	(18,057)	--	--	--
	<b>631,082</b>	<b>99,983</b>	<b>36,756</b>	<b>(18,057)</b>	<b>170,679</b>	<b>(56,194)</b>	<b>864,249</b>

(\*) Loss for period amounting of TL 7,341 of Hacettepe Teknokent, is presented under discontinued operations.

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.

As at 31 December 2015, TL 55,876 of other comprehensive income of İDO arises from revaluation of vessels owned. İDO revaluated the vessels together with maintenances of these vessels as at 31 December 2015. Revaluation was done by regarding the market conditions. Revaluation reserve is free of tax and shown in other comprehensive income.

**MIP:**

The summary of financials of MIP is as follow:

	<u>31 March 2016</u>	<u>31 December 2015</u>
Total Assets	2,727,898	2,768,195
Total Liabilities	1,668,989	1,694,384
Net Assets	1,058,910	1,073,812
<b>Group's share on net assets of MIP</b>	<b>529,455</b>	<b>536,906</b>
	<u>31 March 2016</u>	<u>31 March 2015</u>
Revenue	205,074	180,373
Gross profit/(loss)	125,110	108,222
General administrative expenses	(15,283)	(13,789)
Operating profit	109,826	94,433
Profit before tax	91,211	72,418
Profit after tax	73,196	51,408
Profit attributable to equity holders of parent	73,196	51,408
<b>Group's share on MIP's profit</b>	<b>36,598</b>	<b>25,704</b>
Amortization and depreciation expenses	23,308	19,382



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**TAV Airports:**

The summary of financials of TAV Airports is as follows:

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	9,962,277	10,506,371
Total Liabilities	7,704,858	7,940,218
Net Assets (*)	2,257,419	2,566,153
<b>Group's share on net assets of TAV Airports</b>	<b><u>183,284</u></b>	<b><u>208,350</u></b>
	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Revenue	684,737	568,938
Gross profit/(loss)	240,523	199,828
General administrative expenses	(137,440)	(118,001)
Other operating income/(loss), net	83,659	55,462
Operating profit/(loss)	197,739	153,426
Profit/(loss) before tax	72,769	107,872
Profit/(loss) after tax	39,531	73,225
Profit/(loss) attributable to equity holders of parent	47,471	84,904
<b>Group's share on TAV Airports's profit</b>	<b><u>3,854</u></b>	<b><u>6,894</u></b>
Amortization and depreciation expenses	78,691	59,216

(\*) As at 31 March 2016, Group's share on TAV Airports's net asset includes goodwill amounting to TL 8,716 (31 December 2015: TL 8,716). In addition, non-controlling interest amounting to TL 920 is included in net assets of TAV Airports (31 December 2015: TL 1,514).

As at 31 March 2016, 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 and ZAIC-A companies, are included in investment in equity accounted investees in the financials of TAV Airports.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**TAV Investment:**

The summary of financials of TAV Investment is as follows:

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	3,039,334	3,032,811
Total Liabilities	2,693,873	2,682,082
Net Assets	345,460	350,729
<b>Group's share on net assets of TAV Investment</b>	<b><u>74,879</u></b>	<b><u>76,021</u></b>

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Revenue	645,218	571,004
Gross profit/(loss)	20,395	22,706
General administrative expenses	(13,182)	(14,488)
Other operating income/(loss), net	672	1,409
Operating profit/(loss)	7,885	9,626
Profit/(loss) before tax	1,232	(2,213)
Profit/(loss) after tax	707	6,000
Profit/(loss) attributable to equity holders of parent	707	6,001
<b>Group's share on TAV Investment's profit</b>	<b><u>153</u></b>	<b><u>1,301</u></b>
Amortization and depreciation expenses	11,487	8,175
Commission expenses of letter of guarantee included in cost of sales	6,209	3,437

**İDO:**

The summary of financials of İDO is as follows:

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	1,814,392	1,785,292
Total Liabilities	1,658,397	1,659,121
Net Assets	155,994	126,171
<b>Group's share on net assets of İDO</b>	<b><u>46,798</u></b>	<b><u>37,851</u></b>

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Revenue	119,285	102,484
Gross profit/(loss)	41,295	30,169
General administrative expenses	(10,063)	(9,746)
Other operating income/(loss), net	1,393	1,121
Operating profit/(loss)	32,231	21,088
Profit/(loss) before tax	39,172	(179,569)
Profit/(loss) after tax	38,302	(179,716)
Profit/(loss) attributable to equity holders of parent	38,302	(179,716)
<b>Group's share on İDO's profit</b>	<b><u>11,491</u></b>	<b><u>(26,214)</u></b>
Amortization and depreciation expenses	20,691	17,750

As at 31 March 2016, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. are included in consolidated financials of İDO as investments in equity accounted investees.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Akfen Water:**

The summary of financials of Akfen Water is as follows:

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	89,914	87,774
Total Liabilities	61,687	60,101
Net Assets	28,225	27,673
<b>Group's share on net assets of Akfen Water</b>	<b><u>14,112</u></b>	<b><u>13,837</u></b>

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Revenue	3,243	2,671
Gross profit/(loss)	1,828	1,358
General administrative expenses	(894)	(669)
Other operating income/(loss), net	(252)	(77)
Operating profit/(loss)	682	612
Profit/(loss) before tax	788	585
Profit/(loss) after tax	419	139
Profit/(loss) attributable to equity holders of parent	51	(136)
<b>Group's share on Akfen Water's profit (*)</b>	<b><u>25</u></b>	<b><u>(68)</u></b>
Amortization and depreciation expenses	135	125
Guaranteed revenue	503	760
Construction revenue(**)	48	62
Construction cost(**)	(44)	(56)

(\*) As at 31 March 2016, non-controlling interest amounting to TL 5,245 is included in net assets of Akfen Water (31 December 2015: TL 5,013).

