Akfen Holding Anonim Şirketi
Convenience Translation to English of Consolidated Financial Statements As at and for the Year Ended 31 December 2011 (Originally Issued in Turkish)

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

12 April 2012

This report includes 2 pages of independent auditors' report and 161 pages of consolidated financial statements together with their explanatory notes.

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Convenience Translation to English of Independent Auditors' Report Originally Issued in Turkish

Independent Auditors' Report

To the Board of Directors of
Akfen Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of Akfen Holding Anonim Şirketi, its subsidiaries and jointly controlled entities (the "Group"), which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards promulgated by Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our independent audit. We conducted our audit in accordance with auditing standards promulgated by CMB. Those standards require that ethical requirements are complied and independent audit is planned and performed perform to obtain reasonable assurance whether the financial statements are free of material misstatement.

Our audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, entity's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the entity and its internal control system. Our independent audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards (Note 2) promulgated by CMB.

Additional paragraph for convenience translation to English

The financial reporting standards described in note 2(defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of Akfen Group in accordance with IFRS.

İstanbul, 12 April 2012
Akis Bağımsız Denetim ve Serbest Muhasebeci Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer

Partner

Akfen Holding Anonim Şirketi

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

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	Notes	*Audited* 31 December 2011	*Audited* 31 December 2010
ASSETS			
Total current assets		**1.286.026**	**997.973**
Cash and cash equivalents	*6*	518.590	422.569
Trade receivables			
-Due from related parties	*10-38*	6.000	12.039
-Other trade receivables	*10*	300.603	220.572
Other receivables			
-Due from related parties	*11-38*	5.068	10.514
-Other receivables	*11*	11.460	4.498
Financial investments	*7*	--	5.671
Derivative financial instruments	*9*	2.685	--
Restricted cash	*12*	150.708	123.380
Inventories	*14*	26.165	8.205
Other current assets	*27*	264.747	190.525
		1.286.026	**997.973**
Total non-current assets		**4.152.943**	**2.721.093**
Trade receivables			
-Due from related parties	*10-38*	5.510	2.007
-Other trade receivables	*10*	159.598	109.351
Other receivables			
-Due from related parties	*11-38*	39.225	24.465
-Other receivables	*11*	1.556	1.934
Financial investments	*7*	151	2.520
Investment in equity accounted investees	*17*	1.436	--
Investment property	*18*	1.080.092	658.758
Property, plant and equipment	*19*	938.031	538.453
Intangible assets	*20*	1.503.865	1.023.754
Goodwill	*21*	128.452	113.781
Deferred tax asset	*36*	109.683	66.770
Other non-current assets	*27*	185.344	179.300
TOTAL ASSETS		**5.438.969**	**3.719.066**

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

AKİS
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

Akfen Holding Anonim Şirketi
Consolidated Statement of Financial Position as at 31 December 2011
(Currency: Thousands of TL)

	Notes	Audited 31 December 2011	Audited 31 December 2010
LIABILITIES			
Total current liabilities		**1.287.177**	**732.246**
Loans and borrowings	*8*	743.422	370.686
Derivative financial instruments	*9*	80.896	56.180
Trade payables			
-Due to related parties	*10-38*	25.125	16.043
-Other trade payables	*10*	184.822	106.802
Other payables			
-Due to related parties	*11-38*	15.564	14.323
-Other payables	*11*	150.466	108.975
Provisions	*23*	12.671	8.665
Other current liabilities	*27*	74.211	50.572
		1.287.177	732.246
Total non-current liabilities		**2.999.911**	**2.032.035**
Loans and borrowings	*8*	2.730.724	1.876.033
Derivative financial instruments	*9*	86.649	50.354
Trade payables			
-Due to related parties	*10-38*	1.083	--
-Other trade payables	*10*	36.780	21.329
Other payables			
-Due to related parties	*11-38*	9.002	14.607
-Other non-trade payables	*11*	43.832	26.141
Employee benefits	*25*	17.873	9.672
Deferred tax liabilities	*36*	58.816	21.239
Provisions	*23*	681	--
Other non-current liabilities	*27*	14.471	12.660
Total Equity		**1.151.881**	**954.785**
Total equity attributable to equity holders of the parent		**758.916**	**794.180**
Paid in capital	*28*	145.500	145.500
Adjustments to share capital		(7.257)	(7.257)
Share premium		454.782	454.782
Treasury shares		(4.010)	(3.709)
Business combination of entities under common control		20.062	20.062
Foreign currency translation reserve		101.443	17.914
Revaluation reserve		(2.294)	(2.076)
Cash flow hedge reserves		(104.992)	(71.363)
Other reserves		(112.112)	(93.780)
Legal reserves		19.699	12.081
Retained earnings		312.819	250.199
Profit / (loss) for the period		(64.724)	71.827
Non-controlling interest		**392.965**	**160.605**
TOTAL LIABILITIES AND EQUITY		**5.438.969**	**3.719.066**

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

	Notes	*Audited* 31 December 2011	*Audited* 31 December 2010
CONTINUING OPERATIONS			
Revenue	29	1.353.583	994.237
Cost of sales(-)	29	(1.008.726)	(779.514)
Gross profit		**344.857**	**214.723**
General administrative expenses (-)	30	(158.182)	(135.212)
Other operating income	32	334.784	179.994
Other operating expenses(-)	32	(39.681)	(13.646)
Results from operating activities		**481.778**	**245.859**
Finance income	33	123.373	194.820
Finance expenses	34	(520.222)	(328.474)
Profit before tax		**84.929**	**112.205**
Tax benefit / (expense)		**(45.541)**	**(17.485)**
Tax expense	36	(31.871)	(23.737)
Deferred tax income/(expense)	36	(13.670)	6.252
Profit from continuing operations after tax		**39.388**	**94.720**
DISCONTINUED OPERATION			
Profit from discontinued operation, net off tax	35	--	17.226
Profit for the period		**39.388**	**111.946**
Other comprehensive income			
Change in revaluation of property, plant and equipment		44	37
Change in net fair value change in cash flow hedges	33	(36.000)	(14.194)
Change in foreign currency translation differences	33	91.478	(8.238)
Other comprehensive income		**55.522**	**(22.395)**
Total comprehensive income		**94.910**	**89.551**
Profit attributable to:			
Non-controlling interest		104.112	40.119
Equity holders of the parent		(64.724)	71.827
Profit for the period		**39.388**	**111.946**
Total comprehensive income attributable to:			
Non-controlling interest		111.730	35.538
Equity holders of the parent		(16.820)	54.013
Total comprehensive income		**94.910**	**89.551**
Basic and diluted earnings / (loss) per share	37	**(0,457)**	**0,631**

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

AKİS
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2010

(Currency: Thousands of TL)

	Paid in Capital	Adjustments to share capital	Share premium	Treasury share	Entities under common control	Translation differences	Revaluation reserve	Cash flow hedging reserve	Other reserves	Legal reserves	Retained earnings	Net profit for the period	Equity holders of the parent	Non controlling interest	Total equity
Balances as at 1 January 2010	99.669	(7.257)	--	(4.767)	20.062	25.004	(2.010)	(60.677)	--	14.985	264.088		349.097	179.911	529.008
Total comprehensive income for the period															
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	71.827	71.827	40.119	111.946
Other comprehensive income															
Foreign currency translation differences (Note 33)	--	--	--	--	--	(7.165)	--	--	--	--	--	--	(7.165)	(1.073)	(8.238)
Revaluation of property, plant and equipment	--	--	--	--	--	--	(66)	--	--	--	103	--	37	--	37
Net fair value change in cash flow hedges (Note 33)	--	--	--	--	--	--	--	(10.686)	--	--	--	--	(10.686)	(3.508)	(14.194)
Total other comprehensive income	--	--	--	--	--	(7.165)	(66)	(10.686)	--	--	103	--	(17.814)	(4.581)	(22.395)
Total comprehensive income	--	--	--	--	--	(7.165)	(66)	(10.686)	--	--	103	71.827	54.013	35.538	89.551
Transactions with owners, recorded directly in equity															
Dividend distribution	--	--	--	--	--	--	--	--	--	--	--	--	--	(321)	(321)
Transfer to legal reserves	--	--	--	--	--	75	--	--	--	936	(1.031)	--	(20)	268	248
Total changes in structure of entities under common control	--	--	--	--	--	--	--	--	--	--	--	--	--	(86.413)	(86.413)
Share premium	--	--	454.782	--	--	--	--	--	--	--	--	--	454.782	--	454.782
Change in subsidiaries equity interest	--	--	--	1.058	--	--	--	--	(93.780)	(3.840)	2.824	--	(93.738)	31.513	(62.225)
Public offering expenses	--	--	--	--	--	--	--	--	--	--	(15.785)	--	(15.785)	--	(15.785)
Capital increase	45.831	--	--	--	--	--	--	--	--	--	--	--	45.831	109	45.940
Total transactions with owners	45.831	--	454.782	1.058	--	75	--	--	(93.780)	(2.904)	(13.992)	--	391.070	(54.844)	336.226
Balances as at 31 December 2010	145.500	(7.257)	454.782	(3.709)	20.062	17.914	(2.076)	(71.363)	(93.780)	12.081	250.199	71.827	794.180	160.605	954.785

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

AKİS
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011

(Currency: Thousands of TL)

	Paid in Capital	*Adjustments to share capital*	*Share premium*	*Treasury shares*	*Entities under common control*	*Translation differences*	*Revaluation reserve*	*Cash flow heding reserve*	*Other reserves*	*Legal reserves*	*Retained earnings*	*Net loss for the-period*	*Equity holders of the parent*	*Non controlling interest*	*Total equity*
Balances as at 1 January 2011	145.500	(7.257)	454.782	(3.709)	20.062	17.914	(2.076)	(71.363)	(93.780)	12.081	322.026	--	794.180	160.605	954.785
Total comprehensive income for the period															
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	(64.724)	(64.724)	104.112	39.388
Other comprehensive income															
Foreign currency translation differences (Note 33)	--	--	--	--	--	81.489	--	--	--	--	--	--	81.489	9.989	91.478
Revaluation of property, plant and equipment	--	--	--	--	--	--	(218)	--	--	--	262	--	44	--	44
Net fair value change in cash flow hedges (Note 33)	--	--	--	--	--		--	(33.629)	--	--	--	--	(33.629)	(2.371)	(36.000)
Total other comprehensive income	--	--	--	--	--	81.489	(218)	(33.629)	--	--	262	--	47.904	7.618	55.522
Total comprehensive income	--	--	--	--	--	81.489	(218)	(33.629)	--	--	262	(64.724)	(16.820)	111.730	94.910
Transactions with owners, recorded directly in equity															
Transfer to legal reserves	--	--	--	--	--	1.761	--	--	--	7.618	(9.469)	--	(90)	90	--
Acquisition of the shares of the Company	--	--	--	(301)	--	--	--	--	--	--	--	--	(301)	--	(301)
Changes in subsidiaries equity interest	--	--	--	--	--	279	--	--	(18.332)	--	--	--	(18.053)	120.540	102.487
Total transactions with owners	--	--	--	(301)	--	2.040	--	--	(18.332)	7.618	(9.469)	--	(18.444)	120.630	102.186
Balances as at 31 December 2011	145.500	(7.257)	454.782	(4.010)	20.062	101.443	(2.294)	(104.992)	(112.112)	19.699	312.819	(64.724)	758.916	392.965	1.151.881

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

AKİS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

		Audited	
		31 December	*31 December*
	Notes	*2011*	*2010*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**39.388**	**111.946**
Adjustments for:			
Depreciation of property,plant and equipment	*19*	32.641	20.552
Amortization of intangible assets	*20*	50.663	38.828
Loss on sale of investment property	*32*	--	7.040
Gain on sales of trading property	*32*	--	(2.691)
Provision for employee termination benefits		7.067	5.070
Provision for doubtful receivables		16.870	4.010
Unearned interest income, net	*33*	(211)	(1.492)
Rediscount interest gains from IFRIC 12 effect	*33*	(8.826)	(5.331)
Gain or loss on sale of property, plant and equipment	*32*	(1.128)	(1.232)
Gain on sale of non controlling interests in subsidiaries	*32*	(4.714)	(19.646)
Gain on sale of discontinued operations	*35*	--	(15.056)
Impairment loss on property, plant and equipment	*19*	(425)	4.185
Gain on investment property	*32*	(282.139)	(129.971)
Impairment of financial instruments		--	(57)
Provision / (Release of provision) for claims and vacation pay	*23*	3.029	4.837
Unrealized foreign exchange differences on balance sheet items		460.457	7.741
Interest income	*33*	(34.378)	(27.398)
Interest expense	*34*	199.712	158.262
Bargain purchase	*32*	(20.409)	--
Tax benefit / (expense)	*36*	45.541	(17.976)
Cash flow from operating activities before changes in working capital		**503.138**	**141.621**
Changesin:			
Other current trade receivables		(85.441)	(13.710)
Other current non-trade receivables		(6.950)	1.770
Other current assets		(97.248)	(7.532)
Other non-current trade receivables		(50.247)	(14.412)
Other non-current non-trade receivables		378	278
Financial assets		6.180	(15.899)
Inventories		(12.073)	6.337
Due from related parties		(13.376)	(14.475)
Other non-current assets		(20.125)	(14.584)
Other current trade payables		78.020	(9.037)
Other current non-trade payables		24.507	727
Other short term liabilities		12.291	17.613
Other non-current trade receivables		11.105	10.976
Other non-current non-trade receivables		17.450	(1.040)
Due to related parties		5.801	(5.479)
Other non-current liabilities		1.394	4.114
Net cash provided by operating activities		**374.804**	**87.268**

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Cash Flows for the Year Ended 31 December 2011

(Currency: Thousands of TL)

		Audited	
	Notes	*31 December 2011*	*31 December 2010*
Taxes paid		(28.982)	(32.845)
Retirement benefit paid	*25*	(3.365)	(1.847)
Collection of doubtful receivables	*39*	3.666	308
Interest paid		(216.449)	(161.402)
Net cash provided by / (used in) operating activities		**129.674**	**(108.518)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		29.871	32.033
Acquisition of property, plant and equipment	*19*	(259.916)	(270.515)
Effect of group structure change		(3.020)	2.942
Proceeds from sale of property, plant and equipment		16.098	7.203
Acquisition of intangible assets	*20*	(46.926)	(39.393)
Proceeds from sale of intangible assets		1.875	12.338
Purchases of investment property	*18*	(75.447)	(40.589)
Proceeds from sale of investment property		--	22.809
Cash outflow from acquisition of noncontrolling interests in subsidiaries		--	(196.259)
Business combination		(411.067)	--
Cash outlflow from acquisition of subsidiaries		(23.403)	--
Acquisition of subsidiary and jointly controlled entity net of cash acquired		25.082	123.482
Purchase of held for sale financial assets		--	(5.514)
Net cash used in investing activities		**(746.853)**	**(351.463)**
Net cash flow from financing activities			
Proceeds from borrowings		911.934	845.662
Change in project, reserves and fund accounts		(45.686)	(35.527)
Repayment of borrowings		(329.691)	(751.686)
Change in non-controlling interests		132.698	(39.776)
Capital increase		--	45.831
Public offering expenses		--	(15.785)
Share Premium		--	454.782
Net cash from financing activities		**669.255**	**503.501**
Net increase in cash and cash equivalents		52.076	43.520
Cash and cash equivalents at 1 January	*6*	166.349	122.829
Cash and cash equivalents at period end of 31 December	*6*	**218.425**	**166.349**

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

1 REPORTING ENTITY

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

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

As at 31 December 2011, Akfen Holding has 7 (2010:7) subsidiaries and 7 (2010: 6) jointly controlled entities. The consolidated financial statements of the Group which belong to 31 December 2011 and concluded in the same year include the shares of Akfen Holding and its affiliates and the Group's stakes in the participations and the jointly controlled entities. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through stocks with voting rightsand/or the shares of Hamdi Akın.

It manages the partnerships together with the nationally and internationally recognized companies such as Grup Tepe İnşaat Sanayi A.Ş., PSA International, Souter Investments LLP and Kardan N.V. There is also a framework agreement between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, based on mutual exclusivity for the trademarks of Novotel and Ibis Hotel to be constructed in Turkey.

Akfen Holding is registered on the Capital Markets Board ("CMB") and its shares are traded on the Istanbul Stock Exchange ('ISE') under 'AKFEN' code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 31 December 2011 are as follows (Note: 28):

		2011		2010
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın	99.209	68,18	99.209	68,18
Akfen İnşaat Turizm ve Ticaret A.Ş.	3.995	2,75	3.995	2,75
Other partners	1.180	0,81	1.180	0,81
Public shares	41.116	28,26	41.116	28,26
Paid in capital (nominal)	**145.500**	**100**	**145.500**	**100**

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

Koza Sokak No:22
Gaziosmanpaşa
06700/ Ankara-Türkiye
Tel: 90 312 408 10 00
Fax: 90 312 441 07 82
Web: http://akfen.com.tr

The number of employees of Akfen Holding and subsidaries and jointly controlled entities of the Group at 31 December 2011 is 292 (31 December 2010: 200) and 25.306 (31 December 2010: 22.909), respectively.

AKİS
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

1 REPORTING ENTITY *(continued)*

The affiliates and subsidiaries of Akfen Holding are listed below:

Akfen İnşaat Turizm ve Ticaret A.Ş..

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

The construction experience of Akfen makes important contribution to Group activities. Over the last 20 years Akfen has completed a total of USD 1,6 billion dollars of constrution projects.

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

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

The Company, which was restructured as Aksel Turizm Yatırımları ve İşletmecilik A.Ş. in 25 June 1997, was registered in 25 August 2006 upon the approval of Capital Markets Board ('CMB') dated 14 July 2006 and transformed in to a 'Real Estate Investment Trust'.

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

The shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ('Akfen Ticaret'), which is asubsidiary of Akfen Holding, were transferred to Akfen GYO with nominal value on 21 February 2007. The main activity fields of Akfen Ticaret are to make real estate investments, to create and develop a real estate portfolio.

Akfen Ticaret hasestablished Russian Hotel Investment BV ('Russian Hotel' or 'RHI') in Holland on 21 September 2007 and Russian Property Investment BV in Holland on 3 January 2008 ('Russian Property' or 'RPI') together with Eastern European Property Investment Ltd. ("EEPI Ltd.") It transferred its 45% shares in RHI and RPI to Kasa Investments BV ('Kasa BV') in December 2010 and 5% to Cüneyt Baltaoğlu. %45 shares which belonged to RHI and RPI and were transferred to Kasa BV were taken over by Akfen Ticaret on 29 July 2011. The main activity field of Russian Hotel is to develop the hotel investments to be operated by ACCOR S.A. in Ukraine and Russia. The main activity field of Russian Property is to implement Office projects in Russia. As at 31 December 2011, 95% shares of Russian Hotel and Russian Property belonged to Akfen Ticaret and 5% shares belonged to Cüneyt Baltaoğlu.

Akfen GYO established a subsidiary named Hotel Development and Investment BV ('HDI') in Holland on 18 March 2011 in order to develop hotel projects in Russia. In accordance with the contract signed between Akfen GYO and Horus International B.V. on 4 February 2011 and amended on 24 November 2011, the shares of Keramit Financial Company Limited ('Keramit') of which the Head Office is in British Virgin Islands, were taken over by HDI, a 100% owned subsidiary of Akfen GYO, with USD 1 million on 24 November 2011.

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1 REPORTING ENTITY *(continued)*

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.(continued)

Akfen GYO established a subsidiary titled Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. ('Akfen Karaköy') on 31 May 2011 in order to develop a hotel project in Istanbul, Karaköy. 70% shares of Akfen Karaköy belong to Akfen GYO.

Akfen GYO has an exclusive partnership with Accor S.A., one of the most important international hotel chains of the world, and in accordance with the rental contract renewed in April 2010, it develops hotel projects in all provinces of Turkey and in specific cities of Russia under Ibis and Novotel trademarks. The period of the rental contracts is 25+/- 10 years and according to the contracts, a specific percentage of gross operational profit or the high percentage of turnover is paid by Accor S.A. to Akfen as the rent income.

A total of 9 hotels in Turkey as Ibis and Novotel in Istanbul, Zeytinburnu and Ibis in Eskişehir, Novotel in Trabzon, Ibis and Novotel in Kayseri, Ibis and Novotel in Gaziantep and Ibis in Bursa and a total of 2 Ibis hotels in Russia Yaroslavl and Samara and 1 hotel called Mercure in the Turkish Republic of Northern Cyprus are being operated. In addition to these, lands have been purchased in Istanbul Esenyurt and Adana for hotel investments and the construction of these hotels have begun in the first quarter of 2011. The tender made by General Directorate of Foundations on 25 August 2010 in İzmir was awarded and the land locatedin Konak district Alsancak location was rented for 49 years. The investment process is continuing. Also, Akfen GYO established Akfen Karaköy with a 70% stake in order to develop a project in Istanbul Karaköy. It also purchased a land which is 1.5 km away from Ankara Esenboğa Airport. The projects in Istanbul Karaköy and Ankara Esenboğa Airport are in the development and design stages. The hotel construction in Russia, Klaningrad is continuing.

Energy Sector

Akfen Holding has been investing in hydroelectric power plants (HES) through its subsidiaries since January 2000.

Akfen Holding, planning to be active in the energy sectorincluding energy generation and distribution, grouped the hydroelectric power plants under three main companies and is also planning its other investments in the energy sector under the title of Akfen Enerji Yatırımları Holding.

The Renewable Hydroelectric Power Plant portfolio of Akfen Holding is grouped under three entities as Akfen HES Yatırımları ve Enerji Üretim A.Ş. ("HES I"), Akfen Hidroelektrik Santrali Yatırımları A.Ş. ("HES II") and Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ("HES III").

Beyobası Enerji Üretimi A.Ş. ("Beyobası"), İdeal Enerji Üretimi A.Ş. ("İdeal") and Çamlıca Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Çamlıca") are the subsidiaries of Akfen HES I, which has 100% voting right as at 31 December 2011 and 2010.

Total ten projects are included in HES I and total installed power is 128,43 MW. 9 power plants having 124,97 MW installed power are operated for energy generation and the investment in 1 power plants is continuing. Investments have begun in 6 power plants included in HES II and their total installed power is 95.20 MW. The total installed power of HES I and HES II portfolios shall riseup to 224 MW when 7 projects, whose investments are continuing start operationg There are also 2 projects included in HES III having 109,5 MW installed power.

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1 REPORTING ENTITY *(continued)*

Energy sector (continued)

BT Bordo Elektrik Enerji Üretim Dağıtım Pazarlama A.Ş. ("BT Bordo"), Elen Enerji Sanayi ve Ticaret A.Ş. ("Elen"), Pak Enerji Üretim Sanayi ve Ticaret A.Ş. ("Pak"), Rize İpekyolu Enerji Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş: ("Rize"), Yeni Doruk Elektrik Üretim ve Ticaret A.Ş. ("Yeni Doruk") and Zeki Enerji Elektrik Üretim Dağıtım Pazarlama, Sanayi ve Ticaret A.Ş. ("Zeki") are the subsidiaries of Akfen HES II in which it has a 100% voting right directly or through the companies under the same control structure as at 31 December 2011 and 2010.

Laleli Elektrik Enerji Dağıtım Pazarlama A.Ş. ("Laleli"), Değirmenyanı Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Değirmenyanı") and Akörenbeli Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Akörenbeli") are the subsidiaries of Akfen HES III in which it has a 100% voting right directly or through the companies under the same control structure as at 31 December 2011 and 2010.

TAV Havalimanları Holding A.Ş.

TAV Havalimanları Holding A.Ş. ("TAV Havalimanları") was founded in Turkey in 1997 under the title of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. for the purpose of reconstruction of Istanbul Ataturk Airport (International Terminal). The foundation aim of TAV Havalimanları is to reconstruct the Terminal Building of Istanbul Ataturk International Airport ("AUHT") and to operate it for 66 months. The main work of TAV Havalimanları is the construction of terminal buildings and operation of terminal buildings or airport. TAV Istanbul Terminal İşletmeciliği A.Ş. ("Tav Istanbul") signed a rental contract with the General Directorate of State Airports Operations (DHMİ) on 3 June 2005 in order to operate AUHT and Ataturk Airport Domestic Terminal for 15,5 years until 2021. TAV Havalimanları, TAV Esenboğa YatırımYapım ve İşletme A.Ş. ("TAV Esenboğa"), TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and TAV Gazipaşa Yapım Yatırım ve İşletme A.Ş: (TAV Gazipaşa) signed Build – Operate – Transfer 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 Build – Operate – Transfer Agreement with Georgia Ministry of Economic Development ("GMED"); TAV Tunisia SA ("TAV Tunisia") signed a Build – Operate – Transfer Agreement with Tunisia State Airports Operations ("OACA"); TAV Macedonia Dooel Petrovec ("TAV Macedonia") signed a Build – Operate – Transfer Agreement with Macedonia Ministry of Transportation. In accordance with these agreements TAV Havalimanları shall carry out the construction, reconstruction or management of the airport and shall have the right to operate the airport within the period previously determined. At the end of the contract period, TAV Havalimanları also shall have the right to operate Medina Airport in Saudi Arabia together with Saudi Oger and Al Rajhi Holding. TAV Group shall transfer the property right of the constructed building to the related organization (DHMİ, JSC, GMED, OACA and Macedonia Ministry of Transportation). TAV Havalimanları also deals with the other activities of the airport operation such as duty-free, food and beverages, ground services, data processing, security and operation services.

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

1 REPORTING ENTITY *(continued)*

TAV Yatırım Holding A.Ş.

TAV Yatırım Holding A.Ş. ("TAV Yatırım") was established on 1 July 2005 in order to make investments in aviation and construction sectors. The main activity fields of the Group are construction, aviation and parking operation. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. ("TAV İnşaat") and TAV Havacılık A.Ş. ("TAV Havacılık") are subsidiaries of TAV Yatırım. TAV İnşaat has branches in Egypt Cairo ("TAV Egypt"), The United Arab Emirates, Dubai ("TAV Gulf"), Qatari Doha ("TAV Doha"), Tunisia ("TAV Tunisia"), Libya ("TAV Libya") and Bahrain ("TAV Bahrain"). TAV İnşaat has also subsidiaries called TAV G Otopark Yatırım Yapım ve İşletme A.Ş. ("TAV G"), TAV İnşaat Muscat LLC ("TAV Muscat") and Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş. ("Riva") with 49,99%, 70% and 99.99 % stakes, respectively.

Mersin Uluslararası Liman İşletmeciliği A.Ş.

Mersin Uluslararası Liman İşletmeciliği A.Ş ("MIP") was founded on 9 May 2007 by Port of Singapore ('PSA') and Akfen Ortak Girişim Grubu who wereawarded the transfer of operation right of Mersin Port for 36 years belonging to TCDD upon bidding the highest offerby T.R. Directorate of Privatization Administration ('PA'). MIP took over Mersin Port from TCDD upon a Concession Agreement signed with T.R. Directorate of Privatization Administration and TCDD on 11 May 2007 in order to operate it for 36 years. The concession period for 36 years began on 11 May 2007. Mersin International Port is one of the most important ports of Turkey, Middle East and East Mediterranean with its geographical status, capacity, wide hinterland and advantages with multimode connection characteristics.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş ("Akfen Su") was established on 26 April 2005 in order to establish facilities to supply drinking and utility water from surface and ground water resources, collect domestic and industrial waste water and provide waste water treatment services.

Akfen Holding and TASK Water BV have joint administration rights in Akfen Su with 50% shares. The subsidiaries of Akfen Su provides water and waste water services to Güllük Municipality and waste water treatment services to Dilovası Organized Industrial Zone.

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş: ("Akfen Su Güllük") has started operating on 24 August 2006. The company, having completed all of its investments, served 5.256 subscribers as at 2011 December.

Akfensu-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. ("Akfen Su Arbiogaz Dilovası") 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.

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1 REPORTING ENTITY *(continued)*

Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") was sold to TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ('TASS'), belonging to Tepe İnşaat Sanayi A.Ş., Akfen Holding, Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly Controlled Entity Group by the Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. İDO provides passenger and vehicle transportation service under 'Sea Bus and Fast Ferry Lines' title both in local and the country seaways. İDO serves with 19 lines in Istanbul and out of Istanbul to 32 points with 25 sea buses, 10 fast ferries and 18 vehicle ferries. The sea buses, fast ferries and vehicle ferries have a total of 35.813 passengers and 3.312 vehicle capacity. TASS was transferred to IDO on 26 December 2011 with all of its rights and liabilities according to the merger general rules in accordance with TTK and related regulations and TASS was dissolved without liquidation.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

(a) Statement of compliance

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

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

The accompanying consolidated financial statements are prepared in accordance with the Communique XI No 29. announcement of the Capital Markets Board ("CMB") dated 9 April 2008 related to Capital Market Communique on Principles Regarding Financial Reporting ("Communique") which was published in the Official Gazette, no 26842.

The companies apply International Accounting Standard/Financial Reporting Standart ("IAS/UFRS") which is accepted by the European Union depending on 5. communique. According to temporary article 2 which is related to the practice of 5.article of the communique, when there is a difference between IAS/IFRS adopted by the European Union and IAS/IFRS adopted by the International Accounting Standard Board ("IASB"), IAS/IFRS adopted by IASB is applied until the declaration of Turkish Accounting Standard Board. In this context the company has prepared consolidated financial statements for the period ended 31 December 2011 in accordance with IAS / IFRS adopted by IASB.

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

(b) Preparation of financial statement forms

The consolidated financial statements of the Group which are prepared in accordance with IAS and IFRS was approved by the Board of Directors at 07 April 2011. The General Meeting and conserned legal installations have a right to correct financial statements arranged according to legislation

The consolidated financial statements and notes as at 31 December 2010 are prepared according to the Communiqué XI No 29 of CMB which was announced by the decision numbered 11/467 at 17 April 2008 related to the Principles Regarding Financial Reporting on capital markets.

(c) Correction of financial statetements during the hyperinflationary periods

CMB announced that the inflation accounting application was not valid starting from 1 January 2005 for the companies operating in Turkey and drawing up financial tables in compliance with the accounting and reporting principles ('CMB Financial Reporting Standards') adopted by CMB upon a decision taken on 17 March 2005. Thus, the 'Financial Reporting in High Inflation Economies' No 29 published by IASB has not been applied since 1 January 2005.

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

2.1 Basis of presentation *(continued)*

(d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments and investment properties that are measured at fair value. The methods used to measure the fair values are discussed further in note 38.

(e) Functional and presentation currency

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

Company	Functional Currency
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Enerji	TL
Akfen HES I	TL
Akfen HES II	TL
Akfen HES III	TL
TAV Havalimanları	Euro
TAV Yatırım	USD
MIP	USD
IDO	TL
PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı AŞ ("PSA Liman")	TL
Akfen Su	TL
ATI Services SA ("ATI")	CHF
Hyper Foreign Trade Holland N.V. ("Hyper Foreign")	Euro
Alsim Alarko Akfen Adi Ortakılığı ("Alsim Alarko")	TL
RHI	Euro
RPI	Euro
HDI	Euro

(f) Basis of Consolidation

The accounting policies applied in preparing the accompanying consolidated financial statements have been set out below.

The accompanying consolidated financial statements include the accounts of the parent company, Akfen Holding, its subsidiaries, jointly controlled entities and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements in the prior periods.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

2.1 Basis of presentation *(continued)*

(f) Basis of Consolidation *(continued)*

(i) Subsidiaries

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

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

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

	31 December 2011		31 December 2010		
	Ownership (%)	Voting Power Held	Ownership (%)	Voting Power Held	Principal activity
Akfen İnşaat	99,85	100,00	99,85	100,00	Construction
Akfen GYO	56,09	74,75	74,84	99,75	Real Estate Investments
Akfen Enerji	69,75	100,00	69,75	100,00	Energy
Akfen HES I	100,00	100,00	100,00	100,00	Hydroelectric electric power generation
Akfen HES II	100,00	100,00	100,00	100,00	Hydroelectric electric power generation
Akfen HES III	100,00	100,00	100,00	100,00	Hydroelectric electric power generation

(ii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has common or joint control, established by contractual agreement requiring unanimous consent for strategic financial and operating decision. The consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of commonly or joint controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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

2.1 Basis of presentation *(continued)*

(f) Basis of Consolidation *(continued)*

***(ii) Jointly controlled entities** (continued)*

Jointly controlled entities are those entities over whose activities the Group has common or joint control, established by contractual agreement requiring unanimous consent for strategic financial and operating decision. The consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of common or jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

	31 December 2011		31 December 2010		
	Ownership (%)	Voting Power Held	Ownership (%)	Voting Power Held	Principal Activity
TAV Havalimanları	26,12	26,12	26,12	26,12	Airport Management
TAV Yatırım	42,50	42,50	42,50	42,50	Construction and Airline
MIP	50,00	50,00	50,00	50,00	Harbour Management
PSA Liman	50,00	50,00	50,00	50,00	Consulting
Akfen Su	50,00	50,00	50,00	50,00	Water Treatment Construction and Management
Hyper Foreign	41,35	41,29	41,35	41,29	Trade
Alsim Alarko	50,00	49,93	50,00	49,93	Construction
IDO	30,00	30,00	--	--	Marine Transportation
ATI	50,00	49,93	50,00	49,93	Construction

(iii) Aquisition of entities under common control

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

(iv) Transactions eliminated on consolidation

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

(v) Business combinations for acquisition from third parties

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

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

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

2.1 Basis of presentation *(continued)*

(f) Basis of Consolidation *(continued)*

(v) Business combinations for acquisition from third parties *(continued)*

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(vi) Acquisition of noncontrolling interests

In 2011, TAV Holding acquired 16% of TAV Batumi's shares from Akfen İnşaat in return for USD 667.200 (EUR 467.061). As a result, TAV Holding's share in TAV Batumi increased to 76% and TAV Batumi is consolidated with non-controlling interest's ownership reflected as a non-controlling interest. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

In 2011, TAV Holding acquired 33.33% of TAV Güvenlik's shares from Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. in return for TL 6.000 (EUR 2.760.779). As a result, TAV Holding's share in TAV Güvenlik increased to 100% and TAV Güvenlik is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

In 2011, TAV Holding acquired 10% of TAV Tbilisi's shares from Sera Yapı Endüstrisi ve Tic. A.Ş. ("Sera Yapı") and Akfen İnşaat in return for USD 8.583.000 (EUR 5.954.057). As a result, TAV Holding's share in TAV Tbilisi increased to 76% and TAV Tbilisi is consolidated with non-controlling interest's ownership reflected as a non-controlling interest. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

On 12 April 2010, 50% of HAVAŞ Europe was acquired by HAVAŞ. HAVAŞ Europe was jointly controlled by HAVAŞ and Baltic Aviation Services and was proportionately consolidated until December 2011 (Note 7). Effect of this transaction is presented as "acquisitions through business combinations" in the consolidated financial statements. On 21 December 2011, an additional 16.67% of HAVAŞ Europe shares was acquired in return for EUR 1.001.418 by HAVAŞ. After this acquisition HAVAŞ obtained the control of HAVAŞ Europe and HAVAŞ Europe is consolidated with the non-controlling interest's ownership reflected as a non-controlling interest as at 31 December 2011. Effect of this change is presented as "effect of change in group structure" in the consolidated financial statements.

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 that 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 execpt cash flow hedging instruments recognized in the consolidated statement of comprehensive income are recognized in profit or loss.

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

TL / Euro, TL / USD exchange rate as at the end of each year are as follows:

	31 December 2011	31 December 2010
TL / Euro	2,4438	2,0491
TL / USD	1,8889	1,5460

TL / Euro, TL / USD average exchange rates as for the years are as follows:

	2011	2010
TL / Euro	2,3244	1,9886
TL / USD	1,6708	1,4991

(ii) Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entities that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

2.1 Basis of presentation *(continued)*

(h) Additional paragraph for convenience translation to English

The financial reporting standards described in note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of Akfen Group in accordance with IFRS.

2.2 Summary of significant accounting policies

(a) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group's non-derivative financial assets comprise cash and cash equivalents, financial assets at fair value through profit or loss, loans and receivables and available-for sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash at banks and liquid funds. Bank overdrafts, project, reserve and fund accounts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of cash flows. The use of project, reserve and fund accounts are subjected to the approval of the lender in accordance with the financial contracts.

The securities provided by the Group as the guarantee for bank credits are shown under the restricted credit item in the consolidated balance sheet.

Accounting for finance income or expense is discussed in note 2.2 (p).

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

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

2.2 Summary of significant accounting policies *(continued)*

(a) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

Loans and receivables

The loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The loans and receivables are generally comprised of cash and equivalents, trade and other receivables and related parties.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable.

If the group receives payments as financial assets and intangible assets for construction process, each asset is recognised initially at fair value individually.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

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

2.2 Summary of significant accounting policies *(continued)*

(a) Financial instruments *(continued)*

(ii) Non-derivative financial liabilities *(continued)*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to fairise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

The ordinary shares are classified as equity.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

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

2.2 Summary of significant accounting policies *(continued)*

(a) Financial instruments *(continued)*

(iv) Derivative financial instruments (continued)

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

The costs of items of property, plant and equipment purchased till 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Accordingly, property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Property, plant and equipment purchased after 1 January 2005 are recorded at their historical costs less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within operating income or other expense in the consolidated statement of comprehensive income.

(ii) Property, plant and equipment recognized in business combinations

The vessels acquired through IDO acquisition on 16 June 2011 were recognized according to their fair values.

(iii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in consolidated statement of comprehensive income

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in the equity. Any loss is recognised immediately in profit or loss until the amount in equity is zero.

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

2.2 Summary of significant accounting policies *(continued)*

(b) Property, plant and equipment *(continued)*

(iv) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in consolidated statement of comprehensive income as incurred.

(v) Depreciation

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Description	***Years***
Buildings	2-50
Furniture and fixtures	2-15
Machines and equipments	3-40
Vehicles	5-25
Vessels	5-30
Leasehold improvements	1-15

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.

Depreciation methods, useful lives and residual values are reassessed at the end of each year end.

(c) Intangible fixed assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and jointly controlled entities incorporated into intangible assets. Please refer to note 2.1.f.(v) for initial recognition of goodwill.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Development costs

Development activities involve a plan or design for the production of new or substantively improved products and process. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the costs incurred to obtain the hydroelectric energy production license for the hydroelectric projects in the pipeline of Akfen. Development costs will be transferred to licenses when the projects are completed.

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

2.2 Summary of significant accounting policies *(continued)*

(c) Intangible fixed assets *(continued)*

(iii) Intangible fixed assets recognized in a business combination

Customer relationships and DHMİ license are the intangible assets recognised during the purchase of HAVAŞ shares in the years 2006 and 2007 and purchase of TGS Yer Hizmetleri A.Ş. ("TGS") shares in 2009. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in IAS 38 Intangible Assets and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship are determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion is recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangibles assets those were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

50% share purchase of TGS is accounted by adopting IFRS 3 in 2009. DHMİ license and customer relations arising from the share purchase are revalued with their fair values which are determined by the independent valuation experts.

The intangible fixed assets acquired upon IDO acquisition on 16 June 2011 are the rights usufruct of terminals, usufruct right of Ambarlı Port, rental agreement for vessels, software and licences are recorded with their fair values according to IFRS 3.

(iv) Other intangible fixed assets

The other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditures

The subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure of internally generated goodwill and brands, is recognised in profit or loss as incurred.

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

2.2 Summary of significant accounting policies *(continued)*

(c) Intangible fixed assets *(continued)*

(vi) Amortisation

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

	Year
Licences and development cost	3-49
Sub-operation right	19-20
Other intangibles	3-5
Customer relations	10
Water service operation right	35
Port operation right	36
Usufruct right of Ambarlı Port	30
Usufruct right of Terminals	30
Vessels and rental agreement	30

DHMI licence has indefinite useful life and is tested for impairment annually.

(d) Service concession agreements

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa and TAV İzmir have guaranteed passenger fee to be received from DHMİ. The agreements cover a period up to January 2015 for TAV İzmir and May 2023 for TAV Esenboğa.

A rental agreement was signed between TAV Ege Terminal Investment Construction and Operation Co. ('TAV Ege') and DHMI on 16 December 2011 for the operation of İzmir Adnan Menderes International Airport Domestic Flights Terminal until 31 December 2032 and the operation of International Terminal from January 2015 to 31 December 2032. TAV Ege shall construct the additional building of Domestic Flights Terminal according to this agreement.

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to August 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A BOT agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to July 2034.

TAV Macedonia is bound by the terms of the BOT Agreements made with and Ministry of Transport and Communication of Macedonia on 24 September 2008 for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport. This agreement covers a period up to March 2030.

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

2.2 Summary of significant accounting policies *(continued)*

(d) Service concession agreements *(continued)*

Mersin International Port is bound by the terms of the BOT Agreements made with TCDD and OIB. According to the BOT agreements, The Company has received a right to charge users of Mersin International Port. The agreement covers a period of 36 years till May 2043. The Company recognised an intangible asset amounting to USD 755 million (Group's share: USD 377.5 million) to the extent that it received the right from TCDD to charge users of Mersin International Port. Additionally cost of improvement of existing infrastructure of TCDD beared by the Company is recognized at its fair value as an intangible asset amounting to USD 16.2 million (Group's share: USD 8.1 million).

A BOT agreement was executed between Akfen Su Güllük and Güllük Municipality on 29 August 2006 for the public service about the drinking water procurement-facility and construction-management of cleaning of waste water for the subscribers in Güllük-Bodrum. The agreement covers a period up to August 2041.

Akfen Su Arbiogaz Dilovası is bound by the terms of the BOT Agreements made with Dilovası Organize Sanayi Bölgesi Müdürlüğü ("OSB"). According to the BOT agreement, Akfen Su Arbiogaz Dilovası has guaranteed minimum waste water for the specified years to be received from OSB. The agreement covers a period up to August 2034. The Company recognises the guaranteed amount due from OSB as financial asset which is determined by the agreements. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

(i) Intangible assets

The Group recognizes an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Tbilisi, TAV Tunisia and TAV Macedonia are 0%, 0%,0%, 15%, 5% and 0%, respectively.

As at 31 December 2011, total cost of airport operation right is TL 2.217.149 (Group's share: TL 579.101). (For TAV Esenboğa TL 2.217.149, for TAV İzmir TL 196.651, for TAV Tbilisi TL 222.574, for TAV Tunisia TL 1.260.931, for TAV Gazipaşa TL 52.603 and for TAV Skopje TL 211.905) (31 December 2010: total cost of airport operation right is TL 1.713.718 (Group's share: TL 447.609). (For TAV Esenboğa TL 228.475, for TAV İzmir TL 164.890, for TAV Tbilisi TL 171.648 for TAV Tunisia TL 1.048.447 and for TAV Gazipaşa TL 57.628).

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

2.2 Summary of significant accounting policies *(continued)*

(d) Service concession agreements *(continued)*

***(i) Intangible assets** (continued)*

The consideration receivable for the construction services delivered includes direct costs of construction and borrowing and other similar costs that are directly related to the construction of the airport and related infrastructure.

The airport operation right is amortised on a straight line basis. Amortisation for the year ended 31 December 2011 amounts to TL 15.609 (Group's share: TL 4.077) for TAV Esenboğa, TL 22.685 (Group's share: TL 5.925) for TAV İzmir, TL 9.295 (Group's share: TL 2.428) for TAV Tbilisi, TL 31.897 for TAV Tunisia (Group share TL 8.331) and for TAV Gazipaşa TL 2.134 (Group's share: TL 557). For TAV Skopje TL 3.754 (Group share: TL 981). The estimated useful life of an intangible asset in a service concession arrangement is the period from when it is available for use to the end of the concession period.

(ii) Financial assets

The Group recognizes the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa and TAV İzmir. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

As at 31 December 2011, the short and long term guaranteed passenger fee receivable from DHMİ equals to TL 278.131 (Group's share: TL 72.646) (31 December 2010: TL 275.517 (Group's share: TL 71.963)). Akfen Su Arbiogaz Dilovası recognize water supply receivable as financial asset (31 December 2010: 30.244 TL (Group share: 15.122).

(iii) Accounting for operation contract (TAV Istanbul)

The costs associated with the operations contract primarily include rental payments and payments made to enhance and improve ADAT. TAV Istanbul prepaid certain rental amounts and the prepayment is deferred as prepaid rent and is recognised over the life of the prepayment period. The expenditures TAV Istanbul incurs to enhance and improve the domestic terminal are recorded as prepaid development expenditures and are being amortised over the life of the associated contract. Any other costs associated with regular maintenance are expensed in the period in which they are incurred.

Under IFRIC 12 "Service Concession Arrangements" an operator recognises an intangible asset or financial asset received as consideration for providing construction or upgrade services or other items. In TAV Istanbul there is neither construction nor significant upgrade service provided and the contract is in operating phase. Therefore, no intangible asset or financial asset is recognised in TAV Istanbul's financial statements and the revenue and costs relating to the operation services are recognised in accordance with IAS 18 as required by IFRIC 12.

Amortisation of the airport operation right is calculated on a straight line basis over the BOT periods of each project from the date of commencement of physical construction of the terminal.

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

2.2 Summary of significant accounting policies *(continued)*

(e) Investment property

***(i)* Operating investment properties**

Investment properties are those which are held either to earn income or for capital appreciation or for both. Investment properties are stated at fair value. An external independent valuation company which is authority on the subject and have the necessary professional knowledge and the latest information regarding the location of investment properties, values the portfolio each year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties except for the land in Esenyurt are determined by discounted cash flow projections based on reliable estimates of future cash flows. The fair value of the land in Esenyurt is determined based on equivalent value.

The fair value of investment properties are calculated by considering credit worthiness of lessees or the people who responsible for operating payment, distribution of maintance and insurance of investment properties between the lessee and lessor and the useful life of investment properties when It is proper.

All necessary information is assumed to be informed timely in lease renewal term,

Any gain or loss arising from a change in fair value is recognised in the consolidated statement of comprehensive income. Rental income from investment property is accounted for as described in accounting policy in Note 2.m.

***(ii)* Investment property under development**

Investment properties under development are those which are held either to earn income or for capital appreciation or for both. Investment properties under development are stated at fair value as operating investment properties. An external, independent valuation company that is given the licence by CMB values the portfolio each year.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

The fair value of the investment properties under development are determined by discounted cash flow projections based on reliable estimates of future cash flows of the investment properties such as IBIS Esenyurt Hotel, IBIS Adana Hotel, Esenboğa Hotel, Novotel Karaköy Hotel, IBIS İzmir Hotel, Russia Hotel and Samara Office projects except the land of Ankara Esenboğa determined by comparative method and the costs spent for Moscow and Cyprus Bafra Hotel projects using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows and also includes the expenditures required to complete the project.

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

2.2 Summary of significant accounting policies *(continued)*

(f) Leased assets

(i) The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term

(ii) The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease in the consolidated statement of comprehensive income. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials where applicable, and other related costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.
Cost of trading goods and trading properties are determined on "specific identification" basis by the entities operating in construction businesses.
Trading properties comprises land and buildings that are held for trading purposes.

(h) Construction works in progress

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contact.

The loss is recorded as expense directly when the probability which total contract costs is more than total contracts revenue exists. The changes in budgeted income because of the adjustment in work performance, work condition, provision for contract punishment and final contract result in revision of cost and revenue. The effects of revisions are reflected to the consolidated financial statement. The profit incentive is recorded as income when realization of it is guaranteed.
Contract revenue of cost plus contracts is recognized in profit or loss with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

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

2.2 Summary of significant accounting policies *(continued)*

(h) Construction works in progress *(continued)*

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in loss

The asset, "Due from customers for contract work" represents revenues recognised in excess of amounts billed. The liability, "Due to customers for contract work" represents billings in excess of revenues recognised.

(i) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

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

2.2 Summary of significant accounting policies *(continued)*

(i) Impairment *(continued)*

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(j) Assets classified as held for sale

Assets (or disposal groups comprising assets and liabilities) those are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period. The period profit belonged to Akfen Altyapı Danışmanlık, Akınısı, Akfen Turizm, Artı Döviz and IBS sold off in 2010 is shown under the item of 'period profit of discontinued operations after tax'.

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

2.2 Summary of significant accounting policies *(continued)*

(k) Employee benefits

Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were (full TL) 2.732 and TL 2.517 as at 31 December 2011 and 2010, respectively.

International Financial Reporting Standards require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2011	2010
Discount rate (%)	4,48	4,66

The above rate for salary/limit increase was determined based on the government's future targets for annual inflation.

In Dubai, provision for employee's end of service indemnity is made in accordance with the UAE Labor Law and based on current remuneration and cumulative years of service at balance sheet date. For each year of service 21 days worth of salary per each employee is accrued for as end of service indemnity. In Libya, provision for employee's end of service indemnity has been calculated from monthly salary of each employee. In Tunisia, under Tunisia Labor Law the branch is required to pay termination benefits to each employee whose employee agreement has indefinite duration. In Tunisia project, provision for employee's end of service indemnity has not been calculated due to the fact that the employee agreements have definite duration, based on contract period. In Qatar, provision for employee's end of service indemnity has been calculated in accordance with Qatar Labor Laws and based on current remuneration and cumulative years of service as at the balance sheet date. For each year of service one month salary per each employee is accrued as end of service indemnity. In Oman, provision for employee's end of service indemnity has been calculated in accordance with Oman Labor Laws and current remuneration and cumulative years of service as at the balance sheet date. For each year of service 15 days –till three years-, 1 month –after three years- worth of salary per each employee is accrued for as end of service indemnity. There is no pension liability in Egypt and Russia.

(l) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

2.2 Summary of significant accounting policies *(continued)*

(m) Revenue

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contact. Contract revenue and expenses are recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Contract revenue of cost plus contracts is recognized in the consolidated statement of comprehensive income with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. In addition, the Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

(iii) Rental income

Rental income from investment property leased out under operating lease is recognised in the consolidated statement of comprehensive income on a straight line basis over the lease periods.

(iv) Sale of properties

Revenue from the sale of properties is recognised in the consolidated statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or recoverable.

(v) Service concession agreements

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(vi) Aviation income

Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

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

2.2 Summary of significant accounting policies *(continued)*

(m) Revenue *(continued)*

(vii) Sale of duty free goods

Sales of goods are recognised when goods are delivered and title passes.

(viii) Catering services income

Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

(ix) Ground handling income

Ground handling income is recognised when the services are provided.

(x) Port operation income

The income from the services such as port container, shipping, marine and railway transportation service, loading, storage, logistics, etc are immediately recorded.

(xi) Marine transportation income

The income from marine transportation is consisted of vessels, ferries and local ferries. The local and intercity marine transportation services are immediately recorded as the revenue.

(xii) Other business

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Revenue from services rendered is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

(n) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of comprehensive income on a systematic basis over the useful life of the asset.

(o) Lease payments

Payments made under operating leases are recorded in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease..

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

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

2.2 Summary of significant accounting policies *(continued)*

(o) Lease payments *(continued)*

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The conditional lease payments are recognized by changing the minimum lease payments during leasing period.

(p) Finance income and expenses

Finance income comprises interest income, foreign exchange gain, dividend income, unwinding of discount on guaranteed receivableswithe the effect of UFRYK 12 and gains on hedging instruments that are recognised in the consolidated statement of comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, currency exchange losses, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the consolidated statement of comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Earnings per share

The earnings per share, is calculated by dividing the consolidated statement of comprehensive income on attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus. For the purpose of earnings per share computations, such bonus share issuances are regareded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

(s) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.2 Summary of significant accounting policies *(continued)*

(s) Income tax *(continued)*

Deferred tax assets and liabilities are off set if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred taxes related to measurement of fair value of asset available for sale and cash flow hedges are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realised.

The amount of tax payable is net off with the amount of prepaid tax and corporate tax due to relation with each other. Deferred tax asset and liability is net off for each company

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2011, and have not been applied in preparing these consolidated financial statements. Among those new standards, the following are expected to have effect on the consolidated financial statements of the Group:

- The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments are effective for annual periods beginning on or after 1 July 2012.
- The amendments to *IAS 12 Deferred Tax: Recovery of Underlying Assets* introduce an exception to the general measurement requirements of IAS 12 Income Taxes in respect of investment properties measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2012.
- IFRS 10 *Consolidated Financial Statements* supersedes IAS 27 (2008) and SIC-12 *Consolidation—Special Purpose Entities* and becomes effective for annual periods beginning on or after 1 January 2013.

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

2.2 Summary of significant accounting policies *(continued)*

(u) New standards and interpretations not yet adopted *(continued)*

- IFRS 11 *Joint Arrangements* supersedes IAS 31 and SIC-13 *Jointly Controlled Entities—Non-Monetary Contributions by Venturers* and becomes effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 19 *Employee Benefits* includes changes in the accounting of defined benefit plans. The amendments are effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 *Disclosure of Interests in Other Entities* contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 *Fair Value Measurement replaces the fair value m*easurement guidance contained in individual IFRSs with a single source of fair value measurement guidance and becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 27 *Separate Financial Statements (2011)* supersedes IAS 27 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 28 *Investments in Associates and Jointly Controlled Entities (2011)* supersedes IAS 28 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.

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

(v) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

***(i)* Property, plant and equipment**

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair values of vessels acquired as a result of acquisition carried out on 16 June 2011 were determined by an independent valuation company according to the market approach.

The fair values of other tangible assets are carried at cost and are considered to approximate its respective carrying amount.

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

2.2 Summary of significant accounting policies *(continued)*

(v) Determination of fair values *(continued)*

(ii) Intangible fixed assets

The fair value of intangible assets recognised as a result of a business combination is based on market values. The market value of intangible assets is the estimated amount for which an intangible could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The intangible fixed assets acquired as a result of IDO acquisition carried out on 16 June 2011 and recognized within the scope of IAS 38;

- The fair value of usufruct right of terminals was calculated by the independent valuation specialists according to the multi-period excess earnings method which is one of the income approach methods,
- The fair value of usufruct right of Ambarlı Port was determined according to the peer comparison and development approaches;
- The fair value of the rental agreement for vessels was determined according to the cost saving method;
- The fair value of software and licences was determined according to the cost approach by the independent valuation experts

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Tbilisi, TAV Tunisia and TAV Macedonia are 0%, 0%, 0%, 15%, 5% and 0%, respectively.

The fee will be given in Exchange for construction services covered construction and borrowing costs directly releated to airport and other similar costs that are directly releated to infrastructure.

The fair values of other intangible assets are carried at cost and are considered to approximate its respective carrying amount.

(iii) Investment properties

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion as explained in Note 2.2.e.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(iv) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

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

2.2 Summary of significant accounting policies *(continued)*

(v) Determination of fair values *(continued)*

(v) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress but including service concession receivable, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

(vi) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(vii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other payables is carried out at cost and is considered to approximate its respective carrying amount.

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

2.2 Summary of significant accounting policies *(continued)*

(y) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

Corporate Risk Management activities are executed within the Group as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or group,
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans,
- Supporting strategic processes with a risk management approach.

Akfen Holding's Corporate Risk Management activities are under the supervision of the Board of Directors.

The Board of Directors ensures the fulfilment of the risk management applications.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in construction, real estate, insurance and tourism businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey.

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

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

2.2 Summary of significant accounting policies *(continued)*

(y) Financial risk management *(continued)*

(ii) Credit risk (continued)

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are insurance company, tourism agency, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group allocated provision for losses in order to show the estimated income losses related to the receivables portfolio. The Group allocates provision for the receivables which are decided as the insolvency by the court.

The Group, following its trade receivables collectability in periodicly, the allowance is provided for receivables that are legaly insolvent, potential losses may arise from doubtful receivables based on past years collection rates and specific doubtful receivables. Following the allowance, in the case of whole or a part of the doubtful receivables collection, collected amount will duducted from allowanced amount and releated with profit or loss.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's jointly controlled entities, TAV Havalimanları and MIP use derivatives, in order to hedge market risks. The Group's subsidiaries Beyobası Çamlıca and İdeal also use derivatives. The Group will benefit from the derivative instruments in accordance with loan agreements and make hedging contracts.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Group keeps part of its cash in foreign currencies.

As at 31 December 2011, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily the USD and Euro which are disclosed within the relevant notes to these consolidated financial statements. There are subsidiaries within the Group which manages the currency risk by maintaining USD and TL cash balances and using some financial instruments as stated in the Note 39.

TAV Istanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its concession instalments that will be paid to DHMİ.

The Group uses derivative financial instruments to manage its exposure to currency risk on its bank borrowings. This is achieved by entering into swap contracts.

Interest rate risk

The activities of the Group are exposed to the risk of interest rate fluctuations to the extent that 75% of Akfen Holding and its subsidiaries bank borrowings and 92% of the jointly controlled entities borrowings obtained by floating interest rates.

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

2.2 Summary of significant accounting policies *(continued)*

(y) Financial risk management *(continued)*

(iii) Market risk *(continued)*

The Group is also exposed to basis risk for its floating rate borrowings, which is the difference in repricing characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies. The Group also buys certain derivatives in order to manage its exposure to interest rate risk, such as interest rate swap contracts.

MIP hedged its 81 % of the senior debt loan amounting to USD 512 millions (Group share: USD 256 millions) with floating interest rate against the exposure to market fluctuations in interest rate payments by interest rate swap. The Group, will make interest rate hedging contract in accordance with HES loan agreements. Group, also hedged its 73% Hes loan. Tav Havalimanları adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis accordingly. TAV Havalimanları has signed swap agreements in relation to loans with variable interest rates.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate available line of credit.

(v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures

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

2.2 Summary of significant accounting policies *(continued)*

(y) Financial risk management *(continued)*

(v) Operational risk *(continued)*

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit and Risk Management. The results of Internal Audit and Risk Management. reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

2.3 Significant accounting assestment, estimates and assumptions

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- Note 2.2.(d)- Cost plus application to contract costs in accordance with IFRIC 12
- Note 21- Goodwill

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The information related to the estimates which have a significant effect on the amounts recorded in the consolidated financial tables are explained in the following footnotes:

- Note 18 - valuation of investment property
- Notes 19 and 20 - economic useful lives of tangible and intangible assets, impairment on tangible assets
- Note 25 - reserve for employee severance indemnity
- Note 23 – provisions and liabilities due to the conditions
- Note 29 – income from construction contracts
- Note 36 - utilisation of financial losses
- Notes 23 and 39 – provision for doubtful receivables, valuation of financial instruments.