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

**Hacettepe Teknokent:**

The summary of financials of Hacettepe Teknokent is as follows:

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Total Assets	--	--
Total Liabilities	--	--
Net Assets (*)	--	--
<b>Group's share on net assets of Hacettepe Teknokent</b>	<b><u>--</u></b>	<b><u>--</u></b>

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Revenue	--	--
Gross profit/(loss)	--	(402)
General administrative expenses	--	(664)
Other operating income/(loss), net	--	8
Operating profit/(loss)	--	(1,058)
Profit/(loss) before tax	--	(6,245)
Profit/(loss) after tax	--	(6,172)
(Loss) attributable to equity holders of parent	--	(6,171)
<b>Group's share on Hacettepe Teknokent's loss</b>	<b><u>--</u></b>	<b><u>(2,778)</u></b>
Amortization and depreciation	--	946

Associate of Akfen Construction, Hacettepe Teknokent was not included in equity accounted investments after the sale of shares of Akfen Construction on 30 October 2015. Group's share in Hacettepe Teknokent's loss as of 31 March 2015 was shown under discontinued operations.

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**12 INVESTMENT PROPERTY**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Operating investment properties	1,391,750	1,195,378
Investment property under development	57,618	232,983
<b>Total</b>	<b><u>1,449,368</u></b>	<b><u>1,428,361</u></b>

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Opening balance	1,428,361	1,351,891
Additions	8,104	61,509
Foreign currency translation difference	12,903	(7,879)
Change in fair value	--	22,840
<b>Closing balance</b>	<b><u>1,449,368</u></b>	<b><u>1,428,361</u></b>

**Additions**

As at 31 March 2016 and 31 December 2015, additions are made by Akfen REIT. As at 31 March 2016, TL 1,876 of additions arises from additions to operating investment properties and TL 6,228 arises from additions to investment property under development.

**Pledges and Insurance Amounts**

As at 31 March 2016 total insurance amount on investment property is TL 1,223,110 (31 December 2015: TL 1,216,324).

As at 31 March 2016 the amount of pledge on investment property is TL 952,406 (31 December 2015: TL 943,351).

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 2016**

(Currency: Thousands of TL)

**13 PROPERTY, PLANT AND EQUIPMENT**

As at 31 March 2016, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	<b>Land and buildings</b>	<b>Machinery, facility and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Other tangible fixed assets</b>	<b>Construction in progress</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Costs</b>								
Balance at 1 January 2016	212	170	130	2,789	--	62,168	650	66,119
Additions	--	--	--	99	--	1,089	--	1,188
Changes in group structure (*)	--	--	--	--	--	3,498	--	3,498
Disposals	--	--	--	--	--	--	--	--
Balance at 31 March 2016	212	170	130	2,888	--	66,755	650	70,805
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2016	(22)	(163)	(117)	(2,233)	--	--	(374)	(2,909)
Depreciation charge for the period	(1)	(1)	(1)	(46)	--	--	(28)	(77)
Disposals	--	--	--	--	--	--	--	--
Balance at 31 March 2016	(23)	(164)	(118)	(2,279)	--	--	(402)	(2,986)
<b>Net book value</b>								
Net book value at 31 December 2015	190	7	13	556	--	62,168	276	63,210
Net book value at 31 March 2016	189	6	12	609	--	66,755	248	67,819

(\*) Effect of transferring Laleli to Akfen Thermal Energy, which was consolidated under HEPP Group as at 31 December 2015.

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 2016

(Currency: Thousands of TL)

## 13 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
<b>Costs</b>								
Balance at 1 January 2015	159,136	681,401	2,732	11,298	62	82,768	3,100	940,497
Effect of sale of subsidiaries (*)	(20,983)	(8,627)	(2,496)	(8,323)	(62)	(7,567)	(2,613)	(50,671)
Transfers to assets classified held for sale (**)	(142,204)	(672,760)	(19)	(803)	--	(38,882)	(46)	(854,714)
Additions (***)	177	4,776	--	620	--	33,639	209	39,421
Transfers	4,145	3,645	--	--	--	(7,790)	--	--
Disposals	(59)	(8,265)	(87)	(3)	--	--	--	(8,414)
Balance at 31 December 2015	212	170	130	2,789	--	62,168	650	66,119
<b>Less: Accumulated depreciation</b>								
Balance at 1 January 2015	(4,907)	(48,468)	(774)	(10,046)	(62)	--	(891)	(65,148)
Subsidiary selling affect (*)	38	7,028	898	7,737	62	--	1,026	16,789
Transfers to assets classified held for sale (**)	6,633	64,731	10	464	--	--	36	71,874
Depreciation charge for the period	(1,786)	(24,070)	(339)	(388)	--	--	(545)	(27,128)
Disposals	--	616	88	--	--	--	--	704
Balance at 31 December 2015	(22)	(163)	(117)	(2,233)	--	--	(374)	(2,909)
<b>Net book value</b>								
Net book value at 31 December 2014	154,229	632,933	1,958	1,252	--	82,768	2,209	875,349
Net book value at 31 December 2015	190	7	13	556	--	62,168	276	63,210

(\*) Effect of transfer of shares of Akfen Construction on 30 October 2015 that were held by Akfen Holding.

(\*\*) Reclassification effect of the classification of HEPP Group, WPP Group and Akfen Electricity Wholesale's assets as held for sale.

(\*\*\*) As at 31 December 2015, TL 27,636 of additions, which corresponds to 70% of additions, arises from construction in progress additions of HEPP projects.

All of capitalized finance expenses amounting TL 2,287, arises from HEPP projects (31 December 2014: TL 16,036).

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**14 INTANGIBLE ASSETS**

As at and 31 March 2016 and 31 December 2015, movement of cost of intangible fixed assets is as follows:

	<b>Licenses</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Costs</b>			
<b>Balance at 1 January 2015</b>	62,177	32,098	94,275
Effect of sale of subsidiaries (*)	(418)	(1,568)	(1,986)
Transfers to assets classified as held for sale (**)	(61,034)	(28)	(61,062)
Additions	20	1,763	1,783
<b>Balance at 31 December 2015</b>	745	32,265	33,010
<b>Balance at 1 January 2016</b>	745	32,265	33,010
Changes in group structure (***)	2,872	--	2,872
Additions	(95)	365	270
<b>Balance at 31 March 2016</b>	3,522	32,630	36,152
<b>Accumulated amortization</b>			
<b>Balance at 1 January 2015</b>	(8,755)	(1,960)	(10,715)
Effect of sale of subsidiaries (*)	181	1,214	1,395
Transfers to assets classified as held for sale (**)	9,765	28	9,793
Amortization charge for the period	(1,331)	(398)	(1,729)
<b>Balance at 31 December 2015</b>	(140)	(1,116)	(1,256)
<b>Balance at 1 January 2016</b>	(140)	(1,116)	(1,256)
Changes in group structure (***)	(287)	--	(287)
Additions	(8)	(177)	(185)
<b>Balance at 31 March 2016</b>	(435)	(1,294)	(1,729)
<b>Net book value</b>			
<b>Net book value at 31 December 2015</b>	605	31,149	31,754
<b>Net book value at 31 March 2016</b>	3,087	31,336	34,424

(\*) Effect of transfer of shares of Akfen Construction on 30 October 2015 that were held by Akfen Holding.

(\*\*) Effect of the classification of HEPP Group, WPP Group and Akfen Electricity Wholesale's assets as assets held for sale.

(\*\*\*) Effect of transferring Laleli to Akfen Thermal Energy, which was consolidated under HEPP Group as at 31 December 2015.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**15 GOVERNMENT GRANTS**

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

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

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

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

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

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

**16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Current provisions**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Employee benefits (Note 20)	2,033	2,053
	<b>2,033</b>	<b>2,053</b>

**Non-current provisions**

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Provision for employee benefits	1,516	1,441
	<b>1,516</b>	<b>1,441</b>



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**17 COMMITMENTS AND CONTINGENCIES**

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

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

<b><u>Commitments, Pledges, Mortgages ("CPM") given by the Group</u></b>	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
A. Total amount of CPM is given on behalf of own legal personality	1,132,827	1,133,896
B. Total amount of CPM is given in favor of subsidiaries, which are fully consolidated	1,347,133	1,330,923
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total amount of other CPM	16,557	16,400
i. Total amount of CPM given in favor of parent company	--	--
ii. Total amount of CPM given in favor of other group companies, which articles B and C don't include	16,557	16,400
iii. Total amount of CPM given to the third parties not included in the article C	--	--
<b>Total</b>	<b>2,496,517</b>	<b>2,481,219</b>

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

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

	<b><u>31 March 2016<sup>(*)</sup></u></b>			<b><u>31 December 2015<sup>(*)</sup></u></b>		
	<b>TL</b>	<b>Euro</b>	<b>USD</b>	<b>TL</b>	<b>Euro</b>	<b>USD</b>
Total amount of CPM given on behalf of own legal personality	93,561	971,011	68,255	954,319	127,531	52,046
Total amount of CPM given in favor of subsidiaries which are	240,233	359,895	747,004	349,536	240,233	741,154
Other CPMs given	--	16,557	--	16,400	--	--
	<b>333,794</b>	<b>1,347,463</b>	<b>815,260</b>	<b>1,320,255</b>	<b>367,764</b>	<b>793,200</b>

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

**(b) Letter of Guarantees Received**

As at 31 March 2016, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have nature of letter of guarantees amounting to TL 56,517 (31 December 2015: TL 52,755) from subcontractors. As at 31 March 2016, TL 5,394 (31 December 2015: TL 5,404) of notes were given to constructions companies of Akfen Holding and Renewable Energy Group companies, TL 3,484 were given to other Energy Group companies.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**18 EMPLOYEE BENEFITS**

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

	<u>31 March 2016</u>	<u>31 December 2015</u>
Vacation pay liability – short term	2,033	2,053
Employee severance indemnity – long term	1,516	1,441
	<b>3,549</b>	<b>3,494</b>

**19 OTHER ASSETS AND LIABILITIES**

**Other current assets**

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

	<u>31 March 2016</u>	<u>31 December 2015</u>
VAT carried forward	764	25
	<b>764</b>	<b>25</b>

As at 31 March 2016 and 31 December 2015 VAT carried forward are comprised of VAT receivables of Akfen REIT and Akfen Thermal Energy.

**Other non-current assets**

As at 31 March 2016 and 31 December 2015, other non-current assets comprised the following:

	<u>31 March 2016</u>	<u>31 December</u>
VAT carried forward	43,096	42,295
Advances given to sub-contractors	897	1,478
Other	870	672
	<b>44,864</b>	<b>44,445</b>

As at 31 March 2016, Akfen REIT has VAT carried forward amounting TL 37,465 (31 December 2015: TL 37,291). 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 2016**

(Currency: Thousands of TL)

**20 PREPAID EXPENSES**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Advances given	8,535	6,640
Prepaid expenses (*)	1,925	1,021
Job advances	123	324
Advances given to personnel	111	134
	<b>10,694</b>	<b>8,119</b>

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Prepaid expenses(*)	11,406	11,597
Advances given	--	200
	<b>11,406</b>	<b>11,797</b>

(\*) Akfen Karaköy took over the “Conditional Construction Lease Agreement” on 22 June 2011, that was signed between 1. Regional Directorate of Foundations and ‘Hakan 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, Rihtım 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 2016 the amount of expenses paid in advance for short and long-term is TL 182 (31 December 2015: TL 182) and TL 7,544 (31 December 2015: TL 7,589), respectively. As at 31 March 2016, balance in amount of TL 3,956 (current partion: TL 378) is non-current prepaid expenses related to loan usage commissions and advocate expenses for the Group’s loan with 10 years maturity used from CEB (31 December 2015: non-current partion: TL 3,846, current partion: TL 472).