3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

Acquisition of 100% shares of Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

Share purchase agreement has been signed on 16 June 2011 with an amount of USD 861 million (group's share: USD 258.3 million) TL equivalent is TL 1.390.773 (Group's share: TL 417.232) between Istanbul Metropolitan Municipality, other shareholders and Tass, which was established by Akfen Holding, Tepe İnşaat Sanayi A.Ş., Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly controlled entities for taking over the shares of İDO Istanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") with the block sale method in the context of Privatization Law numbered 4046. Akfen Holding holds 30% shares of Tass. The transaction price is fully paid on the agreement date and takeover of the IDO shares was completed.

IDO was merged with TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş., the major shareholder, on 26 December 2011 in accordance with the provisions of articles 37, 38 and 39 of Corporate Tax Code and the article 451 of Turkish Commercial Code provided that all present assets and liabilities shoud be taken over.

Results of operations of IDO as at 31 December 2011 are included in the accompanying consolidated financial statements beginning from the acquisition date. If the acquisition had occured on 1 January 2011, it is estimated that consolidated revenue and income would have been higher by TL 50.873 and TL 3.737, respectively. The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	Preacquisition carrying amounts	Fair value adjustment	Recognized values on acquisition
Property, plant and equipment	19	148.089	12.687	160.776
Intangible fixed assets	20	77	284.938	285.015
Other assets		15.365	762	16.127
Cash and cash equivalents		16.265	--	16.265
Financial liabilities		(37.465)	--	(37.465)
Other liabilities		(14.622)	--	(14.622)
Deferred tax liability		--	(345)	(345)
Identifiable assets and liabilities		**127.709**	**298.042**	**425.751**
Negative goodwill on acquisition				**(8.519)**
Consideration paid				(417.232)
Cash acquired				16.265
Net cash outflow				(400.967)

The recorded values before the acquisition were calculated according to the International Financial Reporting Standards immediately before the acquisition date.

(*) The negative goodwill on acquisition was recognized as gain bargain purchase under other income.

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3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST *(continued)*

Acquisition of 45% shares of RHI and RPI belonged to KASA BV

On 29 July 2011, 45% of shares belonging to Kasa BV regarding to Russian Hotel and Russian Property has been purchased by Akfen GYO in exchange for EUR 4.352.000 (TL 10.624). Net book value and fair value of acquired assets and liabilities are shown in TL currency as below:

	Preacquisition carrying amounts	Fair value adjustment	Recognized values on acquisition
Property, plant and equipment	15	--	15
Investment properties (*)	57.373	--	57.373
Other assets	6.573	--	6.573
Cash and equivalents	524	--	524
Financial liabilities	(35.496)	--	(35.496)
Other liabilities	(6.476)	--	(6.476)
Identifiable assets and liabilities	**22.513**	**--**	**22.513**
Gain on bargain purchase(negative goodwill) (**)			**(11.889)**
Consideration paid			(10.624)
Cash acquired			524
Net cash outflow			(10.100)

(*) The investment properties were recognized according to the fair values.

(**)The negative goodwill because of acquisition was recognized in the other income title that is caused from buying on bargain.

Book value before acquisition is calculated according to International Financial Reporting Standarts just before the date of acquisition.

As of acquisition date, RHI and RPI are subjected to full consolidation and the corresponding non-controlling interests are reflected on consolidated financial statements. The fair values of acquired assets and liabilities of RHI and RPI were accounted at the date of acquisition.

Acquisition of 50% shares of Havaş Europe:

Havaş, the subsidiary of Tav Havalimanları, bought 550 shares of Havaş Europe on 12 April 2010 by paying EUR 3.250.000 (Group share: EUR 840.000) from Baltic Aviation. After the transfer of 50% shares of HAVAŞ Europe, that provides ground services in Latvia Riga International Airport and Helsinki International Airport, HAVAŞ Europe was subjected to the proportional consolidation in the financial charts of the Group.

The recorded values before the acquisition were calculated according to the IFRS which were valid immediately before the acquisition date. The fairvalues of the identifiable assets, liabilities and conditional liabilities were recognized according to the estimated fair values determined by the acquisition date.

The fair values of the customer relations acquired were determined according to the additional profit method.

The customer relations in TL 1.224 (Group share: TL 318) in the scope of the purchase accounting were recorded under the intangible fixed assets item in accordance with IFRS 3.

3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST *(continued)*

Acquisition of 50% shares of Havaş Europe (continued):

Identifiable assets acquired and liabilities assumed	**Recognised values on acquisition**
Property and equipment	45
Intangible assets	320
Other investments	--
Other non-current assets	66
Inventories	11
Trade receivables	42
Cash and cash equivalents	4
Other Assets	32
Loans and borrowings	(27)
Trade payables	(71)
Deferred tax liabilities	(48)
Other liabilities and tax payables	(57)
Total identifiable net assets	**317**
Goodwill	1.401
Foreign currency translation effect	73
Total consideration, satisfied by cash	**1.791**
Cash consideration paid	1.791
Foreign currency translation effect	(73)
Cash and cash equivalents acquired	(4)
Net cash outflow arising on acquisition	**1.714**

Acquisition of additional shares

Acquisition of 16.67% shares of Havaş Europe:

HAVAŞ acquired the additional 16.67% shares of HAVAŞ Europe on 21 December 2011 by paying EUR 1.001.418 (Group share: EUR 261.570) and increased its total share from 50% to 66.67%. After the transfer of 16.67% shares, HAVAŞ Europe is fully consolideted with the non-controlling interests, ownership reflected as non-controlling interest.

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3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST *(continued)*

Acquisition of 16.67% shares of Havaş Europe (continued):

Identifiable assets acquired and liabilities assumed	**Recognised values on acquisition**
Property and equipment	3.569
Intangible assets	1.560
Other non-current assets	41
Deferred tax assets	31
Inventories	57
Trade receivables	564
Due from related parties	1
Cash and equivalents	43
Other assets	249
Financial liabilities	(2.495)
Trade payables	(926)
Due to the related parties	(22)
Other payables	(1.064)
Provisions	(342)
Deferred tax liability	(210)
Total identifiable net assets	**1.056**
Cash consideration paid	645
Total identifiable net assets	(1.056)
Fair value of non-controlling interest	352
Fair value of previously held interest	528
Foreign currency translation effect	(6)
Total consideration	**463**
Cash consideration paid	645
Foreign currency translation effect	6
Cash and equivalents acquired	(22)
Net cash outflow arising on acquisition	**629**

4 JOINTLY CONTROLLED ENTITIES

The consolidated financial statements, which have been consolidated by using the proportional consolidation method Jointly controlled entities' total current assets, liabilities and net profit of the period are as follows:

Statement of financial position	**2011**	**2010**
Current assets	2.953.178	2.236.764
Non-current assets	6.553.926	4.274.539
Current liabilities	(2.164.284)	(1.604.113)
Non-current liabilities	(5.602.006)	(3.513.307)
Net Assets	**1.740.814**	**1.393.883**

Statement of comprehensive income	**2011**	**2010**
Total revenues and income	4.153.266	3.066.268
Total expenses and costs	(4.144.537)	(2.923.862)
Profit for the period	8.729	142.406

The significant shares of the Group within the enterprises subjected to the jointly controlled entities are as follows:

42,50% (2010: 42,50%) equity shareholding with equal voting power, in Tav Yatırım, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of Tav Yatırım, is as follows:

Statement of financial position	**2011**	**2010**
Current assets	900.056	680.424
Non-current assets	332.391	195.174
Current liabilities	(830.680)	(560.944)
Non-current liabilities	(297.550)	(224.256)
Net Assets	**104.217**	**90.398**

Statement of comprehensive income	**2011**	**2010**
Total revenues and income	1.295.995	1.038.621
Total expenses and costs	(1.295.518)	(1.042.064)
Profit / (loss) for the period	477	(3.443)

26,12% (2010: 26,12%) equity shareholding with equal voting power, in Tav Havalimanları, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of Tav Havalimanları, is as follows:

Statement of financial position	**2011**	**2010**
Current assets	1.724.774	1.367.892
Non-current assets	3.361.382	2.811.195
Current liabilities	(1.070.038)	(904.560)
Non-current liabilities	(2.641.667)	(2.167.224)
Net Assets	**1.374.451**	**1.107.303**

Statement of comprehensive income	**2011**	**2010**
Total revenues and income	2.188.549	1.686.175
Total expenses and costs	(2.068.048)	(1.583.484)
Profit for the period	120.501	102.691

4 JOINTLY CONTROLLED ENTITIES *(continued)*

50% (2010: 50%) equity shareholding with equal voting power, in MIP, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of MIP, is as follows:

Statement of financial position	**2011**	**2010**
Current assets	272.438	171.860
Non-current assets	1.345.843	1.121.329
Current liabilities	(105.299)	(69.514)
Non-current liabilities	(1.298.280)	(1.081.186)
Net assets	**214.702**	**142.489**

Statement of comprehensive income	**2011**	**2010**
Total revenues and income	380.086	304.292
Total expenses and costs	(317.360)	(254.685)
Profit for the period	62.726	49.607

49,98% (2010: 49,98%) equity shareholding with equal voting power, in Akfen Su, a jointly controlled entity established in Turkey. As at 31 December 2011 and 2010 total assets and liabilities and summary statement of income of Akfen Su, is as follows:

Statement of financial position	**2011**	**2010**
Current assets	11.071	3.973
Non-current assets	49.014	47.579
Current liabilities	(4.019)	(2.004)
Non-current liabilities	(30.363)	(22.198)
Net Assets	**25.703**	**27.350**

Statement of comprehensive incomeIncome Statement	**2011**	**2010**
Total revenues and income	11.421	17.998
Total expenses and costs	(10.916)	(17.605)
Profit for the period	505	393

4 JOINTLY CONTROLLED ENTITIES *(continued)*

30% (2010: 0%) equity shareholding with equal voting power, in IDO, a jointly controlled entity established in İstanbul. As at 31 December 2011 total assets and liabilities and summary statement of income of IDO, is as follows. (The income table includes the period between 16 June 2011, the purchase date of IDO, and 31 December 2011):

Statement of financial position	**2011**
Current assets	42.960
Non-current assets	1.465.296
Current liabilities	(137.972)
Non-current liabilities	(1.334.139)
Net Assets	**36.145**

Statement of comprehensive income	**2011**
Total revenues and income	277.179
Total expenses and costs	(451.933)
Loss for the period	(174.754)

50% equity shareholding as at 31 December 2010 with equal voting power, in RHI and RPI, a jointly controlled entity established in Netherland. Akfen Ticaret taken over 45% shares of Kasa BV which were belonged to RHI and RPI companies on 29 July 2011 and thus Akfen GYO had the control power in RHI and RPI. As at 31 December 2010 total assets and liabilities and summary statement of income of RHI and RPI, as is follows:

Statement of financial position	**2010 RHI**	**2010 RPI**
Current assets	1.278	5.686
Non-current assets	80.110	19.152
Current liabilities	(33.628)	(15.985)
Non-current liabilities	(18.420)	(5)
Net assets	**29.340**	**8.848**

Statement of comprehensive income	**2010 RHI**	**2010 RPI**
Total revenues and income	17.368	1.795
Total expenses and costs	(16.346)	(5.572)
Profit for the period (loss)	1.022	(3.777)

5 SEGMENT REPORTING

For management purposes, the Group is currently organised into eight operating segment of which results and the performance are reviewed regularly by the Group's board of directors. 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 reportable segment is for Tav Yatırım, Akfen İnşaat, Akfen GYO, HES I-II-III, MIP, Akfen Su and Tav Havalimanları.

Others

Subsidiaries and jointly controlled entities in other operations segment are Akfen Enerji, Simer, PSA Liman, Hyper Foreign, and Alsim Alarko. Akfen Holding is included in the other industrial segment as well.

5 SEGMENT REPORTING *(continued)*

1 January - 31 December 2011	Tav Yatırım	Akfen İnşaat	Akfen GYO	HES I-II-III	MIP	Akfen Su	Tav Havalimanları	IDO	Other	Inter segments eliminations	Total
External revenues	500.192	--	27.621	29.054	187.040	4.036	532.185	72.937	518	--	1.353.583
Inter segment revenue	48.026	166.717	--	351	145	123	12		15.296	(230.670)	--
Total sales	**548.218**	**166.717**	**27.621**	**29.405**	**187.185**	**4.159**	**532.197**	**72.937**	**15.814**	**(230.670)**	**1.353.583**
Cost of sales	(522.625)	(153.712)	(3.565)	(14.685)	(89.667)	(1.924)	(368.698)	(47.657)	(1.144)	194.951	(1.008.726)
Gross profit/ (loss)	**25.593**	**13.005**	**24.056**	**14.720**	**97.518**	**2.235**	**163.499**	**25.280**	**14.670**	**(35.719)**	**344.857**
General administrative expenses	(10.087)	(27.615)	(7.174)	(3.797)	(10.990)	(1.529)	(87.301)	(8.399)	(19.333)	18.043	(158.182)
Other operating income	250	7.805	295.422	498	--	58	21.765	8.977	3.862	(3.853)	334.784
Other operating expense	(6.851)	(9.117)	(8.197)	(7.862)	(320)	--	(1.665)	(481)	(5.400)	212	(39.681)
Operating profit / (loss)	**8.905**	**(15.922)**	**304.107**	**3.559**	**86.208**	**764**	**96.298**	**25.377**	**(6.201)**	**(21.317)**	**481.778**
Financial profit / loss (net)	(7.001)	(17.390)	(47.177)	(83.804)	(39.612)	(826)	(40.683)	(77.802)	(82.554)	--	(396.849)
Profit of continuing operations before tax / (loss)	**1.904**	**(33.312)**	**256.930**	**(80.245)**	**46.596**	**(62)**	**55.615**	**(52.425)**	**(88.755)**	**(21.317)**	**84.929**
Tax income (expense) for the period	(1.704)	(934)	(33.395)	15.540	(15.233)	99	(24.140)	--	14.226	--	(45.541)
Profit of continuing operations after tax / (loss)	**200**	**(34.246)**	**223.535**	**(64.705)**	**31.363**	**37**	**31.475**	**(52.425)**	**(74.529)**	**(21.317)**	**39.388**
Profit (loss) for the period attributable to the parent of the Company	2.317	(34.246)	201.104	(65.225)	31.363	(458)	32.321	(52.425)	(74.552)	(104.923)	(64.724)
Depreciation and amortization expenses	5.969	496	68	7.151	20.542	214	39.237	9.134	492	--	83.303
Investments of tangible and intangible assets	6.936	530	64	216.496	14.631	156	65.846	1.425	758	--	306.842
31 December 2011											
Segment assets	523.789	372.855	1.128.520	864.506	809.138	30.033	1.328.461	452.477	1.408.948	(1.479.758)	5.438.969
Segment liabilities	479.496	184.505	342.694	550.968	701.787	17.185	969.468	441.633	736.240	(136.888)	4.287.088

5 SEGMENT REPORTING *(continued)*

1 January - 31 December 2010	Tav Yatırım	Akfen İnşaat	Akfen GYO	HES I-II-III	MIP	Akfen Su	Tav Havalimanları	Other	Inter segments elimination	Total	Other discontinued operations
External revenues	407.559	16.418	18.471	1.146	150.131	8.275	392.103	134	--	994.237	14.292
Inter segment revenue	27.269	145.809	--	884	--	--	--	16.730	(190.692)	--	--
Total sales	**434.828**	**162.227**	**18.471**	**2.030**	**150.131**	**8.275**	**392.103**	**16.864**	**(190.692)**	**994.237**	**14.292**
Cost of sales	(427.317)	(141.214)	(2.090)	(2.735)	(80.244)	(6.888)	(277.177)	--	158.151	(779.514)	(9.387)
Gross profit/ (loss)	**7.511**	**21.013**	**16.381**	**(705)**	**69.887**	**1.387**	**114.926**	**16.864**	**(32.541)**	**214.723**	
General administrative expenses	(10.168)	(25.958)	(4.223)	(4.000)	(8.811)	(1.127)	(72.790)	(26.178)	18.043	(135.212)	(2.481)
Other operating income	1.229	11.181	131.066	8.758	--	25	20.584	14.182	(7.031)	179.994	83
Other operating expense	(203)	(8.403)	(6.611)	(46)	--	--	--	(952)	2.569	(13.646)	(23)
Operating profit / (loss)	**(1.631)**	**(2.167)**	**136.613**	**4.007**	**61.076**	**285**	**62.720**	**3.916**	**(18.960)**	**245.859**	
Financial profit / loss (net)	439	(1.802)	(7.667)	(11.437)	(30.400)	397	(29.753)	(53.431)	--	(133.654)	177
Profit of continuing operations before tax / (loss)	**(1.192)**	**(3.969)**	**128.946**	**(7.430)**	**30.676**	**682**	**32.967**	**(49.515)**	**(18.960)**	**112.205**	**17.717**
Tax income (expense) for the period	(268)	215	(8.015)	3.159	(5.872)	(487)	(6.142)	(75)	--	(17.485)	(491)
Profit of continuing operations after tax / (loss)	**(1.460)**	**(3.754)**	**120.931**	**(4.271)**	**24.804**	**195**	**26.825**	**(49.590)**	**(18.960)**	**94.720**	**17.226**
Profit (loss) for the period attributable to the parent of the Company	(451)	(3.754)	120.709	(4.221)	24.803	682	25.857	(48.416)	(43.382)	71.827	17.226
Depreciation and amortization expenses	5.950	591	55	2.307	18.787	240	30.928	522	--	59.380	86
Investments of tangible and intangible assets	7.795	585	17	225.166	11.052	452	64.226	615	--	309.908	--
31 December 2010										--	
Segment assets	372.132	342.010	699.005	647.199	646.592	25.777	1.091.544	1.198.614	(1.303.807)	3.719.066	--
Segment liabilities	333.712	119.414	236.253	380.728	575.349	12.101	802.326	443.865	(139.467)	2.764.281	--

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6 CASH AND CASH EQUIVALENTS

At 31 December, cash and cash equivalents comprised the following:

	2011	2010
Cash	1.411	673
Banks	162.828	151.814
-Demand deposit	83.355	76.654
-Time deposit	79.473	75.160
Project, reserves and fund accounts	300.165	254.479
Other cash and equivalents(*)	54.186	15.603
Cash and equivalents	**518.590**	**422.569**
Project, reserves and fund accounts	(300.165)	(254.479)
Bank overdrafts used for cash management purposes	--	(1.741)
Cash and equivalents in the statement of cash flow	**218.425**	**166.349**

(*) As at 31 December 2011 TL 53.414 (31 December 2010: TL 11.844) of cash and equivalents is consists of overnight repo, which belongs to Akfen Holding.

As at 31 December the distribution of the cash and cash equivalents of the company is as follows:

	2011	2010
Tav Havalimanları	266.765	215.344
MIP	101.243	56.490
Akfen Holding	61.864	15.552
Tav Yatırım	56.886	54.674
HES I-II-III	14.492	63.979
Akfen GYO	7.792	1.305
Akfen Su	3.484	790
Akfen İnşaat	2.744	14.251
IDO Denizcilik	2.721	--
Other	599	184
Total	**518.590**	**422.569**

As at 31 December 2011 and 31 December 2010 the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

Currency	2011	2010
Qatari Riyal	29.480	6.499
TL	22.411	29.943
USD	14.125	7.371
Euro	2.928	28.009
Other	14.411	4.832
	83.355	**76.654**

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6 CASH AND CASH EQUIVALENTS *(continued)*

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

Currency	Due date	Interest rate %	2011
TL	January 2012	5,75 - 12,05	30.194
USD	January 2012	0,50 - 5,74	25.916
Euro	January 2012	1,00 - 5,67	23.363
			79.473

Currency	Due date	Interest rate %	2010
TL	January 2011	0,15 - 9,00	32.991
USD	January 2011	0,50 - 4,75	3.050
Euro	January 2011-February 2011	1,25 - 4,50	13.812
Qatari Riyal	January 2011	3,00	25.307
			75.160

Project Reserve Accounts

TAV Havalimanları and MIP, has Project and Reserve accounts, regarding the agreements made with banks, in order to fund their projects. These accounts can only be used for the purposes which are mentioned in terms and conditions of the agrements. Project and reserve amounts in cash and cash equivalents are amounting to TL 218.032 (2010: TL 197.988), TL 77.705 (2010: TL 56.491), TL 467 and TL 3.961 belongs to TAV Havalimanları, MIP, Akfen Su and HES companies, respectively.

The details of the project reserve accounts and interest rates of the Group as at 31 December 2011 and 31 December 2010 are as follows:

Currency	Interest rate %	2011
TL	3,50-9,70	59.359
USD	0,10-9,00	80.924
Euro	0,08-4,50	158.294
Other		1.588
		300.165

Currency	Interest rate %	2010
TL	1,50-9,00	52.497
USD	0,24-3,00	62.434
Euro	0,10-2,75	138.391
Other		1.157
		254.479

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 39.

As at 31 December 2011 and 2010, there is no pledge on bank accounts except as disclosed.

7 FINANCIAL INVESTMENTS

Short-term financial investments

As at 31 December the short-term financial investments are as follows:

	2011	2010
Government bonds available for sale	--	5.671
	--	**5.671**

As at 31 December 2010 the maturity and interest rate of government bonds are 2020 and 5,25% with coupon payments every six months.

Long-term financial investments

At 31 December, the Group holds equity investments in the following companies:

	Ownership (%)	2011	Ownership (%)	2010
Batı Karadeniz Elekt. Dağıtım ve Sis. AŞ	12,5	1.493	12,5	1.493
TAV Urban Georgia LLC	--	--	4,5	2.368
Other		151		152
Sub total		1.644		4.013
Less: Impairment of investment		(1.493)		(1.493)
Total financial assets		**151**		**2.520**

Since the effect of the investments or the ownership rates of the Group on these investments were low, they have been stated at cost in the accompanying consolidated financial statements as at 31 December 2011 and 2010.

Akfen İnşaat decided to sell all shares corresponding to 4,5% of the company capital in TAV Urban Georgia LLC to TAV Havalimanları A.Ş. in equivalent Turkish Liras for USD 3.862.000 on 25 March 2011. The partnership of Akfen İnşaat in TAV Urban Georgia LLC was terminated with the share sale.

The provision for losses was booked as at 31 December 2011 and 31 December 2010 since any profit was not expected in the future from the investments of the Group in Batı Karadeniz Elektrik Dağıtım ve Sistemleri A.Ş.

8 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 39.

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

	2011	2010
Current liabilities		
Secured bank loans	86.527	65.975
Unsecured bank loans	26.919	25.683
Current portions of non-current secured bank loans	511.296	273.459
Current portions of non-current unsecured bank loans	10.768	336
Current portions of long-term issued bonds	103.512	1.722
Interest free spot loans	--	1.741
Short term finance lease obligations	4.400	1.770
	743.422	**370.686**
Non-current liabilities		
Non-current secured bank loans	2.603.444	1.764.370
Non-current unsecured bank loans	35.683	317
Non-current issued bonds	80.000	100.000
Long term finance lease obligations	11.597	11.346
	2.730.724	**1.876.033**

The Group's bank loans, bonds and lease borrowings as at 31 December are as follows:

	2011	2010
Bank loans	3.274.637	2.131.881
Bonds	183.512	101.722
Finance lease obligations	15.997	13.116
	3.474.146	**2.246.719**

8 LOANS AND BORROWINGS *(continued)*

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2011 are as follows:

	Current liabilities	Non-current liabilities	Total
Akfen Holding	261.878	454.364	716.242
Akfen İnşaat	20.080	51.506	71.586
Akfen GYO	118.982	166.756	285.738
Akfen HES I-II-III	83.796	372.967	456.763
Akfen Su	1.524	14.117	15.641
MIP	23.791	568.800	592.591
TAV Yatırım	68.966	46.062	115.028
TAV Havalimanları	126.995	651.327	778.322
IDO	33.010	393.228	426.238
	739.022	**2.719.127**	**3.458.149**

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2010 are as follows:

	Current liabilities	Non-current liabilities	Total
Akfen Holding	76.329	356.163	432.492
Akfen İnşaat	398	575	973
Akfen GYO	47.629	164.563	212.192
Akfen HES I-II-III	62.406	272.711	335.117
Akfen Su	487	10.030	10.517
MIP	16.561	489.988	506.549
TAV Yatırım	43.342	31.950	75.292
TAV Havalimanları	121.764	538.707	660.471
	368.916	**1.864.687**	**2.233.603**

Conditions and repayment schedules

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

	2011	2010
Within 1 year	739.022	368.916
1 – 2 years	726.265	417.780
2 – 3 years	358.878	361.060
3 – 4 years	364.007	134.319
5 years and more	1.269.977	951.528
	3.458.149	**2.233.603**

8 LOANS AND BORROWINGS *(continued)*

Since most of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk. The interest rates of the floating interest rate loans in Euro, USD and TL currencies as at 31 December 2011 change between 1,54% – 7,50%, 0,13% – 8,00% and 3,51% – 5,13% (31 December 2010: 1,50% –7,50% , 1% – 4,50%), respectively.

The interest rates of the fixed rate loans in Euro, USD and TL currencies as at 31 December 2011 are 3,75%- 6,95% , 3,50% - 9,95% and 10 %- 16,88% (31 December 2010: 3,75%- 8% , 3,50%- 9,95% and 6,95%- 10,00%), respectively.

As stated in the Note 9, 80,67% of the floating interest rate loan of MIP and 72,92% floating interest rate loan of HES I group companies were fixed with interest rate swap. 100%, 49%, 100%, 50%, 85% and 100% floating interest rate loans of TAV Istanbul, TAV İzmir, TAV Esenboğa, HAVAŞ, TAV Tunisia and TAV Macedonia, respectively, were fixed with interest rate swap.

The project loans were borrowed in order to finance the construction of the Build – Operate – Transfer projects of the Group, TAV Esenboğa, TAV İzmir, TAV Georgia, TAV Macedonia and TAV Tunisia companies and to finance prepaid expense of TAV Istanbul to DHMI; financing for the privatization cost of Turkish State Railways Mersin Port; the investment in hydroelectric power plants included in HES I and HES II companies; to finance of the hotel projects to be constructed in the scope of the framework contracts signed with Accor SA; financing of Akfen Su Arbiogaz Dilovasi and Akfen Su Güllük investments and to finance the privatization of 100 % shares of İDO.

The total bank project loans is TL 2.454.373 as at 31 December 2011 and its share in total loans is 70,97%.

The details of the loans and borrowings for each subsidiaries and partnerships controlled jointly are given below.

Akfen Holding:

The breakdown of bank loans as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans (1)	USD	Libor+3,5	2014	41.976	42.229
Secured bank loans (1)	USD	7,8	2013	5.667	5.832
Secured bank loans (2)	USD	9,95	2015	141.668	144.287
Bond (3)	TL	5,13(*)	2012	100.000	103.382
Secured bank loans (4)	Euro	Euribor+4,2	2014	192.352	196.278
Secured bank loans (5)	USD	7,4	2014	18.889	18.957
Secured bank loans (5)	USD	6,9	2014	34.000	35.284
Secured bank loans (5)	USD	6,85	2012	14.167	14.563
Secured bank loans (6)	USD	6,75	2013	18.889	19.295
Secured bank loans (6)	USD	6,25	2013	20.778	21.127
Secured bank loans (1)	USD	7,88	2013	9.445	9.550
Secured bank loans (1)	USD	8,10	2013	24.556	25.026
Secured bank loans (7)	TL	16,88(**)	2013	301	302
Bond (8)	TL	3,51(***)	2013	80.000	80.130
				702.688	**716.242**

8 LOANS AND BORROWINGS *(continued)*

Akfen Holding *(continued)*

(1) Sureties given by Hamdi Akın and Akfen İnşaat
(2) 1/1 cash collateral. Annual 9,20% gross interest rate and USD as the credit security are held as the deposit.
(3) As at 5 March 2010 bonds are showing the, payables arising from the bonds which have maturity of two years and coupon payment of 182 days, with a floating interest rate amounting to TL 100.000. the 4th term coupon payment date is 2 March 2012.
(4) 86,988,875 shares pledged on Akfen GYO.
(5) The sureties are given by Akfen İnşaat.
(6) The sureties are given by Akfen İnşaat, Akfen Turizm, Akınısı and Hamdi Akın.
(7) It is İş Yatırım share buying loan; 42.000 Holding shares are in the safe custody account of İş Yatırım in the frame of Share Buyback Programme.
(8) The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 1st period coupon payment date is 27 March 2012.
(*)The interest of 4th period coupon payment according to the net additional income rate (2 March 2012). The coupon payments shall be made in every 182 days.
(**)The overnight interest rate charged to share purchasing loans.
(***)The interest of 1st period coupon payment according to the net additional income rate (27 March 2012). The coupon payments shall be made in every 91 days.

The breakdown of bank loans as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans (1)	USD	Libor+3,5	2014	48.098	48.963
Secured bank loans (2)	USD	9,95	2015	115.950	118.072
Bond (3)	TL	5,21*	2012	100.000	101.722
Secured bank loans (4)	Euro	Euribor+3,0	2012	161.285	163.679
Interest free spot loan	TL	--	2011	56	56
				425.389	**432.492**

(1) The sureties are given by Hamdi Akın and Akfen İnşaat
(2) Loan with 1/1 cash provision. USD is held as the deposit with annual 9,20% gross interest in the same amount with the loan as the credit surety.
(3) The liability which has maturity of 2 years and coupon payment of 182 days with a floating interest rate amounting to TL 100.000 as at 5 March 2010. The 2nd period coupon payment date is 4 March 2011.
(4) The surety is 103,224,000 pledge of shares of Akfen GYO.

(*)The interest of 2nd period coupon payment according to the net additional income rate (4 March 2012). The coupon payments shall be made in every 182 days.

The repayment schedules of the bank loans are as follows:

	31 December 2011	31 December 2010
Within 1 year	261.878	76.329
1 – 2 years	247.154	240.816
2 – 3 years	100.551	22.167
3 – 4 years	106.659	14.257
5 years and more	--	78.923
	716.242	**432.492**

8 LOANS AND BORROWINGS *(continued)*

Akfen İnşaat:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [1]	USD	7,20	2014	434	447
Secured bank loans [2]	USD	6,90	2014	22.667	23.522
Secured bank loans [2]	TL	1,15*	2013	3.191	3.324
Secured bank loans [2]	TL	1,18*	2013	3.689	3.783
Secured bank loans [2]	TL	1,20*	2012	1.140	1.206
Secured bank loans [2]	TL	1,15*	2013	1.026	1.099
Secured bank loans [2]	TL	1,18*	2013	932	954
Secured bank loans [3]	USD	7,80	2013	9.445	9.720
Secured bank loans [3]	USD	8,10	2013	18.889	19.251
Secured bank loans [2]	USD	7,98	2013	7.556	7.619
Secured bank loans [2]	TL	1,27*	2014	656	661
				69.625	**71.586**

[1] The sureties are given by Hamdi Akın
[2] The sureties are given by Akfen Holding.
[3] The loan, of which, sureties are given by Akfen Holding and Hamdi Akın.
(*) Monthly interest rates.

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [1]	USD	7,2	2014	522	850
Interest free spot loan	TL	--	2011	123	123
				645	**973**

[1] The sureties are given by Hamdi Akın.

Redemption schedules of bank loans of according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	20.080	398
1 – 2 years	44.572	252
2 – 3 years	6.934	231
3 – 4 years	--	92
5 years and more	--	--
	71.586	**973**

8 LOANS AND BORROWINGS *(continued)*

Akfen GYO:

The breakdown of bank loans as at 31 December 2011 and 31 December 2010 are given below:

	2011	2010
Akfen GYO	202.465	185.162
RHI	65.932	20.033
RPI	17.341	6.997
	285.738	**212.192**

Akfen GYO:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loans (1)	Euro	Euribor +3.75	2020	158.349	160.092
Unsecured bank loans (2)	Euro	Euribor +3.70	2015	29.326	29.835
Secured bank loans (3)	TL	10	2016	12.241	12.538
				199.916	**202.465**

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans (1)	Euro	Euribor + 4.75	2019	138.377	138.377
Secured bank loans (2)	Euro	Euribor + 3.70	2015	31.222	31.222
Secured bank loans (3)	TL	10.00	2016	15.563	15.563
				185.162	185.162

8 LOANS AND BORROWINGS *(continued)*

Akfen GYO *(continued)*

(1) The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ ("İş Bankası") and Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") to finance the ongoing hotel projects based on the Framework Agreement signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. Based on the loan agreement, the Company pays commitment commission which is calculated as an annual rate of 1.25% on the unused portion of the loan at each quarter from the agreement date till the maturity date. The Company also pays 0.50% of the amount used in the portion as arrangement commission at each disbursement from TSKB and 1.00% of the related amount as commission. As at 31 December 2011, Akfen GYO used the portion of the loan amounting to EUR 74,10 millions. The Company recognises loan commission accrual amounting to TL 168 for the unused portion of EUR 25,90 millions. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and the land on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors,
- Rental revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favour of the creditors,
- Sureties of Akfen Holding and Akfen Inşaat are is given for the completion guarantee of the related projects,
- 1st, 2nd and 3rd independent divisions recognised in the inventories and 50% owned by the Akfen Ticaret AŞ are pledged on behalf of Akfen GYO in favour of banks.

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

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

(3) Bank borrowings obtained from Türkiye Kalkınma Bankası AŞ for financing construction of Mercure Hotel in Northern Cyprus is secured by the followings:

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

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8 LOANS AND BORROWINGS *(continued)*

Akfen GYO *(continued)*

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	35.709	28.582
1 – 2 years	30.389	27.899
2 – 3 years	29.386	24.802
3 – 4 years	29.257	23.717
5 years and more	77.724	80.162
	202.465	185.162

RHI:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2012	63.010	65.932
				63.010	65.932

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2012	20.033	20.033
				20.033	20.033

It is the loan of RHI borrowed from Credit Europe Bank. RHI presented the land in Samara city where it shall make construction and 100% shares of YaroslavlOtelInvest and SamstroyKom as the security. Akfen GYO and Akfen Ticaret severally presented surety in the amount of bank loan.

RPI:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2012	17.107	17.341
				17.107	17.341

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor +7,5	2010	6.997	6.997
				6.997	6.997

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

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	83.273	19.047
1 – 2 years	--	7.983
2 – 3 years	--	--
3 – 4 years	--	--
5 years and more	--	--
	83.273	27.030

8 LOANS AND BORROWINGS *(continued)*

Akfen HES:

The breakdown of bank loans as at 31 December 2011 and 31 December 2011 are given below:

	2011	2010
Akfen HES I	310.341	300.597
Akfen HES II	146.422	34.520
	456.763	**335.117**

Akfen HES I:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+6,5	2013-2020	314.903	310.341
				314.903	**310.341**

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+6,5	2013-2020	306.819	300.579
Interest free spot loan	TL	--	2011	18	18
				306.837	**300.597**

The loans of HES I companies are secured up to 72,92 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Group in HES I and HES I subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank')and Finansbank reward credit of companies in group HES I as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

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

The capital commitment undertake/guarantee is granted by HES I, Akfen Holding and the companies in HES I group (İdeal, Çamlıca ve Beyobası) during the project period.

The loan consists of two seperate parts as the Main Loan and VAT Loan. The maturity of the Main Loan is 2013.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	69.413	60.021
1 – 2 years	42.352	39.799
2 – 3 years	34.199	35.917
3 – 4 years	34.199	28.720
5 years and more	130.178	136.140
	310.341	**300.597**

8 LOANS AND BORROWINGS *(continued)*

Akfen HES II:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+5,5	2021	145.543	146.422
				145.543	**146.422**

The breakdown of bank loans as at 31 December 2010 are given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+5,5	2021	34.322	34.520
				34.322	**34.520**

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

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

- The capital commitment undertake/guarantee is granted by Akfen Holding, HES II and HES II companies (BT Bordo, Elen, Pak, Rize, Yenidoruk, Zeki) during the project period.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 of Akfen HES II are as follows:

	31 December 2011	31 December 2010
Within 1 year	14.383	2.385
1 – 2 years	16.172	1.025
2 – 3 years	16.172	3.814
3 – 4 years	16.172	3.814
5 years and more	83.523	23.482
	146.422	**34.520**

8 LOANS AND BORROWINGS *(continued)*

Akfen Su:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+4	2020	15.878	15.629
Secured bank loans	TL	10,68-11,68	2013	12	12
				15.890	**15.641**

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor+4	2020	10.508	10.508
Interest free spot loan	TL	--	--	9	9
				10.517	**10.517**

(1) Akfen Su Arbiogaz Dilovası and Akfen Su Güllük signed a loan agreement with Avrupa İmar ve Kalkınma Bankası ("EBRD") in 2010 October in the amount of EUR 13.500.000 and EUR 2.500.000, respectively. Akfen Su Arbiogaz Dilovası used EUR 10.500.000 (Group share: EUR 5.250.000), of this loan in 2010 December and Akfen Su Güllük used EUR 2.500.000 (Group share: EUR 1.250.000) of this loan in April 2011.

The following guarantees were presented in the use of this loan:

- Pledge of shares of Akfen Su Arbiogaz Dilovası and Akfen Su Güllük
- Deposit pledge on accounts of the project
- Assignment of receivables from common loans
- Assignment of insurance receivables
- Assignment of Build – Operate – Transfer Agreement signed with Dilovası Directorate of Organizaed Industrial Zone.
-

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	1.524	487
1 – 2 years	2.168	984
2 – 3 years	2.074	1.372
3 – 4 years	1.970	1.321
5 years and more	7.905	6.353
	15.641	**10.517**

8 LOANS AND BORROWINGS *(continued)*

MIP:

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [1]	USD	Libor+2,5	2019	493.181	483.628
Secured bank loans [1]	USD	Libor+1	2013	108.729	108.963
				601.910	**592.591**

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [1]	USD	Libor+2,5	2020	418.845	418.845
Secured bank loans [1]	USD	Libor+1	2013	87.704	87.704
				506.549	**506.549**

[1] MIP has obtained two bank borrowings namely Senior Debt Loan and Mezzanine Loan amounting to USD 600.000.000 (Group share: USD 300.000.000) and USD 100.000.000, respectively (Group share: USD 50.000.000).

[1] The Main Loan is the Project Financing loan and the pledge of MIP shares, accounting pledge, project income and assignment of receivables, insurance receivables form the security. 80,67% of the loan is hedged with interest rate swap against interest rate risk until the maturity of the loan.

[2] The main loan is re-imbursement in the sub loan due date and the interests accrued until that time may be added to the loan amount. Akfen Holding presented letter of guarantee in the amount of 50% of the loan.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	23.791	16.561
1 – 2 years	140.056	--
2 – 3 years	41.844	203.535
3 – 4 years	46.355	--
5 years and more	340.545	286.453
	592.591	**506.549**

8 LOANS AND BORROWINGS *(continued)*

TAV Yatırım:

The breakdown of bank loans as at 31 December 2011 and 31 December 2010 are given below:

	2011	2010
TAV Yatırım	--	3.875
TAV İnşaat	115.028	71.417
	115.028	**75.292**

TAV Yatırım

There is no bank loan as at 31 December 2011.

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [1]	Euro	7,50	2011	3.875	3.875
				3.875	**3.875**

[1] The surities of Akfen İnşaat and Tepe İnşaat.

TAV İnşaat

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [1]	USD	3,50-3,75	2012	8.028	7.987
Secured bank loans [1]	USD	4,25	2012	8.028	8.064
Secured bank loans [1]	USD	4,65	2013	4.014	4.192
Secured bank loans [1]	USD	5,90	2012	4.014	4.053
Secured bank loans [1]	USD	Libor +3,90	2013	8.028	8.108
Secured bank loans [1]	USD	3,60	2012	12.042	12.638
Secured bank loans [1]	USD	Libor+4,07	2012	4.014	4.044
Secured bank loans [1]	USD	5,45	2013	4.014	4.105
Secured bank loans [1]	USD	5,63	2013	4.014	4.103
Secured bank loans [1]	USD	5,62	2013	6.021	6.142
Secured bank loans [1]	USD	3,75	2012	4.014	4.088
Secured bank loans [1]	USD	Libor+3,65	2013	8.028	8.083
Secured bank loans [1]	USD	5,00	2012	4.014	4.069
Secured bank loans [1]	USD	4,95	2012	9.633	9.741
Secured bank loans [1]	Euro	Euribor+3,25	2013	6.751	6.826
Secured bank loans [1]	Euro	3,75	2013	5.193	5.213
Secured bank loans [1]	Euro	6,05	2013	5.193	5.286
Unsecured bank loans [1]	USD	3,75	2012	8.028	8.286
				113.071	**115.028**

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8 LOANS AND BORROWINGS *(continued)*

TAV Yatırım *(continued)*

TAV İnşaat *(continued)*

The breakdown of bank loans as at 31 December 2010 is given below:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans (1)	USD	7,50	2011	7.429	7.429
Secured bank loans (1)	USD	3,75	2012	3.332	3.332
Secured bank loans (1)	USD	3,60	2012	9.983	9.983
Secured bank loans (1)	USD	3,50	2012	3.290	3.290
Secured bank loans (2)	USD	4,95	2012	7.936	7.936
Secured bank loans (2)	USD	5,00	2012	3.319	3.319
Secured bank loans (2)	USD	6,00	2011	6.536	6.536
Secured bank loans (1)	Euro	7,50	2011	10.666	10.666
Secured bank loans (1)	Euro	3,75	2012	4.370	4.370
Secured bank loans (2)	Euro	6,50	2011	5.974	5.974
Secured bank loans (3)	Omman Riyal	4,75	2011	8.582	8.582
				71.417	**71.417**

(1) The surity of TAV Yatırım Holding.
(2) The surities of Akfen İnşaat TAV Yatırım Holding and Tepe İnşaat.
(3) The surities of TAV Tepe Akfen Yatırım İnşaat and İşl A.Ş.

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Within 1 year	68.966	39.467
1 – 2 years	46.062	31.950
2 – 3 years	--	--
3 – 4 years	--	--
5 years and more	--	--
	115.028	**71.417**

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları:

The bank loans of TAV Havalimanları as at 31 December 2011 are as follows:

	2011	2010
TAV Istanbul	240.630	230.676
TAV Tunisia	234.842	199.208
TAV Esenboğa	78.678	75.335
TAV Holding	63.821	22.645
HAVAŞ	49.466	43.599
TAV Macedonia	42.485	10.616
TAV İzmir	26.665	31.939
ATÜ	15.412	15.129
TAV Tbilisi	14.146	15.053
TAV Gazipaşa	10.850	9.076
TGS	--	6.306
Other	1.327	889
	778.322	**660.471**

TAV Istanbul

The breakdown of bank loan of TAV Istanbul as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans (*)	Euro	Euribor + 2,50	2018	241.329	240.630
				241.329	**240.630**

(*) The interest rate is Euribor + 2,50% until 4 January 2013 and Euribor + 2,65% between 4 January 2013 and 4 January 2016 and Euribor + 2,75% between 4 January 2016 and 4 July 2018.

The breakdown of bank loan of TAV Istanbul as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans (*)	Euro	Euribor + 2,50	2018	230.792	230.286
Interest free spot loan	TL	--	--	390	390
				231.182	**230.676**

(*) The interest rate is Euribor + 2,50% until 4 January 2013 and Euribor + 2,65% between 4 January 2013 and 4 January 2016 and Euribor + 2,75% between 4 January 2016 and 4 July 2018.

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

TAV Tunisia

The breakdown of bank loan of TAV Tunisia as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,28	2028	105.833	104.600
Secured bank loans	Euro	Euribor + 1,90	2022	68.604	67.849
Secured bank loans	Euro	Euribor + 1,54	2028	44.011	43.498
Secured bank loans	Euro	Euribor + 4,75	2028	19.117	18.895
				237.565	**234.842**

The breakdown of bank loan of TAV Tunisia as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,00	2028	89.641	88.547
Secured bank loans	Euro	Euribor + 1,54	2022	58.704	58.005
Secured bank loans	Euro	Euribor + 2,28	2028	37.276	36.822
Secured bank loans	Euro	Euribor + 4,75	2028	16.030	15.834
				201.651	**199.208**

TAV Holding

The breakdown of bank loan of TAV Holding as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loans	Euro	4,25 - 6,95	2012-2014	54.256	54.766
Unsecured bank loans	USD	3,75 - 4,25	2012	8.881	9.055
				63.137	**63.821**

The breakdown of bank loan of TAV Holding as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loans	USD	5,50	2011	10.095	10.271
Unsecured bank loans	Euro	4,10 - 8,00	2011	9.099	9.106
Secured bank loans	Euro	6,00	2011	3.211	3.221
Interest free spot loan	TL	--	--	47	47
				22.452	**22.645**

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

TAV Esenboğa

The breakdown of bank loan of TAV Esenboğa as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,35	2021	80.234	78.678
				80.234	**78.678**

The breakdown of bank loan of TAV Esenboğa as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 2,35	2021	76.669	75.226
Interest free spot loan	TL	--	--	109	109
				76.778	**75.335**

TAV İzmir

The breakdown of bank loan of TAV İzmir as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 3,00	2013	26.394	26.665
				26.394	**26.665**

The breakdown of bank loan of TAV İzmir as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans	Euro	Euribor + 3,00	2013	31.322	31.939
				31.322	**31.939**

Pledges regarding the project bank loans of TAV İstanbul, TAV İzmir and TAV Esenboğa:

a) Share pledge: TAV İstanbul, TAV İzmir and TAV Esenboğa have pledges over shares amounting to TL 180.000, TL 150.000, and TL 241.650, respectively. In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

Pledges amounting to TL 65.006 (Group share: TL 16.980), TL 2.750 (Group share: TL 718) and TL 7.840 (Group share: TL 2.047) are imposed on the receivables of TAV Istanbul, TAV İzmir and TAV Esenboğa, respectively (31 December, 2010: TL 40.047 (Group share: TL 10.460), TL 2.820 (Group share: TL 737) and TL 6.305 (Group share: TL 1.647)).

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

TAV İzmir (continued)

b) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

Pledges amounting to TL 641.516 (Group share: TL 167.564), TL 94.202 (Group share: TL 24.606) and TL 48.279 (Group share: TL 12.610) are imposed on the bank accounts of TAV Istanbul, TAV İzmir and TAV Esenboğa, respectively (31 December, 2010: TL 555.750 (Group share: TL 145.162), TL 68.494 (Group share: TL 17.891) and TL 63.029 (Group share: TL 16.463)).

With the consent of the facility agent, TAV İstanbul, TAV İzmir and TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent
- indebtedness up to USD 0.5 million for the acquisition cost of any assets or leases of assets
- indebtedness up to USD 3 million for the payment of tax and social security liabilities.

Distribution lock-up tests for TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Tunisia, TAV Tbilisi and TAV Macedonia must satisfy following conditions before making any distribution :

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded,
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than 1.30 for TAV İstanbul, 1.25 for TAV Esenboğa, 1.30 for TAV İzmir, 1.20 for Tunisia, 1.30 for TAV Tbilisi and 1.20 for TAV Macedonia,
- the first repayment has been made,
- all financing costs have been paid in full, and
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245.000.000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness:

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3.000.000 (up to 1 January 2020) and not exceeding EUR 5.000.000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5.000.000;
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement, and
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

TAV Tbilisi

The breakdown of bank loan of TAV Tbilisi as at 31 December 2011 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	USD	Libor + 4.50	2015	13.992	14.146
				13.992	**14.146**

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8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

***TAV Tbilisi** (continued)*

The breakdown of bank loan of TAV Tbilisi as at 31 December 2010 is as follows:

	Currency	Nominal Interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	USD	Libor + 4.50	2015	14,886	15,053
				14,886	**15,053**

Pledges regarding the project loans of TAV Tbilisi:

a) Share pledge: to take control of 75 percent plus one share of the charter capital of TAV Tbilisi,

b) Revenue pledge: to take control of the revenues derived from Tbilisi International Airport operations as stipulated in the BOT Agreement,

c) Pledge over bank accounts: to take control of TAV Tbilisi's bank accounts in JSC Bank of Georgia, JSC Bank Republic and JSC TBC Bank and be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts,

d) Pledge over insurance proceeds: to receive all insurance compensation and any other amounts payable under the insurance policies of TAV Tbilisi,

e) Pledge over BOT rights to control all interests and benefits of TAV Tbilisi pursuant to the BOT Agreement,

f) Pledge over rights under the construction guarantees: to control all right, title and interest under each construction guarantee

g) Pledge over project reserve account: to control the project reserve account

The shareholders of TAV Tbilisi, TAV Holding, Urban İnşaat Sanayi ve Ticaret A.Ş., and Aeroser International Holding (UK) Limited concluded Guarantee, Share Retention, Support and Subordination Deed with EBRD and IFC in respect of the loans extended to TAV Tbilisi. Accordingly, all shareholders irrevocably and unconditionally guarantee, on joint and several basis:

a) to pay to EBRD and IFC on demand, and in the currency in which the same falls due for payment by TAV Tbilisi, all monies and liabilities which shall have been advanced to, become due, owing or incurred by TAV Tbilisi to or in favour of EBRD and IFC,

b) to indemnify EBRD and IFC in full on demand against all losses, costs and expenses suffered or incurred by EBRD and IFC arising from or in connection with any one or more of the purported liabilities or obligations of TAV Tbilisi to EBRD and IFC under the loan and related agreements.

ATU

The breakdown of bank loans of TAV ATÜ as at 31 December 2011 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	4,80 - 6,00	2012 - 2018	9.703	9.867
Secured bank loan	Euro	Euribor + 2,70	2015	5.373	5.354
Secured bank loan	Tunisian Dinar	5,93	2013	190	191
				15.266	**15.412**

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

ATÜ (continued)

The breakdown of bank loans of TAV ATU as at 31 December 2010 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 2,70	2015	5.632	5.607
Secured bank loan	Euro	6,00	2018	5.350	5.481
Secured bank loan	Euro	5,00	2015	2.675	2.679
Secured bank loan	Euro	5,20	2012	574	598
Secured bank loan	Euro	5,00	2012	439	440
Secured bank loan	Tunisian Dinar	5,93	2013	338	324
				15.008	**15.129**

HAVAŞ

The breakdown of bank loans of HAVAŞ as at 31 December 2011 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 4,75	2018	38.298	38.498
Secured bank loan	Euro	Euribor + 5,75	2017	11.068	10.968
				49.366	**49.466**

The breakdown of bank loans of HAVAŞ as at 31 December 2010 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 4,75	2018	32.112	32.221
Secured bank loan	Euro	Euribor + 5,75	2017	10.704	10.607
Unsecured bank loan	Euro	Euribor + 3,50	2015	18	18
Interest-free spot loan	TL	--	--	753	753
				43.587	**43.599**

On 24 March 2010, HAVAŞ utilized a bank loan amounting to EUR 60.000.000 (Group share: EUR 15.672.000) with an interest rate of Euribor + 4.75% and a maturity of March 2018 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- TAV Holding has provided surety of EUR 10.000.000 (Group share: EUR 2.612.000) ,
- Second ranking pledge was established on 50% of the shares in TGS,
- Dividend receivables arising from subsidiaries and jointly controlled entities of HAVAŞ are assigned to repayment of the outstanding loan
- Second ranking pledge was established on the shares of HAVAŞ.

In accordance with the loan agreement, HAVAŞ will have the right for the distribution of dividends only if there is a net cash balance in the related bank's accounts at least EUR 5 million, the first three repayment instalments have been fully paid, all other payments related to financial liabilities are made till the maturity date and no event of default has occurred.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

HAVAŞ (continued)

On 9 December 2009, HAVAŞ utilized a bank loan amounting to EUR 20.000.000 (Group share: EUR 5.224.000) with an interest rate of Euribor + 5.75% and maturity of December 2017 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- First degree and first ranking pledge was established on 50% of the shares in TGS,
- Time and demand deposit amounting to TL 34.611 (Group share: TL 9.040) is blocked as a guarantee,
- TAV Holding was provided surety for the total outstanding loan amount.
- Dividend receivables arising from subsidiaries and jointly controlled entities are assigned to repayment of the outstanding loan,
- Pledge has been registered with first priority against but not limited to business entity and entity name registered in trade register, machinery and equipment, furnitures and fixtures and vehicles of HAVAŞ
- First ranking pledge was established on the shares of HAVAŞ.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

Related with the bank loans amounting to EUR 60.000.000 (Group share: EUR 15.672.000), with an interest rate of Euribor + 4.75% and a maturity of March 2018 and the bank loan amounting to EUR 20.000.000 (Group share: EUR 5.224.000 with an interest rate of Euribor + 5.75% and a maturity of December 2017 from Türkiye İş Bankası A.Ş., 65% shares of HAVAŞ with a nominal amount of TL 118.711 have been pledged in favour of Türkiye İş Bankası A.Ş. by TAV Holding. However, the voting right for these shares remains at TAV Holding.

TAV Macedonia

The breakdown of bank loans as at 31 December 2011 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 5,50	2020	44.681	42.485
				44.681	**42.485**

The breakdown of bank loans as at 31 December 2010 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	Euribor + 1,50	2011	10.704	10.616
				10.704	**10.616**

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to TL 3.632 (Group share: TL 949) (31 December 2010: TL 3.872 (Group share: TL 1.011)) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders

8 LOANS AND BORROWINGS *(continued)*

TAV Havalimanları *(continued)*

TAV Gazipaşa

The breakdown of bank loans TAV Gazipaşa as at 31 December 2011 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	5,40 - 6,75	2012	6.670	6.861
Secured bank loan	TL	11,00	2012	3.918	3.989
				10.588	**10.850**

The breakdown of bank loans TAV Gazipaşa as at 31 December 2010 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loan	Euro	4.00-7.00	2011	5.593	5.756
Secured bank loan	TL	8.50	2011	3.265	3.320
				8.858	**9.076**

TGS

As at 31 December 2011, there is no bank loans of TGS.

The breakdown of bank loans of TGS as at 31 December 2010 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Unsecured bank loan	TL	6.95-7.95	2011	6.269	6.306
				6.269	**6.306**

Redemption schedules of bank loans according to the original maturities as at 31 December 2011 and 2010 of Tav Havalimanları are as follows:

	31 December, 2011	31 December, 2010
Withinh 1 year	126.995	121.764
1 – 2 years	115.791	67.073
2 – 3 years	80.686	69.220
3 – 4 years	80.987	62.399
5 years and more	373.863	340.015
	778.322	**660.471**

8 LOANS AND BORROWINGS *(continued)*

İDO:

The breakdown of bank loans of İDO as at 31 December 2011 is as follows:

	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying amount
Secured bank loans [(1)]	USD	Libor+4,9	2023	368.336	360.808
Secured bank loans [(1)]	USD	Libor+8	2018	28.334	28.341
Secured bank loans [(2)]	USD	Libor+0,13	2017	22.335	22.384
Secured bank loans [(2)]	USD	Libor+0,85	2012	1.085	1.094
Secured bank loans [(2)]	USD	Libor+0,22	2014	12.255	12.282
Secured bank loans [(3)]	USD	Libor+1,65	2012	1.319	1.329
				433.664	**426.238**

Within the scope IDO's 100% privatization, the loans obtained from the banks Garanti, Vakifbank, Is Bankasi, TSKB and Denizbank. The relevant loan consists of two parts as USD 700.000.000 (Group share: USD 210.000.000) and USD 50.000.000 (Group share: USD 15.000.000). The loan is revised on 22nd September, 2011, and the banks, which allow the principal loan to be used on 15th June, 2011, assigned the part amounting to USD 100.000.000 of the loan to EBRD.

[(1)] The guarantee provided by Akfen for the loan is as follows: the shares held by Akfen Holding in IDO are given to the lenders. Furthermore, Akfen Holding has s completion guarantee up to 70% of USD 25.000.000 (USD 17.500.000) completely with and severally from Tema and Sera, among other shareholders, for purpose of providing a debt service coverage ratio from the beginning of the fiscal year 2012 until completely reimbursement of the loan, provided that it is returned and renewed yearly. The remaining 30% (USD 7.300.000) of the guarantee is of Souter. Souter's liability limit is 30.000.000 USD totally, and if Souter's liability limit is exceeded and the debt service coverage ratio should be completed, Akfen Holding commits a completion guarantee completely with and severally from Tepe, Akfen and Sera, provided that it never exceeds USD 25.000.000 annually. The completion guarantee shall be provided by (i) making a capital investment in IDO; (ii) borrowing IDO; or (iii) submitting the lenders a bank guarantee letter, provided that its selection is subject to the provisions under the guarantee agreement. The completion guarantee is committed completely with and severally from Tema and Sera, among other shareholders.

[(1)] Total amount of pledges guaranteed to the banks and relevant suppliers over property, plant and equipment is USD 1.125.000.000 as at 31 December 2011 (Group share: USD 337.500.000).

[(2)] It is a Successive Loan, repayments and guarantees of which succeed the Principal Loan, in order to ensure reimbursement of a loan of USD 50.000.000 used by IDO on 15th June, 2011 and reimbursed completely and closed on 30th September, 2011 at said date.

The guarantees of the Principal Loan and Successive Loan include share liens, pledges of commercial enterprise, maritime mortgage, insurance receivable, receivable and income assignments of IDO.

[(2)] It is bought against the guarantee of the Istanbul Metropolitan Municipality. In consideration of such guarantee, a guarantee letter of USD 108.000.000 is submitted by TASS to the Istanbul Metropolitan Municipality.

[(3)] Total amount of the liens delivered to the banks and relevant suppliers over tangible property, plant and equipment is USD 114.480.618 as at 31 December 2011 (Group share: USD 34.344.185).

8 LOANS AND BORROWINGS *(continued)*

IDO *(continued)*

Redemption schedules of bank loans of according to the original maturities as at 31 December 2011 is as follows:

	31 December 2011
Within 1 year	33.010
1-2 years	41.549
2 -3 years	47.032
3-4 years	48.408
5 years and more	256.239
	426.238

Finance lease liabilities

Terms and structures of the leasing payables as at 31 December are as follows:

	2011			2010		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
1 year	5.126	719	4.407	2.383	613	1.770
1-5 year	9.531	1.833	7.698	8.978	1.808	7.170
5 years and more	4.272	380	3.892	4.731	555	4.176
	18.929	**2.932**	**15.997**	**16.092**	**2.976**	**13.116**

As at 31 December, the finance lease liabilities consist lease of fixtures and equipment by the TAV Havalimanları and Akfen Su as well as lease of two aircrafts by TAV Yatırım.