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements

As at and For the Three Month Period Ended 31 March 2016

(Currency: Thousands of TL)

## 21 EQUITY

As at 31 March 2016, Akfen Holding had 247,080,686 shares, each has full TL 1 of nominal value. As at 31 March 2016, the whole of TL 247,081 capital was paid

	<u>31 March 2016</u>	<u>31 December 2015</u>
Registered capital ceiling	1,000,000	1,000,000
Paid in capital	247,081	261,900

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 2016</u>		<u>31 December 2015</u>	
	<u>Share</u>	<u>Ownership</u>	<u>Share</u>	<u>Ownership</u>
	<u>Amount</u>	<u>Rate %</u>	<u>Amount</u>	<u>Rate %</u>
Hamdi Akın (*)	198,500	80.4	198,500	75.79
Akfen Holding A.Ş. (**)	-	-	7,990	3.05
Other Partners	2,278	0.89	2,278	0.87
Public Shares (***)	46,303	18.74	53,132	20.29
<b>Paid in Capital (nominal)</b>	<b>247,081</b>	<b>100</b>	<b>261,900</b>	<b>100</b>

\* Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on BİAŞ.

\*\* Publicly owned.

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

In addition, as of 31 March 2016, 12,295,307 shares in the section open to the public (4.98% of the capital) belong to Hamdi Akın, 8,583,303 shares (3.47% of the capital) belong to Selim Akın and 24,382,451 shares (9.87% of the capital) belong to Akfen Altyapı.

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.

The decrease of Akfen Holding's paid-in capital via cancellation of shares acquired within the second share buyback programme was approved by CMB on 18 December 2015. Revision in paid-in capital, amounting to TL 261,900, to be reduced by TL 14,819 to TL 247,081 was approved at the Extraordinary General Shareholders' Meeting on 20 January 2016. Mentioned paid-in capital reduction was completed as of 28 January 2016.

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

#### Dividend Payments

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**21 EQUITY (continued)**

***Treasury shares***

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

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

***Translation reserve***

As at 31 March 2016, the translation reserve amounting to TL 189,879 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Investment, Akfen Water, Akfen REIT and TAV Airports from their functional currency of USD and EUR to the presentation currency TL and is recognized in equity (31 December 2015: TL 199,899, TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT and TAV Airports).

***Restricted reserves allocated from profit***

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

***Hedging reserve***

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 31 March 2016 the total hedging reserves for TAV Airports and İDO amounting to TL 26,584 (TAV Airports: TL 11,727 and İDO: TL 14,857) is recognized in equity and it is related to the interest rate and cross currency swap contracts made by TAV Airports and İDO (31 December 2015: TL 22,005 (TAV Airports TL 9,692. İDO: TL 12,313)).

***Entities under common control***

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**21 EQUITY (continued)**

***Revaluation surplus***

The customer relationship and DHMI license were remeasured to their fair values by TAV Airports in 2007. The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Airports. Additionally, vessels owned by İDO have been revaluated in 2015 and respective revaluation increase is shown under revaluation reserve in financial statements.

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

***Share premium***

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

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

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

Group's share on Akfen REIT's total share has reached 56.88% as at 31 December 2015, after the purchases number of shares belonging to Akfen Holding has reached 104,656,831 and 9,500,447 (5.16% of total shares) of them are publicly traded on the BİAŞ.

***Non-controlling interests***

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

As at 31 March 2016, Akfen Thermal Energy (29.75%) and Akfen REIT (43.12%) calculated under non-controlling interest, which are Akfen Holding subsidiaries.

As at 31 March 2016 and 31 December 2015, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 347,688 and TL 347,622 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 2016 and 2015 are TL 634 and TL (730) respectively

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**22 REVENUE AND COST OF SALES**

**22.1 Revenue**

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

	<u><b>31 March 2016</b></u>	<u><b>31 March 2015</b></u>
Revenue from electricity sales	62,189	39,676
Rent income from investment property	12,597	10,687
Other	244	78
	<u><b>75,030</b></u>	<u><b>50,441</b></u>

**22.2 Cost of sales**

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

	<u><b>31 March 2016</b></u>	<u><b>31 March 2015</b></u>
Outsourcing expenses	20,753	4,757
Depreciation and amortization	4,939	7,458
Personnel expenses	2,841	2,377
Insurance expenses	1,494	1,275
Rent expenses	1,271	1,178
Other	2,062	1,890
	<u><b>33,360</b></u>	<u><b>18,935</b></u>

**23 GENERAL ADMINISTRATIVE EXPENSES**

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

	<u><b>31 March 2016</b></u>	<u><b>31 March 2015</b></u>
Personnel expenses	23,245	6,876
Consultancy expenses	2,916	630
Rent expenses	1,096	941
Travel expenses	491	430
Outsourcing expenses	356	94
General office expenses	288	265
Depreciation and amortization expenses	283	152
Taxes and duties	242	152
Grant and charities	210	319
Office supplies expenses	207	161
Representation expenses	120	111
Advertisement expenses	80	7
Insurance expenses	62	44
Other	1,413	537
	<u><b>31,009</b></u>	<u><b>10,719</b></u>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**24 OTHER INCOME**