9 DERIVATIVE FINANCIAL INSTRUMENTS

Other Current financial liabilities

As at 31 December 2011 and 2010 current financial liabilities comprised of TAV Havalimanları derivative instruments.

	2011		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(80.896)	(80.896)
Cross currency swap	2.685	--	2.685
	2.685	**(80.896)**	**(78.211)**

	2010		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(53.246)	(53.246)
Cross currency swap	--	(2.934)	(2.934)
	--	**(56.180)**	**(56.180)**

9 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Other Current financial liabilities *(continued)*

Interest rate swap

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 100% of project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2010: 100%).

TAV Tunisia uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 85% of floating senior bank loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2010: 85%).

TAV Istanbul uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2010: 100%).

TAV İzmir uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 49% of total project finance loan is hedged through IRS contract (31 December 2010: 65%).

HAVAŞ uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2011, 50% of total loan is hedged through IRS contract (31 December 2010: 50%).

TAV Macedonia uses interest derivative instruments in order to secure the interest liabilities caused from bank loans against floating interest rate risk. As at 31 December 2011, 100% of the project financing loan was secured against interest rate risk with interest rate swap (31 December 2010: None).

Cross currency swap:

TAV Istanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its rent instalments that will be paid to DHMİ.

TAV Istanbul had signed a derivative contract with Dexia Credit Local ("DCL") on 12 March 2008 to manage and fix its exposure to foreign currency exchange rates between USD and EUR on the rent installments that will be paid to DHMİ until 2018. TAV Istanbul has terminated the hedge relationship in 2010 and new two cross currency swap contracts have been signed by and between TAV Istanbul, DCL, and ING Bank N.V. on 16 December 2010. The total notional amount of the contract is USD 94.775.452 (in exchange of Euro 71.908.537) as at 31 December 2011 (31 December 2010: USD 108.784.676 (in exchange of Euro 82.537.690)).

The fair value of derivatives at 31 December 2011 is estimated at TL 78.211 (31 December 2010: TL 56.179). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2011 changes in the fair value of these interest rate derivatives and cross currency swaps were reflected to other comprehensive income amounting to TL 6.281 (31 December 2010: TL 4.670) net of tax.

9 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Long-term derivative financial instruments

As at 31 December, other long-term derivative financial instruments comprised the following:

	2011		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(86.649)	(86.649)
	--	**(86.649)**	**(86.649)**

	2010		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(50.354)	(50.354)
	--	**(50.354)**	**(50.354)**

As at 31 December 2011 and 2010 the long-term financial liabilities comprised of MIP and HES derivative instruments.

Interest rate swap

MIP uses interest derivative instruments in order to protect the interest liabilities against the floating interest rate risk caused from debt loan from Bayerische Hypo-und Vereisbank AG and ABN Amro Bank. 81% of the mentioned loans is under protection against interest rate risk with interest rate swap during its use life (31 December 2010: 79%).

HES I group companies use interest rate swap to manage its exposure to Euribor interest rate movements of its bank debts . 73% of the mentioned loans is under protection against interest rate risk with interest rate swap during its use life (31 December 2010: 72%).

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10 TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

As at 31 December, short term trade receivables of the Group comprised the following:

	2011	2010
Due from related parties - trade (Note 38)	6.000	12.039
Other trade receivables	300.603	220.572
	306.603	**232.611**

As at 31 December, other trade receivables comprised the following:

	2011	2010
Due from customers for contract work (Note 16)	117.695	82.912
Contract receivables	98.866	71.912
Trade receivables	69.127	47.467
Retention receivable (Note 16)	14.798	11.811
Guaranteed passenger fee receivable from DHMİ	12.454	11.050
Notes receivables	937	1.221
Allowance for doubtful receivables (-)	(13.274)	(5.801)
	300.603	**220.572**

The distribution of the trade receivables according to the companies as at 31 December 2011 and 31 December 2010 is as follows:

	2011	2010
TAV Havalimanları	40.278	31.001
Akfen İnşaat	7.724	6.096
MIP	7.663	3.966
Akfen GYO	4.572	4.912
HES I	3.164	--
Other	5.726	1.492
	69.127	**47.467**

As at 31 December 2011, contract receivable is mainly comprised of receivable from Doha International Airport, Muscat-Umman Airport, Abu Dhabi Terminal Building and Dubai Tower Construction.

The guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport as a result of IFRIC 12 application. As at 31 December 2011, the receivable amount from Ankara Esenboğa Airport is TL 6.001 (31 December 2010: TL 5.272) and the receivable amount from İzmir Adnan Menderes Airport is TL 6.453 (31 December 2010: TL 5.779).

The colleterals held by the employer as guarantee are retentions held from progress payments to specified contractual rates. Such guarentees are collected following the completion of the project. The related retentions consisted of the receivables of TAV İnşaat as at 31 December 2011 and 31 December 2010.

As at 31 December 2011 TL 37.074.(31 December 2010: TL 30.719), represents overdue amount of trade receivables in which any allowance has not been booked. The aging of accounts receivables is as follows:

10 TRADE RECEIVABLES AND PAYABLES *(continued)*

Short term trade receivables*(continued)*

	31 December	31 December
1-30 days overdue	3.610	2.756
1-3 months overdue	4.463	2.948
3-12 months overdue	28.485	19.763
1-5 years overdue	12.842	10.487
Overdue more than 5 years	948	566
	50.348	**36.520**
Impairment	(13.274)	(5.801)
Loan risk	**37.074**	**30.719**

The movement of allowance for doubtful trade receivables as at 31 December 2011 and 31 December 2010 are as follows:

	2011	2010
1 January 2011	(5.801)	(2.066)
Business combinations effects	(32)	--
Collections	3.666	308
Allowance during the year	(10.272)	(4.010)
Translation effect	(835)	(33)
31 December 2011	**(13.274)**	**(5.801)**

As at 31 December 2011 and 31 December 2010 TL 5.281 and TL 11.087 of receivables which are not subjected to the impairment are related to the projects of TAV Yatırım in Dubai and Libya, respectively as at 31 December 2011 (31 December 2010: TL 15.080 and TL 0).

Marina 101 project has suspended by the branch of TAV Yatırım ('TAV Gulf') as at 6 November 2010 due to non-payment certificates, which were certified by the consultant for the construction work performed until the end of September 2010.

Regarding this project, AED 43.7 million (TL 22.6 million (Group's share: TL 9.6 million)) unapproved progress receivables, AED 9.7 million (TL 5 million (Group's share: TL 2.1 million)) unapproved progress receivables and AED 19 million (TL 9.8 million (Group's share: TL 4.2 million) unused advances outstanding as at 31 December 2011.

As at 21 March 2011 an addenum has been signed by TAV Gulf and the project employer on the settlement of on the financial aspects of the project as well as payment terms for recommencement of the project As per this addenum the below aspects were agreed:

a) The project employer undertakes to ensure that TAV Gulf project employer and nominated suncontractors enter into Tripartitie agreements which the project employer shall asume all responsibility for payment AED 44 million (TL 19 million (Group's share TL 8 million)) due as at 31 December 2010 or which may become due to the nominated subcontructors.

b) The project employer agreed to transfer the title deeds of some of the residential units as a security for AED 45 million (TL 19 million (Group's share: TL 8 million)), which has already been paid to the creditors by TAV Guld as at 31 December 2010.

c) The project employer shall obtain letters of undertaking for each subcontractor and supplier advising that AED 21 million (TL 9 million (Group's share: TL 4 million)) receivable from TAV Gulf as at 31 December 2010 has been discharged.

10 TRADE RECEIVABLES AND PAYABLES *(continued)*

Short term trade receivables*(continued)*

d) The project employer agreed to return the advance payment guarantee which expires on March 21, 2011 and the unutilized advance payment of AED 14 million (TL 6 million (Group's share: TL 3 million)) will be considered as a payment made to TAV Gulf.

The political instability in Tunisia started with Jasmine Revolution has spreaded to Libya since 23 February 2011. The chaos started as the social movement was transformed into a domestic war by the time and the military intervention period began in 19 March 2011. Because of these force majeure, TAV Tepe Akfen Yatırım, Yapım ve İşletme A.Ş. – Libya Branch ('TAV Libya') of TAV İnşaat – had to suspend the activities of Trablus International Airport Terminal and Sebha International Airport for an indefinite period. By the end of February 2011, all employees in Libya were discharged. TAV İnşaat administration forsees to begin the activities when the suitable conditions occur.

TAV Libya has not made any collection yet related to the receivables from construction contracts in the amount of TL 48.216 (Group share: TL 20.492) after the reporting period. TL 27.728 of this amount (Group share: TL 11.783) has not been invoiced yet.

The net asset related to the activities of TAV Libya included in the consolidate financial statements of the Group as at 31 December 2011 is TL 13.456.

	2011	Group Share
Cash and cash equivalents	4.542	1.931
Receivables from construction contracts	26.088	11.087
Unbilled contract revenue	27.728	11.783
Other receivables and assets	11.564	4.915
Total assets	**69.922**	**29.716**
Trade payables	(2.559)	(1.087)
Advances received	(35.704)	(15.174)
Total equity	(31.659)	(13.456)
Total revenues	**(69.922)**	**(29.717)**

	2011	Group Share
Cost of sales	(3.527)	(1.499)
Loss for the period	**(3.527)**	**(1.499)**

Long term trade receivables

As at 31 December, long term trade receivables comprised the following:

	2011	2010
Due from related parties-trade (Note 38)	5.510	2.007
Other trade receivables	159.598	109.351
	165.108	**111.358**

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10 TRADE RECEIVABLES AND PAYABLES *(continued)*

Long term trade receivables*(continued)*

As at 31 December, other trade receivables comprised the following:

	2011	2010
Retentions held by the Employer (Note 16)	60.778	33.316
Guarenteed passenger fee receivable from DHMİ	60.191	60.913
Receivables from OSB	16.804	15.122
Due from customers for contract work (Note 16)	13.116	--
Other trade receivables	8.709	--
	159.598	**109.351**

The colleteral held by the employer as the security is the amount deducted from the progress payment in the proportion determined in the scope of the contract. The mentioned securities shall be collected following the completion of the Project. The related remainings as at 31 December 2011 and 31 December 2010 are consisted of the receivables of TAV İnşaat.

The passenger receivables from DHMİ are related to IFRIC 12 application due to the contracts signed between DHMI and TAV Havalimanları for the operation of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport.

The receivable from OSB is related to IFRIC 12 application due to the minimum waste water flow and waste water treatment price guarantee in Euro currency guaranteed by the Administration by years in the scope of Akfen Su Arbiogaz Dilovası Build – Operate – Transfer Contract.

Short term trade payables

As at 31 December, short term trade payables of the Group comprised the following:

	2011	2010
Due to related parties- trade (Note 38)	25.125	16.043
Other trade payables	184.822	106.802
	209.947	**122.845**

As at 31 December, other short term trade payables comprised the following:

	2011	2010
Trade payables	173.226	95.238
Retentions held by the Group	8.538	6.122
Due to customers for contract work (Note 16)	3.058	5.442
	184.822	**106.802**

TL 95.177 of trade payables consist of payables to subcontractors of TAV İnşaat (31 December 2010: TL 56.429). The currency and liquidity risk of the Group related with trade payables is explained in Note 39.

10 TRADE RECEIVABLES AND PAYABLES *(continued)*

The aging of the trade payables of the Group as at 31 December is as follows:

	2011	2010
0 - 3 months overdue	161.901	82.561
3 months - 1 year overdue	22.921	24.241
1 - 5 years overdue	36.780	21.329
	221.602	**128.131**

Long term trade receivables

As at 31 December, long term trade payables comprised the following:

	2011	2010
Due to related parties-trade (Note 38)	1.083	--
Other trade payables	36.780	21.329
	37.863	**21.329**

As at 31 December, other long term trade payables comprised the following:

	2011	2010
Retentions held by the Group	36.706	21.073
Other trade payables	74	256
	36.780	**21.329**

TAV Yatırım holds retention in a certain amount as the surety in the payments made for the Project. These retentions shall be paid after the completion of the Projects.

11 OTHER RECEIVABLES AND PAYABLES

Other short term receivables

As at 31 December, other short term non trade receivables comprised the following:

	2011	2010
Due from related parties-non trade (Note 38)	11.666	10.514
Provision for due from related parties-non trade (Note 38)	(6.598)	--
Other non-trade receivables	11.460	4.498
	16.528	**15.012**

As at 31 December 2011, TL 5.851 of short term non-trade receivables is consisted of capital receivables of Akfen GYO (31 December 2010: None) and TL 2.808 of short term non-tarde receivables is consisted of various receivables of Akfen İnşaat from tax offices (31 December 2010: TL 2.833).

As at 31 December, other long term non trade receivables of the Group comprised the following:

	2011	2010
Due from related parties-non trade (Note 38)	39.225	24.465
Other long term non-trade receivables	1.556	1.934
	40.781	**26.399**

The long term part of the other long term receivables as at 31 December includes deposit and securities in the amount of TL 1.556 (31 December 2010: TL 1.934).

Other short term payables

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

	2011	2010
Non-trade liabilities to the related parties (Note 38)	15.564	14.323
Other non-trade liabilities	150.466	108.975
	166.030	**123.298**

As at 31 December, other non-trade payables comprised the followings:

	2011	2010
Advances received	94.637	66.507
Taxes and duties payable	21.595	3.681
Corporate tax payable	12.441	9.516
Deposits and guarantees received	10.832	10.532
Payable to personel	8.208	6.972
Concession payable of TAV Tunisia	1.271	10.012
Other payables	1.482	1.755
	150.466	**108.975**

TL 1.460 of the corporta tax payable as at 31 December 2011 is consisted of the obligation of the corporate tax as a result of getting benefit from Law No 6.111 (Note 36).

As at 31 December 2011, the deposits and guarantees received consist of the deposits and guarantees received of the energy projects and hotel projects in the amounts of TL 9.946 and TL 669, respectively.

11 OTHER RECEIVABLES AND PAYABLES *(continued)*

Other short term payables *(continued)*

TL 85.918 of the advances received are the advances amounts received from the employers pursuant to the contracts related to the construction projects of TAV Yatırım as at 31 December 2011. (31 December 2010: TL 64.556).

TAV Tunisia, Monastır Airpot and Enfidha Airport have a concession period of 40 years with a concession rent fee that will increase in a linear rate between 11% and 26% of the annual revenues to be paid. As a result of the negotiation made with OACA, the concession rental amount of 2011 was decreased as TL 11,4 million and the concession rental amount of 2011, 2012 and 2013 was suspended for 3 years as 2014, 2015 and 2016.

The concession rental amount of TAV Macedonia is 15% of annual gross endorsement until the number of the passengers reaches up to 1 million and when the number of the passengers exceeds 1 million, this amount shall change between 4% and 2% due to the number of the passengers.

Long term other payables

At 31 December, other long term payables of the Group are as follows:

	2011	**2010**
Due to related parties- non trade (Note 38)	9.002	14.607
Other non- trade liabilities	43.832	26.141
	52.834	**40.748**

As at 31 December 2011, TL 24.395 of the other non trade payables are mainly consisted of advances received from employers for construction projects (31 December 2010: TL 23.219).

12 RESTRICTED CASH

As at 31 December 2011 short term restricted cash is comprised of the time deposits of Akfen Holding and HAVAŞ amounting to TL 141.668 (USD 75 million) (31 December 2010: TL 115.950) and TL 9.040 (31 December 2010: TL 6.706) which is pledged for bank loans.

	2011	2010
Akfen Holding	141.668	115.950
Havaş	9.040	6.706
TAV Yatırım	--	724
	150.708	**123.380**

13 RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES

The Group does not have any receivables and payable from financial activities as at 31 December 2011 and 2010.

14 INVENTORIES

As at 31 December, inventories comprised the following:

	2011	2010
Spare parts	8.946	3.106
Tax-free shop inventory	6.906	3.635
Raw material and supplies	6.864	--
Other inventories	3.449	1.464
	26.165	**8.205**

As at 31 December 2011, TL 3.951 of the spare parts is the inventory of TAV Havalimanları (31 December 2010: TL 3.106) and TL 4.995 of the spare parts is the inventory of IDO and the tax-free shop inventory is the inventory of TAV Havalimanları and the raw material and supplies are the inventories of TAV Yatırım.

15 BIOLOGICAL ASSETS

The Group does not have any biological assets as at 31 December 2011 and 2010.

16 DUE FROM/DUE TO CUSTOMERS FOR CONTRACT WORK

As at 31 December the details of uncompleted contracts were as follows:

	2011	2010
Total costs incurred on uncompleted contracts	1.732.736	1.044.752
Estimated earnings/(costs)	91.291	58.900
Total estimated revenue on uncompleted contracts	1.824.027	1.103.652
Less: Billings to date	(1.696.274)	(1.026.182)
Net amounts due from customers for contract work	**127.753**	**77.470**

Due from customers for contract work and due to customers for contract work were included in the accompanying consolidated balance sheets under the following captions:

	2011	2010
Due from customers for contract work (Note 10)	130.811	82.912
Due to customers for contract work (Note 10)	(3.058)	(5.442)
	127.753	**77.470**

The amount of the sureties held by the employers is TL 75.576 as at 31 December 2011 (31 December 2010: TL 45.127) (Note 10).

The distribution of the receivables and payables of the Group as at 31 December 2011 and 31 December 2010 is as follows:

	2011	2010
Receivables from ongoing construction contracts		
Construction projects abroad	129.478	81.283
Local construction projects	1.333	1.629
	130.811	**82.912**
Liabilities of ongoing construction contracts		
Construction projects abroad	2.134	5.166
Local construction projects	924	276
	3.058	**5.442**

The distribution of the receivables related to the construction contracts based on projects as at 31 December is as follows:

	2011	2010
Muscat	57.929	43.585
DOHA	57.632	22.388
Libya	11.783	9.644
Turkey	1.333	1.333
Other	2.134	5.962
	130.811	**82.912**

As at 31 December 2011, the liabilities related to the ongoing construction contracts are the liabilities to Turkey Central projects and the projects in Dubai and they are TL 924 and TL 2.134, respectively (31 December 2010: TL 276 and TL 5.166).

As at 31 December 2011 the amount of the advance received by the Group for the construction projects is TL 110.313 and shown in the short and long term other non-trade liabilities items (31 December 2010: TL 64.976).

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The investments of the Group which is accounted with equity method consists of Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. ("Zeyport") in which IDO has 20% share as at 31 December 2011.

Zeyport was established in 1998 in Istanbul and provides warp and accomodation services for the ships included in the suitcase trading, internal coasters and agency boats and it also deals with the warehouse operation. As at 31 December 2011, the investment of the Group in Zeyport was recognized according to the equity method and reflected in the consolidated financial statements.

The summary financial information related to the investment of the Group is given below:

	2011
Total assets	7.941
Valuation surplus of business combination	3.810
Total liabilities	(4.569)
Net assets	7.182
Group's share in net assets of the investment	1.436

	7 June- 31 December 2011
Revenue	1.243
Profit for the period	2
Group's share in the period profit of the investment	--

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18 INVESTMENT PROPERTY

As at 31 December, investment property comprised the following:

	2011	2010
Operating investment properties	763.678	556.022
Investment property under development	316.414	102.736
	1.080.092	**658.758**

Operating investment properties

	2011	2010
Balance at 1 January	556.022	496.248
Transfer from investment property under development	51.276	44.358
Additions	83	946
Change in fair value (Note 32)	156.297	56.574
Change in group structre (*)	--	(13.600)
Disposals	--	(28.504)
Balance at the period end	**763.678**	**556.022**

As at 31 December 2011, the transfer from development projects is composed of the balance of Yaroslavl IBIS Hotel in 2011 and the transfer from development projects is composed of the balance of Bursa Ibis Hotel in 2010.

As at 31 December 2011, the increase in the fair value of the investment properites is TL 5.399 resulted from valuation of NOVOTEL/IBIS Kayseri Hotel, TL 41.337 caused by the valuation of Mercure Hotel, TL 24.078 resulting from valuation of NOVOTEL Trabzon Hotel, TL 1.417 caused by the valuation of NOVOTEL/IBIS Gaziantep Hotel, TL 50.580 resulting from valuation of NOVOTEL/IBIS Zeytinburnu Hotel, TL 3.414 caused by the valuation of IBIS Bursa Hotel and TL 2.805 resulting from valuation of IBIS Eskişehir Hotel of Akfen GYO and TL 27.267 from the valuations of hotels and offices in Russia and shown in the other operation income item in the consolidated statement of comprehensive income as at 31 December 2011.

As at 31 December 2010, the fair value adjustment on investment property was recognised based on the fair values of the investment property. The fair values of the investment properties in Turkey and Northern Cyprus are calculated on the basis of a valuation carried out by a certified company that included in the approved list of CMB for "Property Appraisal Companies". These property appraisal companies determined the fair value of the investment properties as the present value of aggregate of the estimated cash flows expected to be received from renting out the property. In the valuation process, a projection period which covers the lease term for right of tenancy of each hotel is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

(*)Change in group structre comprised of Akfen GYT, Akfen Turizm and TAR sales.

18 INVESTMENT PROPERTY *(continued)*

As at 31 December 2011 and 2010 the fair value comparison of operating investment properties is as follows:

	2011		2010	
	Date of expertise report	Fair value	Date of expertise report	Fair value
Zeytinburnu Novotel and Ibis Otel	30 September 2011	207.640	31 December 2010	157.045
Mercure Otel – Girne	30 September 2011	204.810	31 December 2010	163.473
Trabzon Novotel	30 September 2011	77.180	31 December 2010	53.102
Kayseri Novotel and Ibis Otel	30 September 2011	59.843	31 December 2010	54.445
Gaziantep Novotel and Ibis Otel	30 September 2011	52.800	31 December 2010	51.383
Bursa Ibis Otel	30 September 2011	47.840	31 December 2010	44.358
Eskişehir Ibis Otel and Fitness Center	30 September 2011	20.326	31 December 2010	17.521
Total		**670.439**		**541.327**

The investment properties under development of RHI and RPI of which Akfen GYO has 95% of shares are accounted with their fair values. As at 31 December 2011 the group portion of fair value Yaroslavl Hotel project of RHI in Russia is TL 78.544 (31 December 2010: TL 15.947).

As at 31 December 2011, the minimum insurance amount on investment property under developments is amounting to TL 612.757 (31 December 2010: TL 320.685).

Investment properties under development

	2011	2010
Balance at 1 January	102.736	35.399
Additions	75.364	39.643
Transfer to investment properties in operation	(51.276)	(44.358)
Business combinations under joint control	63.748	--
Fair value incrase on investment property under development (Note 32)	125.842	73.397
Projects cancelled [(1)]	--	(1.345)
Balance at 31 December	**316.414**	**102.736**

[(1)] As a result of cancel of Krasnoyarsk project as at 31 December 2010.

The additions 31 December 2011 and 2010 are made for the projects under development in the related years.

As at 31 December 2011, the business combinations under joint control are resulted from purchase of 45% shares of RHI and RPI by Kasa BV in 29 July 2011.

As at 31 December 2011, the increase in the fair value of the investment properties is 88.291 TL resulting from valuation of Karaköy Hotel Project, 3.153 TL caused by the valuation of IBIS İzmir Hotel, TL 10.883 resulting from valuation of IBIS Esenyurt Hotel, TL 6.368 resulting from valuation of IBIS Adana Hotel, TL 550 resulting from valuation of Esenboğa Hotel of Akfen GYO. In addition to these, there are also TL 16.597 of value increase from ongoing projects of RHI and RPI in Russia.

18 INVESTMENT PROPERTY *(continued)*

As at 31 December 2011, and 2010 the fair value comparison of investment property of Akfen GYO under development is as follows:

	2011			2010	
Name of the investment property	**Date of expertise**	**Expertise Report value**	**Fair value değeri**	**Date of expertise**	**Fair value**
Karaköy Otel Projesi	30 September 2011	89.640	89.754	--	--
İzmir Ibis Otel Projesi	30 September 2011	27.450	27.878	31 December 2010	22.292
Esenyurt Ibis Otel Projesi	30 September 2011	34.460	35.908	31 December 2010	20.297
Adana Ibis Otel Projesi	30 September 2011	27.080	32.677	31 December 2010	14.308
Ankara Ibis Otel Projesi	30 September 2011	5.200	5.200	--	--
Bafra Otel Projesi	--	--	945	--	--
Total		**183.830**	**192.362**		**56.897**

As at 31 December 2011, the fair value of the investment properties in Turkey includes the expertise report values dated 30 September 2011 and TL 8.533 of expenses made for the investment properties from that date until 31 December 2011.

The investment properties under development of RHI and RPI of Akfen GYO in Russia are accounted with their fair values. As at 31 December 2011, the fair value of Samara Hotel project is TL 65.796 (31 December 2010: TL 19.037), the fair value of Kaliningrad Hotel project is TL 26.183 (31 December 2010: TL 2.611) of RHI and the fair value of Samara Office project of RPI is TL 19.393 (31 December 2010: TL 8.245) in Russia. As at 31 December 2011, the fair value of the hotel project in Moscow, belonged to HDI firm established in Holland in 2011 in order to develop hotel projects and of which 100% shares belong to Akfen GYO, consists of the expenses made for the project and it is total TL 2.783 (31 December 2010: None).

As at 31 December 2011, the total insurance amount on investment property under development is amounting to TL 51.913 (31 December 2010: TL 66.759).

As at 31 December 2011, the total pledge amount on investment property under development is amounting to TL 541.913 (31 December 2010: TL 454.388).

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19 PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment and related accumulated depreciation during the year ended 31 December 2011 was as follows:

	Land and buildings	Machinery, facility and equipment	Vessels	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements (****)	Total
Cost									
Balance at 1 January 2011	16.453	89.340	--	36.103	28.309	62	407.223	50.460	627.950
Effect of business combination (*)	143	1.414	154.686	437	1.047	--	--	3.049	160.776
Additions (**)	--	7.836	294	3.791	4.823	--	239.042	4.130	259.916
Transfers (***)	46.850	367.014	--	(34)	25	--	(441.761)	27.645	(261)
Translation difference	1.019	15.395	--	7.554	2.434	--	4.980	8.502	39.884
Total changes in structure of entities under common control	--	1.917	--	86	93	--	--	66	2.162
Disposal	(5.013)	(5.782)	--	(1.154)	(718)	--	(5.226)	(784)	(18.677)
Balance at 31 December 2011	59.452	477.134	154.980	46.783	36.013	62	204.258	93.068	1.071.750
Less: Accumulated depreciation									
Balance at 1 January 2011	(403)	(42.193)	--	(15.643)	(19.784)	(55)	--	(11.419)	(89.497)
Provision for impairment of tangible fixed assets	--	--	--	425	--	--	--	--	425
Depreciation charge for the period	(661)	(13.434)	(3.247)	(3.749)	(3.738)	(4)	--	(7.808)	(32.641)
Translation difference	92	(7.583)	--	(3.498)	(2.161)	(3)	--	(2.213)	(15.366)
Total changes in structure of entities under common control	--	(271)	--	(21)	(42)	--	--	(13)	(347)
Disposals	50	2.182	--	616	464	--	--	395	3.707
Balance at 31 December 2011	(922)	(61.299)	(3.247)	(21.870)	(25.261)	(62)	--	(21.058)	(133.719)
Net book value									
Net book value as at 31 December 2010	16.050	47.147	--	20.460	8.525	7	407.223	39.041	538.453
Net book value as at 31 December 2011	58.530	415.835	151.733	24.913	10.752	--	204.258	72.010	938.031

(*)The tangible fixed assets acquired as a result of acquisition of IDO.
(**) TL 213.813 corresponds to 82.26% of the additional is made for the investments made in the scope of HES projects as at 31 December 2011.
(***) TL 413.831 corresponds to 96.38% of the transfers is the capitalization of the investments made in the scope of HES I projects as at 31 December 2011.
(****) TL 87.264 of the leasehold improvements is the balance of TAV Havalimanları as at 31 December 2011.

The total pledge amount on the tangible fixed assets of IDO given to banks and related suppliers is USD 1.410.326.618 as at 31 December 2011 (Group share: USD 423.097.985).

19 PROPERTY, PLANT AND EQUIPMENT *(continued)*

The movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2010 was as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction	Leasehold improvements (***)	Total
Cost								
Balance at 1 January 2010	23.123	69.650	35.244	25.761	549	209.118	20.643	384.088
Effect of business combination	--	47	--	--	--	--	1	48
Additions (*)	752	20.606	2.503	4.350	--	242.144	160	270.515
Provision for impairment of tangible fixed assets (**)	--	--	--	--	--	(3.448)	--	(3.448)
Transfers	--	5.751	13	3	--	(38.391)	32.406	(218)
Translation difference	(205)	(1.211)	96	(249)	(20)	(1.480)	(765)	(3.834)
Total changes in structure of entities under common control	(3.686)	(2.071)	(17)	(709)	17	(720)	(599)	(7.785)
Disposal	(3.531)	(3.432)	(1.736)	(847)	(484)	--	(1.386)	(11.416)
Balance at 31 December 2010	16.453	89.340	36.103	28.309	62	407.223	50.460	627.950
Less: Accumulated depreciation								
Balance at 1 January 2010	(1.635)	(38.239)	(12.889)	(17.367)	(230)	--	(7.562)	(77.922)
Provision for impairment of tangible fixed assets	--	--	(737)	--	--	--	--	(737)
Depreciation charge for the period	(304)	(7.709)	(3.583)	(3.649)	(102)	--	(5.205)	(20.552)
Translation difference	2	1.021	81	126	6	--	154	1.390
Total changes in structure of entities under common control	1.266	868	(10)	570	(56)	--	240	2.878
Disposals	268	1.866	1.495	536	327	--	954	5.446
Balance at 31 December 2010	(403)	(42.193)	(15.643)	(19.784)	(55)	--	(11.419)	(89.497)
Net book value								
Net book value as at 31 December 2009	21.488	31.411	22.355	8.394	319	209.118	13.081	306.166
Net book value as at 31 December 2010	16.050	47.147	20.460	8.525	7	407.223	39.041	538.453

(*).TL 213.659 of the addition is made in the scope of HES projects as at 31 December 2010.