**Other operating income:**

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

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Insurance compensation income	101	14,243
Rent income	552	--
Other	2,507	3,662
	<b><u>3,160</u></b>	<b><u>17,905</u></b>

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

**25 FINANCIAL INCOME**

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

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Foreign exchange gain	31,851	9,246
Interest income	16,630	879
	<b><u>48,481</u></b>	<b><u>10,125</u></b>

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:

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Foreign currency translation differences	(3,678)	12,550
	<b><u>(3,678)</u></b>	<b><u>12,550</u></b>

As at 31 March 2016, foreign exchange translation differences accounted under equity amounting TL 189,879 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Investment, Akfen Water, Akfen REIT and TAV Airports conversion from their functional currency of USD and EUR to the presentation currency of TL (31 December 2015: TL 199,899. TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT ve TAV Airports). As at 31 March 2016, finance income/(expense) accounted under other comprehensive income arises from MIP, TAV Investment, Akfen Water, Akfen REIT, and TAV Airports

**26 FINANCIAL EXPENSE**

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

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
Interest expense	42,648	35,100
Foreign exchange losses	4,538	84,156
Other	895	2,612
	<b><u>48,081</u></b>	<b><u>121,868</u></b>



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

27

**TAXATION**

**Corporate tax:**

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

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

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

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

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

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

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

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

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**27 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 June 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 2016**

(Currency: Thousands of TL)

**27 TAXATION (continued)**

**Transfer pricing regulations:**

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

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

**27.1 Taxation income/(expense)**

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

	<u>31 March 2016</u>	<u>31 March 2015</u>
Corporate tax expense	(970)	(999)
Deferred tax benefit/(expense)	(7,141)	6,206
<b>Tax expense recognized in profit / loss</b>	<b>(8,111)</b>	<b>5,207</b>
Deferred tax expense recognized in comprehensive income	--	(6,186)
<b>Total</b>	<b>(8,111)</b>	<b>(979)</b>

**27.2 Deferred tax assets and liabilities**

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

*Recognised deferred tax assets and liabilities*

Deferred tax assets and deferred tax liabilities as at 31 March 2016 and 31 December 2015 were attributable to the items detailed in the table below:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
Trade and other receivables	--	--	--	--	--	--
Tangible and intangible fixed assets	385	294	(7,909)	(7,401)	(7,524)	(7,107)
Investment incentives	10,534	11,104	--	--	10,534	11,104
Investment properties	--	--	(74,879)	(71,588)	(74,879)	(71,588)
Tax losses carried forward	4,685	5,676	--	--	4,685	5,676
Loans and borrowings	--	--	--	--	--	--
Other temporary differences	36	35	(530)	(1,551)	(494)	(1,516)
<b>Subtotal</b>	<b>15,640</b>	<b>17,109</b>	<b>(83,318)</b>	<b>(80,540)</b>	<b>(67,678)</b>	<b>(63,431)</b>
Net-off tax	(11,448)	(10,745)	11,448	10,745	--	--
<b>Total deferred tax assets/(liabilities)</b>	<b>4,192</b>	<b>6,364</b>	<b>(71,870)</b>	<b>(69,795)</b>	<b>(67,678)</b>	<b>(63,431)</b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**27 TAXATION (continued)**

**27.2 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 2016 has reflected TL 4,685 (31 December 2015: TL 5,676) 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 257,736 (31 December 2015: TL 243,021) available for offset against future profits that is unused. TL 51,547 deferred tax asset (31 December 2015: TL 48,604) was not recorded since the profit for the future cannot be estimated

The expiry dates of previous years' losses that are not recognized as deferred tax asset are as follows:

	<u><b>31 March 2016</b></u>	<u><b>31 December 2015</b></u>
2016	35,417	36,521
2017	3,521	3,521
2018	47,558	47,558
2019	57,701	57,701
2020	90,500	97,720
2021	23,039	--
	<b>257,736</b>	<b>243,021</b>

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

**28 EARNINGS PER SHARE**

For the periods ended 31 March 2016 and 31 March 2015 amounts of earning per share as TL 57,722 and TL (80,168), 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><b>31 March 2016</b></u>	<u><b>31 March 2015</b></u>
Profit/(loss) for the period from continuing operations attributable to equity holders of the parent	57,722	(60,134)
Profit/(loss) for the period from discontinued operations attributable to equity holders of the parent	--	(20,034)
Profit/(loss) attributable to owners of parent	57,722	(80,168)
The weighted average number of shares outstanding during the period (*)	251,075,589	253,884,147
(Loss)/Gainings per share from continuing operations (full TL)	0.230	(0.237)
(Loss)/Gainings per share from discontinued operations (full TL)	--	(0.079)
<b>(Loss)/Gainings per share from operations (full TL)</b>	<b>0.230</b>	<b>(0.316)</b>

(\*) Earnings per share calculation is carried out by excluding 37,089,806 treasury shares held by Akfen Holding at 31 December 2014 and 6,829,508 treasury shares purchases of during the year 2015.

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**29 RELATED PARTY DISCLOSURES**

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

**29.1 Related party balances**

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Trade receivables	7	--
Other receivables	28,505	99,587
	<b><u>28,512</u></b>	<b><u>99,587</u></b>
Trade payables	3,255	3,783
Other payables	3,474	1,603
	<b><u>6,729</u></b>	<b><u>5,386</u></b>

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Trade receivables	2	--
Other receivables	448,860	431,387
	<b><u>448,862</u></b>	<b><u>431,387</u></b>
Other payables	9,489	9,066
	<b><u>9,489</u></b>	<b><u>9,066</u></b>

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 2016 and 31 December 2015, the Group had the following short term non trade receivables from its related parties:

<b><i>Due from related parties (short term-non trade):</i></b>	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Akfen Altyapı	28,129	99,308
Other	376	279
	<b><u>28,505</u></b>	<b><u>99,587</u></b>

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

**29 RELATED PARTY DISCLOSURES (continued)**

**29.1 Related party balances (continued)**

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

<i>Due from related parties (long term-non trade):</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
Akfen Construction	442,627	425,334
Akfen Water	5,581	5,455
İDO	64	66
Other	588	532
	<b>448,860</b>	<b>431,387</b>

As at 31 March 2016 and 31 December 2015, the Group had the following short term non trade payables to its related parties:

<i>Due to related parties (short term-non trade):</i>	<b>31 March 2016</b>	<b>31 December 2015</b>
Adana İpekyolu (*)	3,349	1,575
Other	125	28
	<b>3,474</b>	<b>1,603</b>

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

**Long term non trade due to related parties:**

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

**29.2 Related party transactions**

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

<b>Company</b>	<b>31 March 2016</b>		<b>31 March 2015</b>	
	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>
Akfen Construction	16,113	Financial Income	--	Financial Income
TAV Airports	5,558	Electric Sales Revenue	5,248	Electric Sales Revenue
MIP	1,745	Electric Sales Revenue	1,985	Electric Sales Revenue
İDO	844	Electric Sales Revenue	854	Electric Sales Revenue
Akfen Water	237	Electric Sales Revenue	175	Electric Sales Revenue
Akfen Water	197	Financial Income	--	Financial Income
Hacettepe Teknokent	--	--	313	Financial Income
İDO	--	--	545	Financial Income
Other	--	--	12	Financial Income
	<b>24,694</b>		<b>9,132</b>	

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

<i>Services obtained from related parties:</i>	<b>31 March 2016</b>		<b>31 March 2015</b>	
<b>Company</b>	<b>Amount</b>	<b>Transaction</b>	<b>Amount</b>	<b>Transaction</b>
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	1,278	Purchases	1,135	Purchases
	<b>1,278</b>		<b>1,135</b>	

**29.3 Key management personnel compensation**

As at 31 March 2016, total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 11,170 (31 March 2015: TL 1,790).

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 2016**

(Currency: Thousands of TL)

**30 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS**

**Credit risk**

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

31 March 2016	Receivables				Deposits on Bank (*)
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>9</b>	<b>21,116</b>	<b>477,365</b>	<b>18,001</b>	<b>125,518</b>
- Portion of maximum risk covered any guarantee (*)	--	--	--	--	--
<b>A. Net carrying value of financial assets which are not impaired or overdue (2)</b>	<b>9</b>	<b>21,116</b>	<b>477,365</b>	<b>18,001</b>	<b>125,518</b>
<b>B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)</b>	--	--	--	--	--
<b>C. Net carrying value of financial assets which are overdue but not impaired (6)</b>	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--
<b>D. Net carrying value of impaired assets (4)</b>	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
<b>E. Off balance sheet items with credit risks</b>	--	--	--	--	--
31 March 2016	Receivables				
	Trade Receivables	Other Receivables			
Past due 1-30 days	--	--			
Past due 3-12 months	--	--			
Past due 1-5 years	--	--			
More than 5 years	--	--			
Total undue receivables	--	--			
Total allowances	--	--			
Amount secured by guarantees etc.	--	--			

(\*) As at 31 March 2016, TL 77,217 of restricted cash balances are shown in bank deposits.

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 2016**

(Currency: Thousands of TL)

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

**Credit risk (continued)**

31 December 2015	Receivables				Deposits on Banks (*)
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	--	17,867	530,974	17,490	70,022
- Portion of maximum risk covered any guarantee (*)	--	--	--	--	--
<b>A. Net carrying value of financial assets which are not impaired or overdue (2)</b>	--	17,867	530,974	17,490	70,022
<b>B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)</b>	--	--	--	--	--
<b>C. Net carrying value of financial assets which are overdue but not impaired (6)</b>	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--
<b>D. Net carrying value of impaired assets (4)</b>	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
<b>E. Off balance sheet items with credit risks</b>	--	--	--	--	--
31 December 2015	Receivables				
	Trade Receivables	Other Receivables			
Past due 1-30 days	--	--			
Past due 1-3 months	--	--			
Past due 3-12 months	--	--			
Past due 1-5 years	--	--			
More than 5 years	--	--			
Total undue receivables	--	--			
Total allowances	--	--			

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



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Impairment**

Movement in the allowance for doubtful receivables for the years ended 31 March 2016 and 31 December 2015 was as follows:

	<u>31 March 2016</u>	<u>31 December 2015</u>
Balance at the beginning of the period	--	1,034
Changes in group structure	--	(1,066)
Provision cancelation	--	--
Foreign exchange difference	--	32
<b>Balance at the end of the period</b>	<b>--</b>	<b>--</b>

**Liquidity risk**

The following tables provide an analysis of financial liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 March 2016:

		<u>31 March 2016</u>					
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
<b>Financial liabilities</b>							
Loans and borrowings	6	1,214,451	(1,571,763)	(68,642)	(138,337)	(698,498)	(666,286)
Bonds	6	405,387	(459,906)	(6,832)	(387,152)	(65,922)	--
Trade payables	7	5,858	(5,858)	(5,503)	(355)	--	--
Due from related parties	7-8-29	16,218	(16,218)	(75)	(6,681)	(9,462)	--
Other payables (*)		9,681	(9,681)	(5,252)	(728)	(3,701)	--
<b>Total</b>		<b>1,651,595</b>	<b>(2,063,426)</b>	<b>(86,304)</b>	<b>(533,253)</b>	<b>(777,583)</b>	<b>(666,286)</b>