(**)There has been a fire in the Trigeneration Project of TAV Istanbul in March 2010 which was covered by an insurance policy. Impairment loss amounting to TL 13.202 (Group's share: TL 3.448) is recognised in the consolidated financial statements for the damage occurred on the generators. Additionally, an income accrual was booked for the amount that will be compensated by the insurance company for the damage and loss of operations.

(***)CIP are mainly comprised of HES project amounting to TL 382.512 (94%)

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20 INTANGIBLE FIXED ASSETS

The movement of cost of intangible fixed assets as at 31 December 2011 and 31 December 2010 are given in the following table:

	Development Costs	Licences	Amortisation of Ambarlı Port(*)	Amortisation of Terminals(*)	Rental agreement for vessels	Other intangible fixed assets	Customer relations	Water service operation right	Port operation right	Airport operation right	Total
Cost											
Balance at 1 January 2010	15.058	66.954	--	--	--	2.856	18.456	5.638	581.588	446.803	1.137.353
Effect of business combination (1)	--	--	--	--	--	--	341	--	--	--	341
Additions	--	11.641	--	--	--	91	--	467	4.677	22.517	39.393
Transfers from tangible fixed assets	--	218	--	--	--	--	--	--	--	--	218
Translation difference	--	(629)	--	--	--	--	(950)	--	15.566	(21.711)	(7.724)
Total changes in structure of entities under common control	--	--	--	--	--	(1.209)	--	--	--	--	(1.209)
Disposal	(12.026)	(44)	--	--	--	--	--	--	(307)	--	(12.377)
Balance at 31 December 2010	3.032	78.140	--	--	--	1.738	17.847	6.105	601.524	447.609	1.155.995
Balance at 1 January 2011	3.032	78.140	--	--	--	1.738	17.847	6.105	601.524	447.609	1.155.995
Effect of change in group structure	--	1.243	--	--	--	--	--	(17)	--	--	1.226
Additions	--	1.623	--	--	--	86	--	154	4.456	40.607	46.926
Transfers	(2.873)	2.873	--	--	--	--	--	--	--	--	--
Transfer from tangible fixed assets	--	261	--	--	--	--	--	--	--	--	261
Translation difference (**)	--	2.399	--	--	--	397	3.438	--	133.418	90.885	230.537
Effect of business combination (***)	--	1.038	20.990	223.433	39.554	--	--	--	--	--	285.015
Disposal	--	(2.112)	--	--	--	--	--	--	--	--	(2.112)
Balance at 31 December 2011	159	85.465	20.990	223.433	39.554	2.221	21.285	6.242	739.398	579.101	1.717.848

(*) The amortisation of Ambarlı Port and terminals, lines and vessels of IBB.
(**) TL 230.216 of translation difference is the translation difference of TAV Havalimanları and MIP.
(*** The effect of intangible fixed assets acquired as a result of IDO acquisition.

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20 INTANGIBLE FIXED ASSETS *(continued)*

The movement of amortization of intangible fixed assets as at 31 December 2011 and 31 December 2010 are given in the following table:

	Development Costs	Licences	Amortisation of Ambarlı Port	Amortisation of Terminals(*)	Rental agreement for vessels	Other intangible fixed assets	Customer relations	Water service operation right	Port operation right	Airport operation right	Total
Amortisation											
Balance at 1 January 20010	--	(7.028)	--		--	(1.993)	(4.281)	(232)	(42.375)	(38.825)	(94.734)
Effect of change in group structure	--	--	--		--	--	--	--	--	--	--
Amortisation for the period	--	(3.016)	--		--	(171)	(1.590)	(185)	(16.847)	(17.019)	(38.828)
Translation differences	--	140	--		--	--	171	--	(1.134)	1.223	400
Total changes in structure of entities under common control	--	--	--		--	881	--	--	--	--	881
Disposals	--	40	--		--	--	--	--	--	--	40
Balance at 31 December 2010	--	(9.864)	--		--	(1.283)	(5.700)	(417)	(60.356)	(54.621)	(132.241)
Balance at 1 January 2011	--	(9.864)	--		--	(1.283)	(5.700)	(417)	(60.356)	(54.621)	(132.241)
Effect of change in group structure	--	(21)	--		--	--	--	3	--	--	(18)
Amortisation for the period	--	(3.093)	(350)	(3.724)	(659)	(177)	(1.878)	(195)	(18.287)	(22.299)	(50.662)
Translation differences	--	(1.309)	--		--	(131)	(1.202)	--	(15.665)	(12.993)	(31.300)
Disposals	--	238	--		--	--	--	--	--	--	238
Balance at 31 December 2011	--	(14.049)	(350)	(3.724)	(659)	(1.591)	(8.780)	(609)	(94.308)	(89.913)	(213.983)
Net book value											
Net book value as at 31 December 2010	3.032	68.276	--	--	--	455	12.147	5.688	541.168	392.988	1.023.754
Net book value as at 31 December 2011	159	71.416	20.640	219.709	38.895	630	12.505	5.633	645.090	489.188	1.503.865

(*)As at 31 December 2011, the operation right of Airports is the operation right of the airports of TAV Havalimanları. The group shares related to the airport operation rights is Ankara Esenboğa Airport TL 48.454, İzmir Adnan Menderes Airport TL 18.568, Tbilisi International Airport TL 41.576, Enfidha International Airport TL 312.954, Gazipaşa Airport TL 12.919 and Skopje International Airport TL 54.317, respectively.

21 GOODWILL

Cost	
01 January 2010	116.777
Translation effect	(4.397)
Current year additions (*)	1.401
Net book value as at 31 December 2010	**113.781**
Net book values as at 1 January 2011	113.781
Translation effect	15.879
Current year profit (*)	--
Effect of change in group structure	(1.208)
31 December 2011	**128.452**

*The addition of 2010 is the goodwill from 50% purchase of NHS.

As at 31 December 2011 TL 97.104 of the goodwill (31 December 2010: TL 82.433) is resulted from TAV Havalimanları and TL 31.348 of the goodwill (31 December 2010: TL 31.348) is resulted from the goodwill which is generated by the purchase of additional shares of TAV Havalimanları by Akfen Holding.

The income and market approaches were used in the determination of the fair value of the equities of the companies of which goodwill is calculated. The analysis is mostly done by using income approach (reduced cash flow method). As a result of impairment test carried out according to the items producing cash, the impairment loss was not recorded as at 31 December 2011.

Evaluation of goodwill of Akfen Holding for further purchase of shares of the TAV Havalimanları is carried out by using a market value method.

Assessment of actual values of equities of HAVAŞ, TGS and TAV Tbilisi, as three different NYBs, is carried out by an independent assessment company. Income and market approaches are used for purposes of determining actual values of equities of HAVAŞ and TAV Tbilisi. While this analysis is conducted mainly by using the income approach (discounted cash flow method), lower weight applies to value of HAVAŞ and TAV Tbilisi arisen from Similar Procedures and In-house methods. Since TGS is active fully only in 2010, the income approach method is used only in assessment of TGS.

In assessment of the companies, 5-years and 10-years business schedules prepared by the Administration for HAVAŞ, and for TGS and TAV Tbilisi respectively are used. Growth in business schedules of HAVAŞ and TGS is resulted from business opportunities in sectors, where the companies act, and new customer acquisitions. Furthermore, since TAV Tbilisi has a limited lifespan, any estimations in relation to TAV Tbilisi are extended until the end of YID period, using a lower growth ratio and keeping margins estimated by the Administration.

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22 GOVERNMENT GRANTS

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

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

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

Since TAV Insaat company completed the Macedonia project within two years, the company is exempted from corporate tax under the Macedonian codes. Additionally, any construction works in airports constructed by TAV Insaat are exempted from VAT.

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23 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term debt provisions

As at 31 December, the short term debt provisions are as follows:

	2011	2010
Provision for litigations	3.429	2.381
Unused vacation accrual	8.627	6.053
Others	615	231
	12.671	**8.665**

The movement of the provisions as at 31 December is as follows:

2011	Litigation	Vacation	Other	Total
Balance at the beginning of the period	2.381	6.053	231	8.665
Provisions provided during the period	1.393	1.230	406	3.029
Foreign currency differences	--	751	--	751
Effect of business combination	--	698	--	698
Effect of change in group structure	--	66	--	66
Provisions released during the period	(345)	(171)	(22)	(538)
Balance at the end of the period	**3.429**	**8.627**	**615**	**12.671**

2010	Litigation	Vacation	Other	Total
Balance at the beginning of the period	984	3.964	436	5.384
Provisions provided during the period	1.681	3.156	--	4.837
Foreign currency differences	--	(27)	--	(27)
Provisions released during the period	(284)	(1.040)	(205)	(1.529)
Balance at the end of the period	**2.381**	**6.053**	**231**	**8.665**

Litigation

As at 31 December 2011, provision for litigations is mainly related to the ongoing legal cases of employees and customers.

Vacation pay liablity

For the periods ended 31 December 2011 and 31 December 2010, the Group has provided vacation pay liability accrual amounting to TL 8.627 and TL 6.053, respectively. Provision is calculated by the remaining vacation days multiplied by one days' pay. Provisions provided during the year have been reflected under cost of sales and administrative expenses in the accompanying consolidated financial statements.

Provision for long term liabilities

As at 31 December 2011, the long term provisions of the Group consisted of provision of litigation of IDO, the subsidiary of the Group. İDO allocated TL 2.263 (Group share: TL 681) provision for the lawsuits brought by the contractors and lessors by taking into account the sample cases and the professional advices.

24 COMMITMENT AND CONTINGENCIES

a) Commitments, Pledges and Mortgages

As at 31 December 2010, the group's position related to letter of guarantees given, Pledges and Mortgages were as follows:

Commitments, Pledges, Mortgages ("CPM") are given by the Group	2011	2010
A. Total amount of CPM is given on behalf of own legal personality	1.697.397	962.280
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated		
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	1.326.177	1.276.063
D. Total Amount of other CPM		
i. Total amount of CPM is given in favor of parent company	--	--
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	46.445	218.921
iii. The amount of CPM is given in favor of third party which C doesn't include	--	135.096
ii. The amount not included in B and C articles		
Total amount of CPM given in favor of other Group companies	46.445	83.825
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	**3.070.019**	**2.457.264**

As at 31 December 2011, total amount of other CPM given by the group is 4% (2010:23%) of the Group's equity.

As at 31 December of 2011, balances of commitments, pledges and mortgages given by Group on behalf of its own legal personality are EUR 262.441.516 and 488.286.334 (31 December of 2010: EUR 276.501.360and USD 186.618.418). As at 31 December of 2011, balances of commitments, pledges and mortgages given by Group to its subsidiaries included in the consolidation are EUR 313.564.312, USD 84.511.950 and 347.119.651 other currency (31 December of 2010: USD 289.768.149, USD 50.997.250 and 293.208.954 other currency). As at 31 December 2011, balances of commitments, pledges and mortgages given by Group in favour of main shareholder are USD 23.950.220 (31 December of 2010: EUR 26.000 and USD 106.202.379).

(*)Other is presented as TL equivalent.

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24 COMMITMENT AND CONTINGENCIES *(continued)*

(b) Letter of Guarantees Received

Akfen Holding and its subsidiaries has also received letters of guarantee, cheques and securities amounting to TL 167.168 in total as at 31 December 2011 (31 December 2010: TL 144.828) from subcontractors. Letters of guarantees comprise of securities given to hydroelectric production companies amounting to TL 15.960 (2010: TL 15.990), securities taken from construction companies amounting to TL 33.319 (2010: TL 29.219) as at 31 December 2011. As at 31 December 2011, the jointly control entities has received the letters of guarantee, cheques and sureties amounting to TL 99.827 (Group's share: TL 37.296) (31 December 2010: TL 18.526 (Group's share: TL 9.263)).

(c) Contractual obligations

TAV Istanbul

TAV Istanbul is bound by the terms of the Concession Agreement made with DHMİ. If TAV Istanbul does not follow the rules and regulations set forth in the Rent Agreement, this might lead to the forced cessation of TAV Istanbul's operation.

At the end of the contract period, TAV Istanbul will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made, and the cost will be charged to TAV Istanbul.

Pursuant to the provisions of this agreement, the contractual obligations of TAV Istanbul include the rental of the above mentioned facilities for a period of fifteen and a half years beginning on 3 July 2005; the operation of the facilities in compliance with international norms and standards within the rental (operation) period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ upon the expiry of the rental period.

In the case where TAV Istanbul as the lessee performs a delayed and/or incomplete rent payment to DHMİ, TAV Istanbul is charged a penalty of 10% of the rent amount to be paid. TAV Istanbul is then obliged to perform the payment latest within five days. Otherwise, DHMİ shall be entitled to terminate the rent agreement. TAV Istanbul is not entitled to claim the rent payments performed to DHMİ prior to the termination of the contract.

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24 COMMITMENT AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

TAV Esenboğa ve TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements.

According to the BOT agreements:

- The share capital of the TAV Esenboğa and TAV İzmir cannot be less than 20% of fixed investment amount.

The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ. DHMİ has requested an extension of EUR 13.900.000 (Group's share: TL 3.630.680) (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for this extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ at 21 March 2008.

Final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV İzmir and TAV Esenboğa.

All equipment used by TAV Esenboğa and TAV İzmir must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are not delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa and TAV İzmir have the responsibility of repair and maintenance of all fixed assets under the investment period.

24 COMMITMENT AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

HAVAŞ and TGS

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ, HAVAŞ and TGS undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this context, HAVAŞ and TGS had these losses insured with the insurance policy in the amount of USD 50.000. They also take the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ and TGS are required to provide DHMİ with letters of guarantee each amounting to USD 1.000.000 (Group's share: USD 261.200). Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ and TGS. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ and TGS are obliged to complete the collateral at its original amount which is USD 1.000.000 (Group's share: USD 261.200) within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the Ataturk, Esenboğa, Adnan Menderes, Dalaman, Adana, Trabzon, Milas, Nevşehir, Antalya, Gaziantep, Kayseri, Urfa, Batman, Adıyaman, Elazığ, Muş, Sivas, and Konya airports; when the rent period ends, DHMİ will have the right to retain the immovables in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations. With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transport Association, International Civil Aviation Organization or European Civil Aviation Conference or the project;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was completed in May 2011.

Tax laws and risks

Georgian commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result TAV Tbilisi may be assessed additional taxes, penalties and interest. Tax periods remain open to review by the tax authorities for six years. Management believe that their interpretation of the relevant legislation is appropriate and TAV Tbilisi's profit, currency and customs positions will be sustained.

24 COMMITMENT AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport LLC" (the "Agreement") together with its Schedules annexed to the Agreement.

In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

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24 COMMITMENT AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.
According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which is then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.
Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

The Conceding Authority and TAV Tunisie shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisie annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

24 COMMITMENT AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Antalya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.
In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount. Facility usage amount represents the USD 50.000 (Group's share: USD 13.060) fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication ("MOTC").

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement's standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

Management believes that as at 31 December 2011, the Group has complied with the terms of the Concession Agreement mentioned above.

24 COMMITMENT AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

MIP

MIP is subject to any terms and conditions of the Concession Agreement and its appendices entered into by MIP, OIB and TCDD on 11 May 2007 for transfer of operating rights of the TCDD Mersin Port for 36 years. Under the Concession Agreement, MIP is obliged to fulfill the following obligations:

- to operate the port in accordance with the effective codes, legislation, regulations and any international agreements, guidelines and bilateral agreements recognized by Turkey, and to continue its activities in accordance with the instructions of the Maritime Undersectariat and Mersin Port Directorate and resolution of other public bodies and authorities on port services;
- to supply and maintain any necessary bank guarantees in consideration any liabilities hereunder;
- to observe any reporting obligations;
- to ensure that any agreements signed in time of TCDD remain effective until their expiry date, provided that it is free to renew these agreements;
- to maintain any spaces allocated to public authorities in the body of the port exactly in current conditions, and if such spaces hinder any port activities as a result of investments, to move these spaces to any other place at the Operator's cost upon mutual consent of the parties and by notifying TCDD of this;
- to cover all necessary investments for purposes of keeping the port administration in said standards and to fulfill its obligations toward increase of capacity of the Port within 5 years following the signing date;
- to fulfill any obligations on obtaining any necessary licenses, permissions, etc. to perform any port services and activities;
- to determine any fee tariffs of the port services in a competitive understanding and under the current legislation and to avoid of any excessive pricing;
- to fulfill any obligations timely and completely on all taxes and duties of the Port, SSI Premiums of employees, Incomes, etc.;
- to allow any public inspection under the provisions of the Agreement;
- to observe any restriction on use of the plants;
- to fulfill any insurance obligations;
- to keep and report any accounting accounts and records to TCDD based on the cost separation principle;
- to maintain sustainability of public services and service standards;
- to implement maintenance and repairs of the plants;
- to accept responsibility for any damages, costs and losses incurred by third parties or caused by third parties again the Port; and
- to have any resolution on legal structure of the Company to be approved by TCDD.

MIP fulfills its obligation on increase in capacity of the above-mentioned port in 2011, and completes any official notification application for approval by the Administration.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Akfen HES I, Akfen HES II, Akfen HES III

Obligations subject to license

Pursuant to the Electricity Market License Regulation, plant completion periods are allowed by the Authority for production license as 16 months for pre-construction preparation phase and 24-46 months for construction phase as determined according to the project (this period is 54 months for the Laleli Dam and HES project). Any plant completion dates and periods fond fit are added licenses. The plant consideration period considered in determining a plant completion date consists of total of periods of permissions needed to be obtained under other legislation, pre-construction period including periods for provision of settlements including expropriation, establishment of easement or lease procedures and construction period determined according to nature of the production plant under the license. If any time extension requirements arise for cogent reasons such as non-performance of administrative procedures in time such as approval, permission, etc. and non-completion of expropriation, establishment of easement or lease procedures, a time extension may be required, provided that they are not caused by force majeure events or licensee judicial entity. Moreover, if any time extension is required by the licensee due to any events that affect and may affect investment process of the project such geological and/or technical problems and/or regional features and any national or international adverse financial developments in relation to the project, and such alleged reasons are seen fit by the Authority and it is determined investment of the production plant reaches an irrevocable point, a time extension is allowed by the Authority and added to the license.

Pursuant to the 'Reporting' section of the same Regulation, the licensee judicial entities are obliged to prepare and submit an annual activity report for previous year to the Authority until the end of April of each year in accordance with the provisions of the relevant legislation. In this report, the licensee gives any information about applications and their results of any permission, approval, license and other administrative procedures conducted by the legal entities before the related bodies, authorities and/or institutions to perform its business activities under the license in the previous year. The judicial entities, who obtain a license to perform any production activities, are obliged to submit any information about any activities implemented until completion date of the plant in first and second semi-years to the Authority in its progress report in an appropriate form determined by the Authority within July and January months of each year respectively. Such obligation commences within the current period if there is a period more than 90 days between the license date and period of first progress report following that period, or within subsequent period.

Obligations subject to Water Use Right Agreement

Pursuant to the Water Use Right Agreements entered into with the State Hydraulic Works ("DSI"), a Hydraulic Source Allowance is paid for the following stations. The allowance is found by multiplying the amount per electrical kilowatt-hour committed to be paid to DSI by annual power consumption of the station. Annual power generation of the station is informed to the company "Turkiye Elektrik Iletisim A.S. ("TEIAS") or relevant distribution company until 15th January of subsequent year. The determined amount of the Hydroelectric Source Allowance needs to be updated at ration of the increase in Turkish Average Electricity Wholesale Price determined by EPDK from the tender year until the generation year based on payment and paid by the company to DSI until the end of subsequent January during the period of the license given by EPDK to record as revenue.

Hydroelectric Source Allowance determined under the Water Use Right Agreement is 0.02 kurus/kWh, 0.05 kurus/kWh, 0.02 kurus/kWh and 0.07 kurus/kWh for Gelinkaya HES, Kavakçali HES, Dogancay HES, and Laleli Dam and HES, respectively.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Akfen HES I, Akfen HES II, Akfen HES III *(continued)*

Obligations subject to Share Transfer Agreement

In the Beyobasi and Ideal projects located under Akfen HES I and in the Pak and Elen projects located under Akfen HES II, pursuant to the Article 'Variable Share Value' of the share transfer agreements, USD 0.5 per kWh should be paid to the Bagci Group based on annual power generation in January yearly including the period between 1st January and 31st December and following this period since the date, when above-mentioned four companies and twelve stations under these companies located in the HES project.

Akfen Su Gulluk

Akfen Su Gulluk is subject to the terms and provisions of the Drinking and Potable Water Supply Plant and Waste Water Treatment Plant Construction and Operation License Agreement and its appendices entered into with the Gulluk Municipality on 29 August 2006. Term of the license agreement is 35 years as total of investment and operating terms. As a licensee, Akfen Su Gulluk completed the final acceptance process for construction works under the agreement on 13 January, 2011.

Akfen Su Arbiogaz Dilovasi

Akfen Su Arbiogaz Dilovasi is subject to the terms and provisions of the Dilovasi Organized Industrial Zone Waste Water Treatment Plant Construction and Main Collector Line Construction and Operation Project agreement and its appendices entered into with the Dilovasi Organized Industrial Zone Directorate on 3 August 2007. Term of the agreement is 29 years totally including construction period and operation period of the plants. Under the agreement, the Administration has a price guarantee in Euro for minimum waste water flow rate by years waste water treatment during operating period of the plant. In consideration of this guarantee, the Administration gives Akfen Su Arbiogaz Dilovasi a guarantee letter per operational year.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee

Operating Lease Agreements

Akfen GYO

As at 31 December 2011, Akfen GYO (Real Estate Investment Trust) concluded 12 Operating Lease agreements in capacity of the Lessee

- On 15 July 2003, Akfen GYO concluded land lease agreement for 49 years with Ministry of Finance of Turkish Republic of Northern Cyprus to establish construction rights and construct a hotel on the same land located in Girne. Payment of lease fee started in 2003. Lease fee for year 2011 was USD 53.609 and it increases by 3 % on annual basis. The payments are done on annual basis.
- On 4 December 2003, Akfen GYO concluded a land lease agreement for 49 years with Ministry of Finance of Republic of Turkey to establish construction rights and construct a hotel on the same land located in Zeytinburnu sub-province of Istanbul. The lease fee comprises fixed lease fee determined by the Ministry of Finance and plus 1 % of annual total revenue of the facility to be constructed on the land.
- On 8 August 2005, Akfen GYO concluded an operating lease agreement with Eskisehir Grand Municipality for leaseing site of an uncompleted hotel construction for 22 years. Respective lease agreement was annotated in Title Deed Registration Office. Hotel construction was completed and commissioned into service in 2007. The lease fee is composed of the fixed annual lease amount determined and plus more than 5 % of annual revenue of the facility constructed on the land rented.
- On 30 October 2006, Akfen GYO concluded a land lease agreement for 49 years with Trabzon Dünya Ticaret Merkezi A.Ş to establish construction rights and construct a hotel on the same land located in Trabzon province. Lease fee for the first five years was paid in cash in advance upon getting the permit for the construction. Akfen GYO has the pre-emptive right among other firms proposing equivalent proposals for extending the term of the lease.
- On 4 October 2006, Akfen GYO concluded a land lease agreement for 49 years with Kayseri Chamber of Industry to establish construction rights and construct a hotel on the same land located in Kayseri province. Lease fee for the first five years was paid in cash in advance upon getting the permit for the construction. Akfen GYO has the pre-emptive right among other firms proposing equivalent proposals for extending the term of the lease.
- On 31 May 2007, Akfen GYO concluded land lease agreement for 30 years with Gaziantep Grand Municipality to establish construction rights and construct a hotel on the same land located in Gaziantep province. Lease fee for the first five years was paid in cash in advance upon getting the permit for the construction.
- On 9 May 2008, Akfen GYO concluded land lease agreement for 30 years with Bursa International Trade Centre Operating Cooperation (*locally known as "BUTTIM"*) to establish construction rights and construct a hotel on the same land located in Bursa province. The payments of the lease fee will start after grace period of 5 years.
- On 16 September 2010, Akfen GYO concluded land lease agreement for 49 years with Prime Ministry, General Directorate of Foundations to establish construction rights and construct a hotel on the same land located in İzmir province. Respective lease contract was annotated in Title Deed Registration Office. The lease fee payments started on the contracting that and the monthly lease fee is TL 2 for first three years and it will be TL 25in fourth year. As of the end of fourth year, the lease fee will be determined through increasing the lease amount of previous year proportional to Producer's Price Index (change rate according to average of twelve months period).

Akfen GYO concluded land lease contracts for the lands of Yaroslavl and Kaliningrad projects against annual fees of TL 12 and TL 28, respectively.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee

Operating Lease Agreements

Akfen GYO *(continued)*

Akfen GYO took over 167.830 m^2 land of Ministry of Agriculture and Natural Resources zoned for tourism in Bafra province of TRNC under Decree of Counsel of Ministers of TRNC dated 23 February 2011 as rented to Akfen Insaat for 49 years period. Annual lease fee is USD 53.609 and it increases by 3 % on annual basis.

On 22 June 2011, Akfen GYO took over the lease agreement concluded between Directorate of Foundations for First Region and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret Anonim Şirketi for 49 years for the land located in Beyoglu sub-province in Istanbul. Monthly lease fee is TL 115 and it will be reorganized in proportion to the increase in Producer's Price Index starting from the 3rd year of takeover till the end of 49th year.

Most of the contracts include provisions for analysing the market conditions when Akfen GYO demands for extending the term of the contract. The contracts for the lands of Yaroslavl and Kaliningrad projects include provisions for purchasing the title of the lands at the end of the investment. In other contracts, Akfen GYO does not have the right to purchase the estate rented at the end of the lease period.

Noncancelable operation leasing liabilities

	31 December 2011	31 December 2010
Within 1 year	714	832
Between 1 -5 years	8.038	4.055
5 years and more	129.502	70.352
	138.254	**75.239**

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee *(continued)*

Operating Lease Agreements(continued)

IDO

IDO concluded operating lease agreements with Istanbul Metropolitan Municipality ("*IBB*") for operating the terminals, lines and sea vessels belonging to IBB. Lease fees introducing the definition of conditional lease are calculated over the sales revenues of the Group. Thus, the lease agreement does not include payment of any minimum amount of lease in following periods.

As at 31 December 2011, IDO has to pay conditional lease fees for operating the terminals, lines and sea vessels. According to the conditions of the lease agreement, IDO has taken over rights of use of these lines together with the terminals and sea vessels and pays a particular rate of the gross revenue collected from these lines to IBB as conditional lease fee. Receiver party of the payment and the rate of lease costs in the gross revenue was determined in a protocol concluded between IBB and the Group. IDO and IBB concluded a lease protocol on 1 August 2020 and the rate applicable is 5,1 % over the vessel revenues.

On May 2006, IDO purchased ten sea busses rented from IBB and the conditions of the lease agreement concluded between the parties terminated. IDO and IBB concluded a new agreement for Sea Bus and Fast Ferry Lines.

Lease agreement concluded between IDO and IBB for operating two fast ferries and five sea buses for 10 years against monthly lease fee TL 2.178 (Group's share is TL 653) (including 18 % VAT) was terminated as at 1 August 2010 which was expiry date for the lease protocol for operating terminals, lines and sea vessels of IBB. Pursuant to the agreement concluded between IDO and IBB on 30 July 2010, IDO has been authorized to operate 28 passenger ferries (liner), 13 ferryboats, 5 sea buses, 2 fast ferries and 1 tugboat belonging to IBB for 30 years against usufruct price. Monthly usufruct price that IDO is liable to pay to IBB is determined as 5,1 % of the gross revenue. Upon establishment of Istanbul Şehirhatları Turizm San Tic A.Ş, operation of city ferry lines passed to Istanbul Şehirhatları Turizm San Tic A.Ş as at 30 September 2010 and lease fee would be paid by calculating as 5,1 % over the ships operated by the Operator (IDO). At the end of barter transaction concluded on 1 March 2011, 13 ferryboats were purchased by IDO and the lease burden was eliminated for respective ships.

Usufruct right of 27 docks and terminal areas remaining under the authorization of IBB were taken through tendering for 30 years period against TL 590 (Group's share is TL 177) starting from 1 November 2010.

With an agreement concluded on 8 December 2010, IDO obtained public transport licence for 6 sea bus lines and 1 ferryboat line. According to the agreement, IDO is liable to pay 1 % of the annual gross revenue provided that it is not less than TL 201 (Group's share is TL 60).

With the agreement concluded on 23 February 2011, IDO took usufruct right of miscellaneous docks, terminals, maintenance yards and premises in Istanbul, Balikesir, Bursa and Yalova provinces for 10- 30 years period against annual TL 2.500 (Group's share is TL 750) + VAT lease fee.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee *(continued)*

Operating Lease Agreements (continued)

IDO *(continued)*

Usufruct right of sea surface under the possession of Istanbul Internal Revenues Office was taken through tendering for 30 years period against TL 2.665 (Group's share is TL 800) starting from 1 April 2011. Usufruct right taken with this tender covers sea part of 2[nd] plot of Ambarli land. Pursuant to the conditions of the agreement, 20 % of the lease fee will be paid until starting the operations and complete annual lease fee will be paid after start of the operations. Contract price will be subject to increase in proportion to Producer's Prices Index.
Usufruct right of 14 docks remaining under the possession of Istanbul Internal Revenue Office was taken through tendering for 30 years period against TL 463 (Group's share is TL 139) starting from 5 July 2011.

Akfen GYO

- As at 31 December 2011, in capacity of Lessor, Akfen GYO concluded 16 operating lease agreements comprising 9 for the hotels in Turkey, 4 for the hotels in abroad, 1 for leasing casino, 1 for leasing fitness centre and 1 for leasing bar/ café. Akfen GYO concluded an operating lease agreement with ACCOR S.A on 18 November 2005 for the hotel completed and started to servicing in Eskisehir in 2007.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 12 December 2005 for two hotels completed and started servicing in Istanbul in 2007.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 27 July 2006 for the hotel completed and started servicing in Trabzon in 2008.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 24 March 2008 for the hotel completed and started servicing in Kayseri in 2010.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 24 March 2008 for the hotel completed and started servicing in Gaziantep in 2010.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 31 July 2008 for the hotel completed and started servicing in Bursa in 2010.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 16 August 2010 for the hotel planned to complete and start servicing in Esenyurt in 2012.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 7 September 2010 for the hotel planned to complete and start servicing in Adana in 2012.
- Akfen GYO concluded an operating lease agreement with ACCOR S.A on 2 February 2011 for the hotel planned to complete and start servicing in İzmir in 2013.

Abovementioned nine agreements include following similar conditions;

The agreements were concluded with Tamaris Turizm that is a 100 % affiliate of ACCOR S.A operating in Turkey and Accor S.A has a 100 % guarantee in respective agreements.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee *(continued)*

Operating Lease Agreements(continued)

Akfen GYO *(continued)*

Lease term is calculated by adding twenty five (25) calendar years with ten (10) years extension option starting the beginning of new year after the time between its opening time till the end of respective same calendar year. The parties agreed to entitle ACCOR S.A to terminate the agreement at the end of fifteenth fiscal year upon mutual agreement of the agreement. In the event that the company fails to complete the construction in specified period (including six months additional period starting from designated expiry date, ACCOR S.A will be entitled to terminate the agreement. In such a case, the parties will mutually be waivered from their liabilities and Akfen GYO shall redress the damages and liabilities of ACCOR S.A up to EUR 750.000 covering the liable damages and liabilities that may accrue till termination of the agreement.

With the changes in Framework Agreement concluded on 12 April 2010, annual lease fee amounts to be paid by the lessee to the lessor will be:

Starting to be valid from 1 January 2010.

- Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 25 % of the turnover of Kayseri Ibis, Gaziantep Ibis, Bursa Ibis hotels and all Ibis hotels to be opened after 1 January 2010 or 70 % of the Adjusted Gross Operating Profit of the same hotels whichever is higher.

- Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 22 % of the turnover of Kayseri Novotel, Gaziantep Novotel and all Novotels to be opened after 1 January 2010 or 70 % of the Adjusted Gross Operating Profit of the same hotels whichever is higher.

Starting from 1 January 2011;

Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 25 % of the turnover of Zeytinburnu Ibis and Eskisehir Ibis or 65 % of the Adjusted Gross Operating Profit of the same hotels whichever is higher.

Tamaris Turizm A.S will pay to Akfen GYO as lease fee either 22 % of the turnover of Zeytinburnu Noveotel and Trabzon Novotel or 65 % of the Adjusted Gross Operating Profit of the same hotels whichever is higher.

Adjusted Gross Operating Profit will be calculated as follows:
AGOP= GOP (Gross Operating Profit –) – 4 % of the turnover as Accor's price - 4 % of the turnover as FF&E Reserve.

If Akfen GYO fails to complete four hotels including one in Istanbul as at 31 December 2013 at latest, the annual lease fees will be reduced to 65 % of AGOP (Adjusted Gross Operating Profit) for Novotel/Ibis Gaziantep, Novotel/Ibis Kayseri ve Ibis Bursa hotels starting from 1 January 2014 and annual lease fees will be reduced to 60 % of AGOP for Novotel/Ibis Istanbul, Ibis Eskişehir ve Novotel Trabzon hotels starting from 1 January 2013 in the event that it fails to start construction of an Ibıs hotel Project in Moscow and conclude a hotel lease agreement with ACCOR S.A as at 31 December 2012. Completion of hotel project means obtaining occupancy permit certificate and business and operating license from the competent authorities. Annual lease fee shall be paid on quarterly basis (January, April, July and October) for each hotel over the AGOP realized in respective quarter.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee *(continued)*

Operating Lease Agreements(continued)
Akfen GYO *(continued)*

In addition to operating lease agreements concluded with ACCOR S.A for the hotels located in Turkey as mentioned above, Akfen GYO concluded seven operating lease agreements as detailed below.

- Akfen GYO concluded a casino operating lease agreement with Voyager Kibris Limited ("Voyager") on 15 March 2007. Lease payments started from 1 July 2007 when the casino started operating. The term of agreement is for 5 years. Pursuant to supplementary leasing agreement concluded on 1 May 2010, the annual lease amount is EUR 3.059.840 from 1 July 2009 to 30 January 2010 and paid in quarterly basis in advance (March, June, September and December). With the supplementary leasing agreement concluded on 1 July 2010, the discount right of EUR 150.000 will be lifted and annual lease amount will be EUR 3.209.840. The Parties agreed not to increase the annual leasing amount and eliminate the provisions for increasing the leasing fee in proportion to Euribor realized at the beginning of the lease period as long as the primary lease agreement remain valid between the parties.
- Akfen GYO leased Mercure Hotel to Serenas Turizm Kongre ve Organizasyon Hizmetleri Limited Şirketi ("Serenas Turizm") for 5 years period as at 1 January 2008 with 5 years option for extending the lease period. The leasing fee is EUR 1.500.000 for the year 2011 and EUR 2.000.000 for the year 2012. Serenas Turizm obtained letters of credit amounting EUR 3.000.000 for Akfen GYO from various banks. Annual leasing fee is paid in advance on quarterly basis (February, May, August, September).
- Akfen GYO concluded a leasing agreement with Sportif Makine A.S on 1 September 2006 for Eskisehir Ibıs Otel Fitness Center. Payments of leasing fee started two months after 1 January 2007 when the fitness centre is delivered. Monthly leasing fee is EUR 6.500 excluding VAT and the leasing term is for 7 years. Annual leasing fee is subjected to increase at the beginning of each leasing term in proportion to annual Euribor rate. Pursuant to supplementary agreement concluded on December 2011, a modification was made in regard to lease fee payments for 2012 and monthly leasing fees were reduced to EUR 5.000 without VAT for June, July and August and to EUR 6.000 for other months.
- Akfen GYO concluded an operating lease agreement with Seven Turizm İnşaat ve Reklam Sanayi Ticaret Limited Şirketi on 11 May 2007 for the bar/ cafe areas inside Eskisehir Ibis Hotel. Leasing fee payments will start two months after the delivery date of the café/ bar. Monthly leasing fee is TL 3 and the leasing term is for 10 years. Annual leasing amount is subject to increase in proportion to average rate of annual Producer's Price Index and Consumer's Price Index at the beginning of each leasing period.
- Russian Hotel, represented by its affiliate LLC Samstroykom, concluded a lease agreement with Russian Hotel Management Company, the affiliate of ACCOR S.A in Russia, for Ibis Hotel building located in Samara. The agreement was concluded in Moscow on 11 July 2008. The leasing term shall be 25 years and ACCOR S.A will have the option to extend for 10 years. Annual lease amount is determined as 70 % of the Adjusted Gross Operating Profit (AGOP). The Parties agreed Annual Minimum Leasing Guarantee to be EUR 5.000 per room for first full operating year, EUR 6.000 per room for second full operating year and EUR 7.000 per room beginning from the 3rd year until the end of 15th year of operation. The parties agreed ceiling price for minimum lease guarantee to be EUR 14.000 per room. ACCOR S.A will be entitled to terminate the contract at the end of 15th year of operation.

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as a Lessee *(continued)*

Operating LeaseAgreements(continued)
Akfen GYO *(continued)*

- Russian Hotel, represented by its affiliate LLC Samstroykom, concluded a lease agreement with Russian Hotel Management Company, the affiliate of ACCOR S.A in Russia, for Ibis Hotel building located in Yaroslavl. The agreement was concluded in Moscow in 15 October 2009. The building was delivered to ACCOR S.A in 3rd quarter of year 2011. Appended to the primary agreement concluded in regard to Yaroslavl Hotel, the Group concluded long term lease agreement with ACCOR S.A on 1 July 2011. The leasing term shall be 25 years and ACCOR S.A will have the option to extend for 10 years. Annual lease amount is determined as 75 % of the Adjusted Gross Operating Profit (AGOP). The Parties agreed Annual Minimum Leasing Guarantee to be EUR 2.500 per room for first full operating year, EUR 5.000 per room for second full operating year, EUR 6.000 per room for third full operating year and EUR 7.000 per room beginning from the 4th year until the end of 15th year of operation. The parties agreed ceiling price for minimum lease guarantee to be EUR 14.000 per room. ACCOR S.A will be entitled to terminate the contract at the end of 15th year of operation.
- Russian Hotel, represented by its affiliate LLC Samstroykom, concluded a lease agreement with Russian Hotel Management Company, the affiliate of ACCOR S.A in Russia, for Ibis Hotel building located in Kaliningrad. The agreement was concluded in Moscow on 8 September 2010. The building will be delivered to ACCOR S.A in 1st quarter of year 2013. Primary operating lease agreement will be concluded in the 1st quarter of 2013 and registered. The leasing term shall be 25 years and ACCOR S.A will have the option to extend for 10 years. Annual lease amount is determined as 70 % of the Adjusted Gross Operating Profit (AGOP). The Parties agreed Annual Minimum Leasing Guarantee to be EUR 4.000 per room for first full operating year, EUR 5.000 per room for second full operating year and EUR 6.000 per room beginning from the 3rd year until the end of 15th year of operation. The parties agreed ceiling price for minimum lease guarantee to be EUR 12.000 per room. ACCOR S.A will be entitled to terminate the contract at the end of 15th year of operation.

Non-cancelable operation leasing provisions

	31 December 2011	31 December 2010
Less than 1 year	13.265	11.382
More than 1 year and less than 5 years	32.321	20.276
More than 5 years	87.362	43.229
	132.948	**74.887**

24 COMMITMENT AND CONTINGENCIES *(continued)*

Group as lessee *(continued)*

Framework Agreement concluded between Akfen Holding and ACCOR S.A

Akfen Holding concluded a Framework Agreement with Tamaris Turizm, 100 % affiliate of ACCOR S.A operating in Turkey, for being exclusive operator of Novotel and Ibis hotel brands in Turkey. With this Framework Agreement, the Parties combined their powers through finding a partnerships to develop hotel projects in Turkey. The Company will construct numerous hotels and lease it for operation. According to the Investment Program appended in the amendment to the Framework Agreement concluded on 12 April 2010, the Company will complete and lease to ACCOR S.A at least hotel projects starting from 1 January 2011 till the end of 31 December 2015. Two of these hotels will be constructed in Istanbul and remaining hotels will be constructed in Esenyurt, Ankara, İzmir, Adana and two other cities to be mutually determined by the Parties. If mutually agreed parties, the number of hotels may be reduced to 6 in first year of the five years' Investment Program. If the parties cannot agree on next 5 years Investment Program as at 30 June 2015, either party may terminate the agreement or exclusivity in regard to Novotel and Ibis Hotels included in framework agreement or the provisions concerning the pre-emptive rejection right in other ACCOR branded hotels. However, hotel leasing agreements effective as of date of the termination will remain their validity.

All operating lease agreements where the Company is the lessor are based on the Framework Agreement.

Pursuant to the Framework Agreement;

- In the event that Akfen Hold sells controlling shares of the Company to the third parties other than the shareholders or companies of the Group, ACCOR S.A shall be entitled to object against the proposals containing the same terms and conditions made by the third parties except that the Company becomes a publicly held company.

- To guarantee the future investments, Akfen Holding and ACCOR S.A agree that Company's capital can be increased with involvement of other organizations provided that the partnership between Akfen Holding and ACCOR S.A is maintained; the control power of the Company remains directly or indirectly with the Akfen Holding and that the new investor accepted for the capital increase is not a local or international hotel operator.

- ACCOR S.A may terminate the agreement in the event that ACCOR S.A does not use its right to raise objection or in case of absence of such right or becomes reluctant to continue with the shareholder under the same terms and conditions. In the even that the agreement is terminated by ACCOR S.A, the leasing agreements effective at the time of termination will remain valid till their relevant expiry date.

If the investment program mentioned above cannot be realized as at 31 December 2015 or the next investment program cannot be put into force by no later than 30 June 2015, any of the parties shall be free to terminate the partnership.

25 EMPLOYEE BENEFITS

For the years ended 31 December, the movements in the reserve for severance payments were as follows:

	2011	2010
Balance at the beginning of the period	9.672	6.449
Interest cost	1.423	366
Service cost	3.710	1.403
Paid during the year, reversal	(3.365)	(1.847)
Effects of change in foreign exchange rate	761	112
Effect of business combination (*)	4.498	--
Actuarial difference	1.174	3.189
Balance at the end of the period	**17.873**	**9.672**

(*) Resulting from IDO acquisition carried out on 16 June 2011.

Such payments are calculated on the basis of 30 days' pay maximum (full TL) TL 2.732 as at 31 December 2011 (31 December 2010: TL 2.517) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and jointly controlled entities registered in Turkey arising from the retirement of employees. International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at 31 December 2011 have been computed by 4,48% discount rate assuming an annual inflation rate of 5.00% and interest rate of 9,7% (31 December 2010: annual inflation rate of 5,10%, a interest rate of 10% and 4,66% discount rate). It is planned for some of the jointly controlled entities that rights related to employee benefits to be paid at the end of the concession agreement. Accordingly, the net present value of the total retirement pay obligation is calculated with considering the duration of concession agreements.

26 RETIREMENT PLANS

The Group does not have any retirement plans as at 31 December 2011 and 31 December 2010.

27 OTHER ASSETS AND LIABILITIES

Other Current Assets

As at 31 December, other current assets comprised the following:

	2011	2010
Prepaid concession expenses	78.798	65.612
VAT carried forward	53.268	32.486
Order advances given	42.487	12.342
Advances given to sub-contractors	40.360	46.082
Accrued income	16.358	8.436
Prepaid expenses	12.126	8.915
Prepaid taxes and funds	8.028	5.172
Job advances	3.734	1.427
Taxes and funds to be refunded	--	1.663
Other	9.588	8.390
	264.747	**190.525**

TAV Istanbul paid 23% of the total amount in advance in accordance with the rental agreement. After the first year, 5,5% of the total rent amount shall be paid within the first 5 days of each year. As at 31 December 2011, the short term proportion of prepaid rent is TL78.798 (31 December 2010: TL65.612).

As at 31 December 2011, VAT receivable of MIP for storage and terminal services amounted to TL 24.234 since MIP cannot offset its VAT payable resulted from given services with its VAT receivable resulted from received services (31 December 2010: TL 20.263). VAT receivables amounting to TL 5.248 is resulted from VAT related with TAV Tbilisi and TAV Tunisia due to local laws (31 December 2010: TL 3.225).

As at 31 December 2011, advances given to subcontractors are comprised of TL 16.829 of advances given by TAV İnşaat related to the projects in Doha, Muscat and Central (Turkey) and TL 10.757 of advances given represents the energy projects of HES I and HES II companies and TL 4.093 of advances given represents the hotel projects of Akfen GYO. As at 31 December 2010, advances given to subcontractors are comprised of TL 27.793 advances for the construction projects in Turkey, Libya, Tunisia, Macedonia, Doha, Dubai and Omman and TL 13.672 advances for the energy projects of HES I and HES II companies and TL 4.617 advances for the hotel projects of Akfen GYO.

Other non-current assets

As at 31 December, other non-current assets comprised the following:

	2011	2010
VAT carried forward	96.482	84.924
Prepaid rent expenses	41.791	44.039
Accrued income	14.627	17.685
Prepaid expenses	12.706	1.451
Taxes and funds to be refunded	9.825	9.567
Advances paid	9.342	12.697
Advances paid to sub-contractors	--	8.699
Other	571	238
Other non-current assets	**185.344**	**179.300**

As at 31 December 2011, prepaid rent expense amounting to TL 41.791 is related with Tav Havalimanları (31 December 2010: TL 44.039).

27 OTHER ASSETS AND LIABILITIES *(continued)*

Other non-current assets *(continued)*

As at 31 December 2011, VAT carried forward is mainly related to the VAT incurred from capital expenditures amounted to TL 65.273 (31 December 2010: TL 52.868) especially made for the hydroelectric plant projects. Since these plants are in construction progress for hydroelectric plant projects, the Group does not have adequate VAT payable in order to net-off these VAT receivables. VAT carried forward belongs to Akfen GYO is TL 27.798 (31 December 2010: TL 27.152). According to the new Corporate Tax Law, Revenues of real estate investment companies exempt from corporate tax. However, these companies are subjected to 18% VAT for construction contracts

As at 31 December 2011 income accurals belongs to Aliağa project is TL 14.627 (2010: TL 17.685).

Advances given amounting to TL 9.247 of TL 9.341 is related with fixed asset advance of Akfen Hes.

Other Current liabilities

As at 31 December, other short term liabilities are as follows:

	2011	2010
Expense accruals	54.165	33.800
Deferred income	7.093	3.874
Nondeductable VAT	4.786	3.256
Damage and discount provisions	2.436	943
Other	5.731	8.699
	74.211	**50.572**

As at 31 December 2011, other current liabilities mainly include expense accruals and TL 45.416 expense accruals related to Doha, Muscat, Dubai, Abu Dhabi and Central (Turkey) projects of Tav Yatırım and TL 1.737 expense accruals of TAV Havalimanları and TL 3.832 expense accruals for HES projects of Akfen İnşaat.

27 OTHER ASSETS AND LIABILITIES *(continued)*

Other long term liabilities

As at 31 December, the other long term liabilities are as follows

	2011	2010
Deferred income	12.719	11.608
Advertisement income for future years	1.161	--
Other	591	1.052
	14.471	**12.660**

As at 31 December 2011, TL 12.719 (2010: TL 11.608) of the other long term liabilities is the rental income paid in cash by ATÜ to TAV Havalimanları and TL 1.161 is the advertisement income of IDO for future years.

28 EQUITY

As at 31 December 2011, Akfen Holding had 145.500.000 shares, each has TL 1of nominal value. As at 31 December 2011, the whole of TL 145.500capital was paid.

	31 December 2011	31 December
Registered equity ceiling	1.000.000	1.000.000
Paid capital	145.500	145.500

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

		2011		2010
	Share Amount	% of ownership	Share Amount	% of ownership
Hamdi Akın	99.209	68,18	99.209	68,18
Akfen İnşaat	3.995	2,75	3.995	2,75
Other non-publicly traded shares	1.180	0,81	1.180	0,81
Publicly traded shares	41.116	28,26	41.116	28,26
Paid in capital (nominal)	**145.500**	**100**	**145.500**	**100**

As at 31 December 2011 and 2010 there is no pledge on Akfen Holding's share.

The concessions of the Company related to 99.209.000 (A) group shares are as follows:

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

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

In the frame of the Repurchase Programme approved in the General Assembly of the company on 12 September 2011, 42.000 Akfen Holding A.Ş. shares were purchased for TL 301amount as at 31 December 2011.

Translation reserve

As at 31 December 2011 the translation reserve amounting TL 101.443 (31 December 2010: TL 17.914) comprise of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RHI, RPI, Hyper Foreign and TAV Havalimanları from their functional currency of USD and Euro to the presentation currency TL which is recognized in other comprehensive income under equity

28 EQUITY *(continued)*

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 December 2011 the hedging reserve amounting to, TL 104.992 is recognized in equity which is related to the interest rate swap contracts made in 2011 by HES Group MIP and TAV Havalimanları (31 December 2010: TL 71.363) MIP and TAV Havalimanları "swap"agreements.

Revaluation surplus

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

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 31 December 2011 and 2010.

Treasury shares

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

Business combination of entities under common control

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

Restricted Reserves

Retained earnings as per statuory financial statements, other than legal reserve requirements, are available for distribution subject to legal reserve requirement referred to below:

The legal reserveconsist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statuory profits at the rate 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

28 EQUITY *(continued)*

Other reserves

Other reserve comprises all gain or loss realized on sale and purschase of non-controlling interest in a subsidiary. Akfen GYO increased its capital as TL 46.000 upon the decision of the Board of Directors dated 24 January 2011. 46,000,000 shares corresponding to this increase and total 54.117.500 Akfen GYO shares with TL 54.118 nominal value and 8.117.500 shares of Akfen GYO held by Akfen Holding corresponding to TL 8.118 were offered to public on 11 May 2011. In the following days, Akfen Holding repurchased total 8.040.787 shares in order to provide price stability of Akfen GYO shares. These transaction, of which ownership was changed without loosing control, were recognized under the other reserves item after the transaction costs were finalized.

Share premium

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

Non-controlling interests

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

As at 31 December 2011 and 31 December 2010, the amounts classified under the 'non-controlling interest' item in the statement of financial position are TL 392.965 and TL 160.605, respectively. Again, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the year ended 31 December 2011 and 2010 are TL 104.112 and TL 40.119, respectively.

29 REVENUE AND COST OF SALES

29.1 Sales

For the years ended 31 December, revenue comprised the following:

	2011	2010
Contract revenue	486.573	415.476
Revenue from ship side operations	183.099	145.893
Revenue from aviation services	107.770	88.139
Revenue from sales of tax free goods	123.044	86.136
Ground handling income	116.486	78.973
Marine transportation income	71.461	--
Commission from sales of duty free goods	52.951	40.423
Construction revenues arising from IFRIC 12	43.480	32.096
Revenue from catering services	32.642	24.881
Electric power sale income	29.571	--
Rent income from investment property	27.621	18.471
Field allocation income	16.066	11.068
Parking income	14.362	13.000
Bus services income	12.343	11.101
Salon services income	10.084	11.245
Other	26.030	17.335
	1.353.583	**994.237**

29.2 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	2011	2010
Contract cost	474.808	402.999
Personnel expense	131.760	95.426
Cost of ship side operations	85.582	76.007
Rent expense	83.405	68.769
Depreciation and amortisation	54.263	31.407
Cost of trading goods sold	46.949	33.705
Construction costs arising from IFRIC 12	43.456	31.417
Cost of services sold	36.249	21.865
Fuel oil cost of vessels	19.918	--
Cost of catering services	11.185	8.553
Outsourced expenses	4.355	463
Cost of raw materials	2.725	--
Other	14.071	8.903
	1.008.726	**779.514**

30 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

30.1 General Administrative Expenses

For the years ended 31 December, general administrative expenses comprised the following:

	2011	2010
Personnel expenses	53.388	45.725
General Office expenses	21.952	18.222
Consultancy expenses	9.382	13.945
Insurance expenses	8.079	7.556
Nondeductable VAT	7.488	6.414
Rent expenses	7.146	5.307
Bad debt expenses	6.260	694
Taxes and duties	5.245	6.855
Depreciation and redemption costs	4.836	4.649
Travel expenses	4.245	4.175
Office equipment expenses	2.593	2.557
Representation expenses	1.923	1.246
Grant and charities	1.335	16
Advertisement expenses	1.282	1.900
Litigation expenses	1.262	1.454
Outsourced expenses	1.260	165
Other expenses	20.506	14.332
	158.182	**135.212**

31 EXPENSES BY NATURE

As at 31 December 2011 and 2010, The Group's expenses are presented on functional basis (see notes 30 and 32).

32 OTHER INCOME/EXPENSE

For the years ended 31 December, other income comprised the following:

	2011	2010
Change in fair value of investment property (Note 18)	282.139	129.971
Gain on bargain purchase (*)	20.409	--
Advertising income	8.300	6.776
Rental income	7.180	5.231
Gain on sale of subsidiary (**)	4.714	19.646
Gain on sale of tangible assets	1.128	1.348
Insurance income	--	5.024
Gain on sale of trading properties	--	2.691
Gain on sale of marketable securities	--	1.058
Others	10.914	8.249
	334.784	**179.994**

32 OTHER INCOME/EXPENSE *(continued)*

(*) As at 31 December 2011, gain on sale of investments comprised of purchase of %45 shares of RHI and RPI in an amount less than the fair value and the purchase of IDO in an amount less than the fair value by Akfen GYO in the scope of privatization.

(**) As at 31 December 2011, gain on sale of subsidiary is obtained from the sale of shares of TAV Urban Georgia and TAV Batumi Operations belonged to Akfen İnşaat. In the year ended as at 31 December 2010, gain on sale of subsidiary is obtained from the sale of all shares of Akfen Gayrimenkul Yatırımları, Enbatı Elektrik Üretim Sanayi ve Ticaret A.Ş. ('Enbatı') belonged to Akfen HES II and TBK Enerji Elektrik Üretim dağ. Paz. San. Ve Tic. A.Ş. ('TBK') belonged to Akfen HES III.

Akfen HES II, subsidiary of Akfen Holding, and Kardemir A.Ş. signed "stock purchase and sale agreement" of 100% shares by paying EUR 10.000 of Enbatı Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi which is build and operate the plant with a capacity of 22.5 MW in Pirinçlik. Transfer of shares was completed on 27 December 2010 with obtaining permits.

For the years ended 31 December, other expenses comprised the following:

	2011	2010
Tax amnesty expenses (*)	12.089	--
Provision expenses(****)	13.412	--
Cost of project cancelled (**)	7.316	1.345
Nondeductable VAT (***)	4.770	3.209
Public offering cost	1.995	--
Loss on sale of investment properties	--	7.040
Other	99	2.052
	39.681	**13.646**

(*) As at 31 December 2011, Akfen Holding and subsidiaries took advantages of tax base increase no 6111 (Note 36) and TL 12.089 of tax amnesty expense related to the VAT and stamp duty was recognized under the other operation expenses item.

(**) The costs of the projects cancelled occured as a result of cancellation of Yuvarlakçay and tepe HES projects depending on the decision that the various expenses could not be able to capitalized within the body of Akfen Enerji Yatırımları Holding as at 31 December 2011 and as a result of cancellation of Krasnoyarsk project in Russia as at 31 December 2010.

(***) As at 31 December 2011 and 31 December 2010, the nondeductable VAT consisted of the provisions caused from the projects of Akfen GYO in Russia and allocated for VAT receivable which it does not expected to net off from future VAT liabilities.

(****) As at 31 December 2011, TL 6.814 of provision expenses represents the amount allocated for all receivables in TAV Körfez Sulafa Tower project of TAV Yatırım. There is also an ongoing lawsuit process between the employer and TAV Körfez. TL 6.598 of the provision expenses is the provision allocated for receivable of Akfen Holding from TASK Water B.V.

33 FINANCIAL INCOME

For the years ended 31 December, financial income comprised the following:

	2011	2010
Foreign exchange gain	79.926	160.050
Interest income	34.378	27.398
Discount income related to IFRIC 12(*)	8.826	5.331
Unearned interest income, net	211	1.492
Others	32	549
	123.373	**194.820**

(*)Discount income includes unwinding of discount on guaranteed passenger fee receivables from DHMI (concession receivables).

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

	2011	2010
Foreign currency translation differences	91.478	(8.238)
Hedging reserve	(36.000)	(14.194)
	55.478	**(22.432)**

As at 31 December 2011, the hedging reserve amounting TL 36.000 (31 December 2010: TL 14.194) is recognized in equity which is related to the interest rate swap contracts made by HES I, MIP and TAV Havalimanları.

The translation reserve amounting TL 91.478 comprises of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RPI, RHI and TAV Havalimanları, from their functional currency of USD and Euro to the presentation currency TL which is recognized in equity for the year ended 31 December 2011 (31 December 2010: TL 8.238 from TAV Yatırım, RPI, RHI and TAV Havalimanları).

34 FINANCIAL EXPENSES

For the years ended 31 December, financial expense comprised the following:

	2011	2010
Interest expenses	313.892	164.457
Foreign exchange loss	199.712	158.262
Others	6.618	5.755
	520.222	**328.474**

35 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group, has sold its 99,87% shares to Akfen Danışmanlık A.Ş. ('Akfen Altyapı Danışmanlık') to Hamdi Akın, Selim Akın and Pelin Akın; on March 10th , 100% shares of Akfen Turizm Yatırımları ve İşletme A.Ş. ('Akfen Turizm') and Akınısı Makine Sanayi ve Ticaret A.Ş. ('Akınısı') on 18 March2010, 42.50% shares of Artı Döviz A.Ş. ('Artı Döviz') on 5 April 2010 and 37% shares of IBS Sigorta Brokerlik Hizmetleri A.Ş. ('IBS') shares to Akfen Altyapı Danışmanlık.on April 6.