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

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

		<u>31 December 2015</u>					
	<u>Note</u>	<u>Carrying Amount</u>	<u>Expected Cash Flow</u>	<u>3 months or Less</u>	<u>03 – 12 Months</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
<b>Financial liabilities</b>							
Loans and borrowings	7	1,117,391	(1,478,294)	(67,098)	(200,200)	(531,000)	(679,996)
Bonds	7	412,235	(482,974)	(21,146)	(34,689)	(427,139)	--
Trade payables	8	15,533	(15,533)	(5,477)	(10,056)	--	--
Due from related parties	8-9-36	14,452	(14,452)	(24)	(5,362)	(9,066)	--
Other payables (*)		12,020	(12,020)	(7,234)	(1,185)	(3,601)	--
<b>Total</b>		<b>1,571,631</b>	<b>(2,003,273)</b>	<b>(100,979)</b>	<b>(251,492)</b>	<b>(970,806)</b>	<b>(679,996)</b>

(\*) 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 2016**

(Currency: Thousands of TL)

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

**Currency risk**

**Exposure to currency risk**

As at 31 March 2016, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

	<b>31 March 2016</b>			
	<u>TL</u>	<u>USD</u>	<u>EUR</u>	<u>Other(*)</u>
	<u>Equivalent</u>			
1. Trade receivables	14,563	--	--	--
2a. Monetary Financial Assets (including Cash	101,666	17,150	16,486	--
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	1,470	0	314	--
<b>4. Current Assets (1+2+3)</b>	<b>117,699</b>	<b>17,150</b>	<b>16,800</b>	<b>--</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	16,541	24	5,135	--
<b>8. Non-current Assets (5+6+7)</b>	<b>16,541</b>	<b>24</b>	<b>5,135</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>134,240</b>	<b>17,174</b>	<b>21,935</b>	<b>--</b>
10. Trade Payables	2,561	48	538	--
11. Financial Liabilities	186,706	31,339	30,519	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-monetary Liabilities	1,103	--	(7)	--
<b>13. Short Term Liabilities (10+11+12)</b>	<b>190,370</b>	<b>31,387</b>	<b>31,050</b>	<b>--</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	1,027,746	65,700	262,334	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	3,614	1,275	--	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,031,360</b>	<b>66,975</b>	<b>262,334</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,221,730</b>	<b>98,362</b>	<b>293,384</b>	<b>--</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(1,087,490)</b>	<b>(81,188)</b>	<b>(271,449)</b>	<b>--</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,100,784)</b>	<b>(79,937)</b>	<b>(276,905)</b>	<b>--</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Currency risk (continued)**

**Exposure to currency risk (continued)**

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

	<b>31 December 2015</b>			
	<u>TL</u>	<u>USD</u>	<u>EUR</u>	<u>Other (*)</u>
	<u>Equivalent</u>			
1. Trade receivables	11,475	--	--	11,475
2a. Monetary Financial Assets (including Cash	64,977	93	20,331	106
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	539	1	62	337
<b>4. Current Assets (1+2+3)</b>	<b>76,991</b>	<b>94</b>	<b>20,393</b>	<b>11,918</b>
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	16,616	23	5,208	--
<b>8. Non-current Assets (5+6+7)</b>	<b>16,616</b>	<b>23</b>	<b>5,208</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>93,607</b>	<b>117</b>	<b>25,601</b>	<b>11,918</b>
10. Trade Payables	3,659	301	875	5
11. Financial Liabilities	211,884	37,933	31,971	--
12a. Other Monetary Liabilities	105	36	--	--
12b. Other Non-monetary Liabilities	1,808	--	94	1,510
<b>13. Short Term Liabilities (10+11+12)</b>	<b>217,456</b>	<b>38,270</b>	<b>32,940</b>	<b>1,515</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	862,779	11,754	260,764	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	3,517	1,209	--	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>866,296</b>	<b>12,963</b>	<b>260,764</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>1,083,752</b>	<b>51,233</b>	<b>293,704</b>	<b>1,515</b>
<b>19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)</b>	<b>(990,145)</b>	<b>(51,116)</b>	<b>(268,103)</b>	<b>10,403</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,001,975)</b>	<b>(49,931)</b>	<b>(273,279)</b>	<b>11,576</b>
<b>22. Total Fair Value of Financial Instruments Used for Currency Hedging</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged Amount of Foreign Currency Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged Amount of Foreign Currency Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Currency risk (continued)**

**Sensitivity analysis**

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

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

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

<b>Currency Sensitivity Analysis</b>				
<b>31 March 2016</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(23,004)	23,004	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	(23,004)	23,004	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(87,084)	87,084	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	(87,084)	87,084	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	(15)	15	1,353	(1,353)
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	(15)	15	1,353	(1,353)
<b>TOTAL (3+6+9)</b>	(110,102)	110,102	1,353	(1,353)

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Currency risk (continued)**

**Sensitivity analysis (continued)**

<b>Currency Sensitivity Analysis</b>				
<b>31 December 2015</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(14,862)	14,862	--	--
2- USD risk averse portion (-)	--	--	--	--
<b>3- Net USD Effect (1+2)</b>	<b>(14,862)</b>	<b>14,862</b>	<b>--</b>	<b>--</b>
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(85,192)	85,192	--	--
5- Euro risk averse portion (-)	--	--	--	--
<b>6- Net Euro Effect (4+5)</b>	<b>(85,192)</b>	<b>85,192</b>	<b>--</b>	<b>--</b>
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	1,040	(1,040)
8- Other currency risk averse portion (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	<b>--</b>	<b>--</b>	<b>1,040</b>	<b>(1,040)</b>
<b>TOTAL (3+6+9)</b>	<b>(100,054)</b>	<b>100,054</b>	<b>1,040</b>	<b>(1,040)</b>

**Interest rate risk**

**Profile**

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

	<b><u>31 March 2016</u></b>	<b><u>31 March 2015</u></b>
<b>Fixed rate instruments</b>		
Financial assets	120,796	66,657
Financial liabilities	1,159,402	1,040,559
<b>Variable rate instruments</b>		
Financial assets	--	--
Financial liabilities	460,435	489,066

**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 2016**

(Currency: Thousands of TL)

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

**Interest rate risk (continued)**

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

When the debt profile of the Group is considered, 100 base points increase in TL Benchmark Interest Rate, Euribor or Libor rate, caused an approximately TL 4,604 (31 December 2015: TL 4,891) increase in the annual interest costs of floating interest rate liabilities of the Group.

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

<b>Interest Rate Profile</b>		<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Fixed Rate Financial Instruments</b>			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
<b>Variable Rate Financial Instruments</b>		--	--
Financial Assets		--	--
Financial Liabilities		(4,604)	(4,891)

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

(Currency: Thousands of TL)

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

**Capital Risk Management**

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

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

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

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

	<b><u>31 March 2016</u></b>	<b><u>31 December 2015</u></b>
Total financial liabilities	1,619,839	1,529,626
Cash and banks (*)	(125,712)	(70,088)
Net financial liabilities	1,494,127	1,459,538
Equity	1,770,733	1,735,813
Net financial liability/equity ratio	0.84	0.84

(\*) As at 31 March 2016, in addition to cash and cash equivalents, TL 77,217 of restricted cash balances included in cash and bank balances (31 December 2015: TL 47,664).

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

**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

*(Currency: Thousands of TL)*

**31 SUBSEQUENT EVENTS**

**Akfen Holding and Its Subsidiaries:**

**Akfen Holding**

Borsa İstanbul A.Ş. announced with regards to the Company, which has made applications to the CMB and the stock exchange within CMB's Communique on Squeeze-out and Sell-out Rights (dated 12 November 2014 and numbered II-27.2) that based on the approval of the stock exchange management dated 20 April 2016, provided that the CMB Board gives its consent to the issue certificate of the new shares for the majority shareholder, in order to facilitate a smooth process at the Central Registry Agency (MKK), that the trading in the shares would be halted and that the shares would be removed from the related indices and following the finalisation of the process at MKK, the shares would be delisted one working day after the stock exchange announcement on the Public Disclosure Platform.

In its announcement on 28 April 2016, Borsa İstanbul A.Ş. stated that since CMB approved Akfen Holding's application regarding the issue certificate on its weekly bulletin dated 28 April 2016 and numbered 2016/14, which was announced on the Public Disclosure Platform, the shares of Akfen Holding would stop trading starting from 29 April 2016.

Akfen Holding announced that CMB approved the issue certificate with regards to Akfen Holding A.Ş.'s application for the capital reduction through the cancellation of the minority shareholders shares with a nominal value of TL 1,203,851 that are subject to squeeze-out rights of the majority shareholders, and the simultaneous restricted capital increase (in exchange for these shares), valuing shares with a nominal value of TL1 at TL10.9998, where Hamdi Akın will be exercising the squeeze-out right. And also that the issue certificate that has been approved by the CMB and the revision in the Articles of Association was registered on 06 May 2016 at the Ankara Trade Registry.

MKK announced that following the Company's application to MKK, the shares that are subject to squeeze-out, have been cancelled and the payment of 1,099.98% per share with a nominal value of TL 1, was transferred to the accounts of related members at Takasbank A.Ş. on 11 May 2016. Additionally, it was announced that the restricted share issue of TL 1,203,851 in exchange for the cancellation of the squeezed-out shares has also been realised on 11 May 2016.

Ordinary General Shareholders' Meeting of Akfen Holding for the year 2015 was held on 11 May 2016.

Borsa İstanbul made an announcement stating that the Company's shares, which have not been trading on the stock exchange since 29 April 2016, would be delisted as of 12 May 2016 since the process within the Communiqué on Squeeze-out and Sell-out Rights (dated 12 November 2014 and numbered II-27.2) at the MKK was completed on 11 May 2016.

With the board decision dated 11 May 2016 Mr. Hamdi Akın was reappointed as the Chairman of the Board, Mr. Selim Akın as the Vice Chairman of the Board, Mr. İrfan Erciyas as the Executive Member of the Board, Ms. Pelin Akın as Member of the Board and Mr. İbrahim Süha Güçsav as the General Manager of Company, Ms. Sıla Cılız İnanç as the Assistant General Manager (Legal Affairs) and Mr. Hüseyin Kadri Samsunlu as the Assistant General Manager (Financial Affairs) of Company for a period of one year.



**Akfen Holding Anonim Şirketi**

**Notes to the Consolidated Financial Statements**

**As at and For the Three Month Period Ended 31 March 2016**

*(Currency: Thousands of TL)*

**31 SUBSEQUENT EVENTS (continued)**

**Akfen Holding and Its Subsidiaries (continued)**

**Akfen Renewable**

According to Akfen Holding's announcement dated 09 May 2016, International Finance Corporation (IFC), World Bank's private sector company, is interested in investing in Akfen Renewable, similar to EBRD, with an up to 16,667% stake, paying US\$100 million. Following this development, it was agreed upon that EBRD's stake in Akfen Renewable, which was previously announced as up to 20%, would be revised as 16,667% due to the participation of IFC and to be similar to the shareholding of IFC in this transaction.

**Akfen REIT**

Akfen REIT's Board of Directors decided to hold the Annual General Meeting for the year 2015 on 24 May 2016 at the company headquarters.

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

None.