For the period ended 31 December 2010 profit for the period of Akfen Altyapı Danışmanlık, Akınısı, Akfen Turizm, Artı Döviz IBS is classified as "profit from discontinued operations, net of tax" for the consolidated financial statements.

Profit from discontinued operations, net of tax

	2011	2010
Revenue	--	14.292
Cost of sales	--	(9.387)
Other income	--	83
Other expenses	--	(23)
General administrative expenses	--	(2.481)
Sales and marketing expenses	--	--
Finance income	--	828
Finance expense	--	(651)
Tax income/expense	--	(491)
Profit for the year	--	2.170
Gain of sale of investments	--	15.056
	--	**17.226**

AKİS
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

36 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 December 2011, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

Country	Tax Rate
Tunisia	30%
Georgia	15%
Egypt	20%
Macedonia	10%
Latvia	15%
Libya (*)	15-40%
Qatari	10%
Oman	12%
Cyprus	24%
Russia	20%

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

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

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

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

Tunisian corporate income tax is levied at a rate of 30% on income less deductible expenses.

According to concession agreement, TAV Tunisia is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

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

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets 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.

36 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 Communique 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.

Benefits From Tax Law 6111:

Law on Social Securities and General Health Insurance on restructuring of Some Receivables and Law on Amendment on Other Laws and Decree Law No 6111 (law No 6111) entered into force after being published on the Official Gazette on 25 February 2011. In accordance with this Law, any tax revision and an additional assessment related to the corporate tax and value added tax of the mentioned years (2006 – 2009) of the tax holders who increased the tax base of the corporate tax and value added tax shall not be made.

In accordance with this Law, Akfen Holding and some subsidiaries benefit from tax base increase related to the corporte tax, value added tax and stamp duty for 2006 – 2009 period and because of this reason there was total TL 6.158 of additional corporate tax expense, TL 12.089 of additional VAT and stamp duty to be paid. The mentioned corporate tax expense was reflected in the attached consolidated financial statements as the current period corporate tax expense. TL12.089 of VAT and stamp duty expenses were recognized under the other operation costs item (Note 32).

As at 31 December 2011, there is tax liability of the Group as TL 6.186 in short term other nontrade liabilities and as TL 4.560 in long term other non-trade liabilities in this regard.

36 TAXATION *(continued)*

Investment allowance:

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

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

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

36 TAXATION *(continued)*

Income withholding tax:

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

Transfer pricing regulations:

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

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

36.1 Taxation income/(expense)

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

	2011	2010
Corporation tax expense	(31.871)	(23.737)
Deferred tax benefits / loss	(13.670)	6.252
Tax expense recognized in profit / loss	**(45.541)**	**(17.485)**
Deferred tax income recognized in comprehensive income	11.241	4.910
Total	**(34.300)**	**(12.575)**

	2011	2010
Income tax expense from continued operations	(45.541)	(17.485)
Income tax expense from discontinued operations- (Note 35)	--	(491)
Total	**(45.541)**	**(17.976)**

36 TAXATION *(continued)*

36.1 Taxation income/(expense) *(continued)*

The movement of deferred tax income/(expense) by years is as follows:

	1 January 2010	Effect of foreign currency translation	Deferred tax income of current period	Amount recognized in statement of comprehensive income	Effect of business combination	31 December 2010
Trade and other receivables	1.073	(23)	(634)	--	--	416
Depreciation, redemption and activation differences of tangible and intangible fixed assets and airport operation right	(21.781)	403	6.825	--	(51)	(14.604)
Effect of IAS 11	9.322	--	(1.840)	--	--	7.482
Effect of IFRIC 12	(452)	--	(221)	--	--	(673)
Derivative financial instruments	14.521	(244)	1.454	4.910	--	20.641
Rent expenses paid in cash	(4.384)	279	1.759	--	--	(2.346)
Investment promotion	29.117	(764)	(3.540)	--	--	24.813
Investment properties	(12.630)	--	(5.447)	--	--	(18.077)
Tax losses transferred	21.318	(637)	7.478	--	--	28.159
Financial liabilities	1.617	(49)	(3.667)	--	--	(2.099)
Other temporary differences	(1.779)	(487)	4.085	--	--	1.819
	35.942	**(1.522)**	**6.252**	**4.910**	**(51)**	**45.531**

	1 January 2011	Effect of foreign currency translation	Deferred tax income of current period	Amount recognized in statement of comprehensive income	Effect of business combination	31 December 2011
Trade and other receivables	416	(115)	1.396	--	--	1.697
Depreciation, redemption and activation differences of tangible and intangible fixed assets and airport operation right	(14.604)	(264)	335	--	(155)	(14.688)
Effect of IAS 11	7.482	--	(1.756)	--	--	5.726
Effect of IFRIC 12	(673)	--	(168)	--	--	(841)
Derivative financial instruments	20.641	2.492	(248)	11.241	--	34.126
Rent expenses paid in cash	(2.346)	(441)	215	--	--	(2.572)
Investment promotion	24.813	2.112	8.102	--	--	35.027
Investment properties	(18.077)	--	(39.655)	--	--	(57.732)
Tax losses transferred	28.159	3.436	14.156	--	--	45.751
Financial liabilities	(2.099)	263	361	--	--	(1.475)
Other temporary differences	1.819	437	3.592	--	--	5.848
	45.531	**7.920**	**(13.670)**	**11.241**	**(155)**	**50.867**

36 TAXATION *(continued)*

36.1 Taxation income/(expense)

Reconciliation of effective tax rate

The reported taxation charge for the years ended 31 December 2011 and 2010 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

Reconciliation of tax provision	2011		2010	
	Amount	%	Amount	%
Profit for the period	39.388		111.946	
Total tax expense	(45.541)		(17.976)	
Profit before tax	84.929		129.922	
Income tax using the Company's domestic tax rate	(16.986)	(20,0)	(25.984)	(20,0)
Effect of tax rates in foreign juristictions	1.245	1,5	118	0,1
Disallowable expenses	(7.798)	(9,2)	(4.709)	(3,6)
Tax exempt income	5.481	6,5	21.337	16,4
Tax penalty	--	--	(659)	(0,5)
Translation differences of non-monetary equity items	(8.032)	(9,5)	(4.068)	(3,1)
Unused year losses which no deferred tax asset was recognized	(1.437)	(1,7)	(7.103)	(5.4)
Recognition of previously recognized tax losses	(10.361)	(12,2)	--	--
Translation effect on tax losses	(1.334)	(1,6)	580	0,4
Investment incentive	8.102	9,5	(3.315)	(2,6)
Previous period adjustments	(5.981)	(7,0)	--	--
Shareholders' equity under the tax effect recognized the sales			--	--
Subsidiary shares	--	--	2.294	1,8
Recognition of previously unrecognised temporary differences	(222)	(0,3)	1.302	1
Current year tax losses which no deferred tax asset was	--	--	5.109	3,9
Other adjustments effect	(8.218)	(9,7)	(2.878)	(2,1)
Taxation charge	(45.541)	(53,7)	(17.976)	(13,7)

36 TAXATION *(continued)*

36.2 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 December were attributable to the items detailed in the table below:

	Assets		*Liabilities*		*Net*	
	2011	2010	2011	2010	2011	2010
Trade and other receivables	1.979	1.201	(282)	(785)	1.697	416
Depreciation, redemption and activation differnces of tangible and intangible fixed assets and airport operation right	20.338	10.543	(35.026)	(25.147)	(14.688)	(14.604)
Effect of IAS 11	10.910	9.959	(5.184)	(2.477)	5.726	7.482
Effect of IFRIC 12	--	--	(841)	(673)	(841)	(673)
Derivative financial instruments	34.126	20.641	--	--	34.126	20.641
Rent expenses paid in cash	--	--	(2.572)	(2.346)	(2.572)	(2.346)
Investment promotion	35.027	24.813	--	--	35.027	24.813
Investment properties	2.926	5.845	(60.658)	(23.922)	(57.732)	(18.077)
Tax losses transferred	45.751	28.159	--	--	45.751	28.159
Financial liabilities	2.470	1.905	(3.945)	(4.004)	(1.475)	(2.099)
Other temporary differences	7.981	5.493	(2.133)	(3.674)	5.848	1.819
Subtotal	**161.508**	**108.559**	**(110.641)**	**(63.028)**	**50.867**	**45.531**
Net-off tax	(51.825)	(41.789)	51.825	41.789	--	--
Total deferred tax assets/(liabilities	**109.683**	**66.770**	**(58.816)**	**(21.239)**	**50.867**	**45.531**

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. Consequently, 2017 is the latest year for recovering the deferred tax assets arising from carried forward tax losses. The Group management forecasted to generate taxable income during 2011 and the years thereafter and based on this forecast, it has been assessed as probable that the deferred tax assets resulting from carried forward tax losses in the amount of TL 45.751 (31 December 2010: TL 28.159) will be realisable; hence, such realisable deferred tax assets are recognised in the consolidated financial statements.

36 TAXATION *(continued)*

36.2 Deferred tax Assets and liabilities *(continued)*

Unrecognized deferred tax assets and liabilities

At the balance sheet date, the Group has statutory tax losses of TL 141.562 (2010: TL 107.427) available for offset against future profits that is unused. TL 28.312 deferred tax active (31 December 2010: TL 21.485) was not recorded since the profit for the future cannot be estimated. The due date of previous years losses not recorded in the determination of deferred tax active shall expire as follows:

	2011	2010
Expire in 2011	283	1.513
Expire in 2012	5.601	2.611
Expire in 2013	43.489	37.463
Expire in 2014	8.182	3.915
Expire in 2015	1.952	61.925
Expire in 2016	82.055	--
	141.562	**107.427**

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.

37 EARNINGS PER SHARE

For the periods ended 31 December amounts of earning per share as TL (64.724) TL and TL 71.827, 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.

	2011	2010
Income/(loss) on attributable to main shareholders of the Company	(64.724)	71.827
The weighted average number of shares outstanding during the period(*)	141.504.867	113.744.744
Profit/ (Loss) per share from operations (full TL)	(0,457)	0,631

(*) The calculation of earnings pers hare was made by deducting 3,994,903 shares of Akfen İnşaat from total share number.

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38 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.

38.1 Related party balances

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

	2011	2010
Trade receivables	6.000	12.039
Non-trade receivables	5.068	10.514
	11.068	**22.553**
Trade payables	25.125	16.043
Non-trade payables	15.564	14.323
	40.689	**30.366**

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

	2011	2010
Trade receivables	5.510	2.007
Non-trade receivables	39.225	24.465
	44.735	**26.472**
Trade payables	1.083	--
Non-trade payables	9.002	14.607
	10.085	**14.607**

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

38 RELATED PARTY DISCLOSURES *(continued)*

38.1 Related party balances *(continued)*

At 31 December, the Group had the following short term trade receivables from its related parties:

Due from related parties (short term-trade:	2011	2010
Sky Oryx Jointly Controlled Entity	4.175	475
ATÜ	1.110	858
Sera Yapı End. ve Tic. A.Ş. (Sera Yapı) (*)	104	3
TAV Tunisia	9	23
Odebrecht TAV LCCC JV ("ODTC JV")	--	3.956
Akfen Gayrimenkul Yatırım Ticaret A.Ş.	--	3.510
LCC Sabha Uluslararası Havalimanı Projesi	--	1.947
TAV Tepe Akfen Yatırım İnş. İşl. A.Ş.	--	2
Task Water B.V.	--	16
Other	602	1.249
	6.000	**12.039**

(*)Bugato Insaat and Sera Yapi are the subcontractors of the Group. Receivable from Bugato Insaat comprises advances given by the Group for construction works.

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

Due from related parties (short term-nontrade:	2011	2010
Task Water B.V.	6.598	5.533
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	3.670	3.248
Sera Yapı	932	785
CAS	333	261
TAV Tunisia	--	84
TAV Gözen	--	--
Other	133	603
Provision for doubtful trade receivables (Note 11)	(6.598)	--
	5.068	**10.514**

38 RELATED PARTY DISCLOSURES *(continued)*

38.1 Related party balances *(continued)*

At 31 December, the Group had the following long term trade receivables from its related parties:

Due from related parties (long term- trade:	2011	2010
LCC Sabha International Airport Project	2.379	--
Sky Oryx Jointly Controlled Entity	1.909	574
Other	1.222	1.433
	5.510	**2.007**

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

Due from related parties (long term-non trade:	2011	2010
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.	32.421	1.191
Hyper Foreign	2.724	2.072
Mustafa Keten	1.563	2.150
Kirazlı Konutları Adi Ortaklığı	1.181	1.321
Selim Akın	713	1.037
Akfen Turizm ve Yatırım İşletmeleri A.Ş.	--	7.177
Akınısı Makine Sanayi ve Ticaret A.Ş.	--	6.723
İbrahim Süha Güçsav	--	1.961
Other	623	833
	39.225	**24.465**

38 RELATED PARTY DISCLOSURES *(continued)*

38.1 Related party balances *(continued)*

At 31 December, the Group had the following short term trade payables to its related parties:

Due to related parties (short term- trade:	**2011**	**2010**
Sky Oryx Jointly Controlled Entity (*)	11.475	1.092
Muscat CCC & TAV Cons.	4.202	5.032
Ibs Sigorta Brokerlik Hiz.A.Ş.	3.721	4.048
Tepe İnşaat Sanayi A.Ş.	2.502	1.829
Tav Istanbul Terminal İşl. A.Ş.	451	198
TAV Bilişim Hizm. A.Ş.	288	266
TAV İnşaat (**)	90	29
Sera Yapi End. ve Tic. Ltd. Sti.	79	58
BTA Yiyecek İçecek Hizm. A.Ş.	79	50
TAV Havalimanları	12	56
TAV İşl. Hizm. A.Ş.	3	1
ODTC JV	--	890
TAV Havacılık AŞ	--	13
Other	2.223	2.481
	25.125	**16.043**

(*) Payable to Sky Oryx Jointly Controlled Entity mainly comprised of advances received by the Group for the construction works.

(**)Payable to TAV İnşaat represents the trade payables related with the construction and renovation of Enfidha, Monastir and Gazipaşa Airports.

38 RELATED PARTY DISCLOSURES *(continued)*

38.1 Related party balances *(continued)*

At 31 December, the Group had the following short term non trade payables to its related parties:

Due to related parties (short term-non trade):	**2011**	**2010**
Sky Oryx Jointly Controlled Entity	9.540	5.094
TGS	2.785	2.741
ATÜ	1.177	665
Tav Istanbul Terminal İşl. A.Ş.	887	2.575
TAV Tunisia (*)	304	384
Hamdi Akın	117	66
Other	754	2.798
Non-trade liabilities to related parties	**15.564**	**14.323**

(*) Payable amount of Tav Tunisia SA mainly comprises advances received by the Group for the construction works.

38 RELATED PARTY DISCLOSURES *(continued)*

38.1 Related party balances *(continued)*

For the year period ended 31 December, the transactions with related parties comprised the following:

Services rendered to releated parties:

	2011		2010	
Company	**Amount**	**Service**	**Amount**	**Service**
ATÜ	55.818	Sale	39.145	Sale
Sky Oryx Jointly Controlled Entity	15.344	Construction Services	12.355	Construction Services
TAV Istanbul Terminal İşl. A.Ş.	5.151	Construction Services	6.971	Construction Services
TAV Macedonia Dooel Skopje	23.024		5.773	Construction Services
Kasa Akfen	--	--	4.511	Sale
TAV Gazipaşa Yat. Ve İşl. A.Ş.	261	Construction Services	1.867	Construction Services
LCC Sabha International Airport Project	--	--	1.333	Sale
Havaalanları Yer Hizmetleri AŞ.	--	--	906	Construction Services
TAV Tunisia	215	Construction Services	588	Construction Services
TAV Havalimaları	1.035	Interest income	205	Interest income
Other	9.022		4.870	

Services rendered from releated parties:

	2011		2010	
Company	**Amount**	**Service**	**Amount**	**Service**
TAV İnşaat	463	Construction Services	8.473	Construction Services
IBS Sigorta	2.261	Purchases	4.077	Purchases
TAV Bilişim Hizmetleri A.Ş.	813	Purchases	2.479	Purchases
Alsim Alarko	1.162	Other	1.373	Other
TGS	--	--	773	Financing expenses
Tepe İnşaat Sanayi A.Ş.	1.741	Purchases	551	Purchases
TAV İnşaat	364	Financial expenses	504	Financial expenses
BTA Yiyecek İçecek Hizm. A.Ş.	538	Purchases	447	Purchases
TAV G.	1.968	Purchases	--	--
Tepe Servis ve Yönetim Hizmetleri A.Ş.	1.083	Purchases	--	--
Other	1.969		3.771	

38.2 Key management personnel compensation

Total salaries provided to key management personnel for the Group and subsidiaries amounted to TL 4.961 for the year ended 31 December 2011 (31 December 2010: TL 7.134). Total salaries provided to key management personnel for the jointly contolled entities amounted to TL 35.321 (Group's share: TL 10.210) (31 December 2010: TL 20.243 (Group's share: TL 6.187).

39 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

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

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2011	Releated Party	Other Party	Related Party	Other party	Deposits on Banks	Derivative Instruments	Other
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	11.510	460.201	44.293	13.016	667.887	2.685	--
- Portion of maximum risk covered any guarantee	--	76.105	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	11.510	423.127	44.293	13.016	667.887	2.685	--
B. . Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired (6)	--	37.066	--	--	--	--	--
- The portion covered by any guarantee	--	3.516	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	8	--	--	--	--	--
- Past due (gross book value)	--	13.282	6.598	--	--	--	--
- Impairment (-)	--	(13.274)	(6.598)	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

	Receivables				
31December 2011	Trade Receivables	Other Receivables	Deposits on Banks	Derivative Instruments	Other
Past due 1-30 days	3.610	--	--	--	--
Past due 1-3 months	4.463	--	--	--	--
Past due 3-12 months	28.485	--	--	--	--
Past due 1-5 years	12.842	--	--	--	--
More than 5 years	948	6.598	--	--	--

(*) As at 31 December 2011, use of 150.708 TL deposit was reflected in the restricted bank balances item.

39 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk *(continued)*

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

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2011	Releated Party	Other Party	Related Party	Other party	Deposits on Banks	Derivative Instruments	Other
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	14.046	329.923	34.979	6.432	545.276	--	--
- Portion of maximum risk covered any guarantee	--	--	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	14.046	299.204	29.446	6.048	545.276	--	--
B. . Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3)	--	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired (6)	--	30.719	5.533	384	--	--	--
- The portion covered by any guarantee	--	6.279	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--	--	--
- Past due (gross book value)	--	5.801	--	--	--	--	--
- Impairment (-)	--	(5.801)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

	Receivables		Deposits on Banks	Derivative Instruments	Other
31December 2011	Trade Receivables	Other Receivables			
Past due 1-30 days	2.756	--	--	--	--
Past due 1-3 months	2.948	--	--	--	--
Past due 3-12 months	19.763	--	--	--	--
Past due 1-5 years	10.487	--	--	--	--
More than 5 years	566	5.917	--	--	--

(*) As at 31 December 2010, use of TL 123.380 deposit was reflected in the restricted bank balances item.

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

Impairment

Movements in the allowance for doubtful receivables for the years ended 31 December was as follows:

	2011	2010
Balance at the beginning of the period	(5.801)	(2.066)
Effect of business combinations	(32)	--
Collections	3.666	308
Allowance for the period	(16.862)	(4.010)
Effect of foreign exchange rates	(843)	(33)
Balance at the end of the period	**(19.872)**	**(5.801)**

Liquidity risk

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2011:

	31 December 2011						
	Note	Carrying Amount	Expected Cash Flow	3 months Or less	3-12 months	1-5 years	More than 5 years
Financial liabilities							
Loans and borrowings	8	3.474.146	(4.296.910)	(234.345)	(595.299)	(2.233.612)	(1.233.654)
Trade payables	10	221.602	(221.667)	(161.901)	(22.986)	(36.780)	--
Due to related parties	10-11-38	50.774	(52.092)	(29.239)	(15.598)	(5.423)	(1.832)
Other payables (*)		52.125	(52.125)	(30.011)	(6.086)	(16.028)	--
Other short term liabilities(*)		58.017	(58.017)	(58.017)	--	--	--
Interest rate swap		167.545	(179.007)	(12.294)	(24.159)	(109.414)	(33.140)
Outflow		--	(175.756)	--	(25.638)	(106.197)	(43.921)
Inflow		(2.685)	179.048	--	26.118	108.186	44.744
Total		**4.021.524**	**(4.856.526)**	**(525.807)**	**(663.648)**	**(2.399.268)**	**(1.267.803)**

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

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

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2010:

		31 December 2010					
	Note	Carrying Amount	Expected Cash Flow	3 months Or less	3-12 months	1-5 years	More than 5 years
Financial liabilities							
Loans and borrowings	8	2.246.719	(3.380.729)	(708.777)	(303.075)	(1.414.937)	(953.940)
Trade payables	10	128.131	(128.374)	(82.561)	(24.484)	(21.329)	--
Due to related parties	10-11-38	44.973	(51.794)	(35.475)	(8.216)	(5.733)	(2.370)
Other payables (*)		18.739	(18.739)	(18.739)	--	--	--
Other short term liabilities (*)		35.841	(35.841)	(35.841)	--	--	--
Interest rate swap		53.246	(68.719)	(4.160)	(12.061)	(39.899)	(12.599)
Outflow		2.934	(169.149)	--	(21.780)	(87.423)	(59.946)
Inflow		--	165.905	--	21.747	86.487	57.671
Total		**2.530.583**	**(3.687.440)**	**(885.553)**	**(347.869)**	**(1.482.834)**	**(971.184)**

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

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

Currency risk

Exposure to currency risk

As at 31 December 2011, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

31 December 2011

	TL Equivalent	USD	Euro	Other (*)	Other (*)
1. Trade receivables	23.325	3.963	3.173	3.137	4.949
2a. Monetary Financial Assets (including Cash and Cash at Banks)	262.114	82.525	5.915	74.978	16.801
2b. Non-monetary Financial Assets	7.287	22	--	5.849	1.397
3. Other	26.803	7	7.938	6.486	906
4. Current Assets (1+2+3)	**319.529**	**86.517**	**17.026**	**90.450**	**24.053**
5. Trade receivables	--	--	--	--	--
6a. Monetary Financial Assets	7	--	--	--	7
6b. Non- monetary Financial Assets	32	2	--	7	20
7. Other	8.124	46	3.288	--	--
8. Non-current Assets (5+6+7)	**8.163**	**48**	**3.288**	**7**	**27**
9. Total Assets (4+8)	**327.692**	**86.565**	**20.314**	**90.457**	**24.080**
10. Trade Payables	40.390	2.683	9.963	6.301	4.674
11. Financial Liabilities	451.109	83.881	117.766	3.994	877
12a. Other Monetary Liabilities	17.975	605	658	12.067	3.156
12b. Other Non-monetary Liabilities	470	31	--	331	81
13. Short Term Liabilities (10+11+12)	**509.944**	**87.200**	**128.387**	**22.693**	**8.788**
14. Trade Payables	2.077	--	850	--	--
15.Financial Liabilities	1.365.514	368.342	274.061	4	--
16a. Other Monetary Liabilities	1.850	833	113	--	--
16b. Other Non-monetary Liabilities	390	--	160	--	--
17. Long Term Liabilities (14+15+16)	**1.369.831**	**369.175**	**275.184**	**4**	**--**
18. Total Liabilities (13+17)	**1.879.775**	**456.375**	**403.571**	**22.697**	**8.788**
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--	--
19a. Total Assets Hedged (**)	--	--	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**(1.552.083)**	**(369.810)**	**(383.257)**	**67.760**	**15.292**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.593.469)**	**(369.856)**	**(394.323)**	**55.749**	**13.050**
22.Total fair Value of Financial Instruments Used For Currency Hedge (**)	--	--	--	--	--
23. Export (**)	--	--	--	--	--
24. Import (**)	--	--	--	--	--

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

Currency risk *(continued)*

Exposure to currency risk

As at 31 December 2010, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

31 December 2010

	TL Equivalent	USD	Euro	Other (*)	Other (*)
1. Trade receivables	52.282	4.744	4.433	24.045	11.820
2a. Monetary Financial Assets (including Cash and Cash at Banks)	232.952	88.697	12.838	64.358	5.162
2b. Non-monetary Financial Assets	5.235	17	1	4.290	917
3. Other	28.664	46	7.581	6.095	6.964
4. Current Assets (1+2+3)	**319.133**	**93.504**	**24.853**	**98.788**	**24.863**
5. Trade receivables	26.351	3.088	10.530	--	--
6a. Monetary Financial Assets	1.465	--	712	--	6
6b. Non- monetary Financial Assets	34	2	--	25	6
7. Other	21.661	--	10.571	--	--
8. Non-current Assets (5+6+7)	**49.511**	**3.090**	**21.813**	**25**	**12**
9. Total Assets (4+8)	**368.644**	**96.594**	**46.666**	**98.813**	**24.875**
10. Trade Payables	52.076	5.862	13.032	9.053	7.257
11. Financial Liabilities	297.390	34.533	116.779	4.219	492
12a. Other Monetary Liabilities	36.583	1.959	4.323	21.007	3.688
12b. Other Non-monetary Liabilities	243	28	--	131	69
13. Short Term Liabilities (10+11+12)	**386.292**	**42.382**	**134.134**	**34.410**	**11.506**
14. Trade Payables	18.409	--	--	--	18.409
15.Financial Liabilities	983.700	90.904	411.479	--	--
16a. Other Monetary Liabilities	21.947	725	10.164	--	--
16b. Other Non-monetary Liabilities	--	--	--	--	--
17. Long Term Liabilities (14+15+16)	**1.024.056**	**91.629**	**421.643**	**--**	**18.409**
18. Total Liabilities (13+17)	**1.410.348**	**134.011**	**555.777**	**34.410**	**29.915**
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--		--
19a. Total Assets Hedged (**)	--	--	--		--
19b. Total Liabilities Hedged (**)	--	--	--		--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**(1.041.704)**	**(37.417)**	**(509.111)**	**64.403**	**(5.040)**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.097.055)**	**(37.454)**	**(527.264)**	**54.124**	**(12.858)**
22.Total fair Value of Financial Instruments Used For Currency Hedge (**)	--	--	--		--
23. Export (**)	--	--	--		--
24. Import (**)	--	--	--		--

(*) TL equivalent amounts are given for the assets and liabilities in accounted in other currencies.

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

Currency risk *(continued)*

Exposure to currency risk

(**) TAV Istanbul, affiliate of TAV Havalimanları, entered into a cross currency swap fixing the parity between USD and EUR currencies. The contract was concluded for the payments to be affected to General Directorate of State Airports Authority on December each year till year 2018. As at 31 December 2011, the nominal value of the agreement was TL 672.801 (Group's share is TL 175.376) (USD 362.857.733 (Group's share is USD 94.788.440), EUR 275.309.357 (Group's Share is EUR 71.910.804)) (in 31 December 2010: TL 647.524 (Group's share was TL 169.133). USD 416.493.513 (Group's Share was USD 108.788.105), EUR 316.004.183 (Group's share is EUR 82.540.292).

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

Currency risk *(continued)*

Sensitivity analysis

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

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

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

Currency Sensitivity Analysis				
31 December 2011				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
1- Net USD asset/liability	(69.325)	69.325	19.046	(15.581)
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(69.325)	69.325	19.046	(15.581)
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(87.412)	87.412	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(87.412)	87.412	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1.529	(1.529)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1.529	(1.529)	--	--
TOTAL (3+6+9)	(155.208)	155.208	19.046	(15.581)

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

Currency risk *(continued)*

Sensitivity analysis *(continued)*

Currency Sensitivity Analysis				
31 December 2010				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against Euro and TL				
1- Net USD asset/liability	(4.022)	4.022	16.990	(13.901)
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(4.022)	4.022	16.990	(13.901)
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(99.645)	99.645	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(99.645)	99.645	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	(504)	504	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	(504)	504	--	--
TOTAL (3+6+9)	(104.171)	104.171	16.990	(13.901)

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

Interest rate risk

Profile

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

	2011	*2010*
Fixed rate instruments		
Financial assets	585.670	353.282
Financial liabilities	733.847	380.607
Variable rate instruments		
Financial assets	12.420	7.697
Financial liabilities	2.917.595	1.968.428

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.

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in Euribor or Libor rate, when the effect of derivative financial instruments is disregarded, caused to approximately TL 14.845(31 December 2010: TL 11.848) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 5.297 of this amount (31 December 2010: TL 7.743) was hedged with due interest rate swap (HES I: TL 194 TL (31 December 2010: TL 185), TAV Havalimanları: 1.202 TL (31 December 2010: TL 4.179), MIP: TL 3.901 (31 December 2010: TL 3.379)). Because of this reason, the net risk on profit and loss is TL 9.548 (31 December 2010: TL 4.105).

As at 31 December 2011 and 2010, a one basis point increase in interest rates consolidated comprehensive income will be affected in the following. All variables are assumed constant including foreign exchange rates during analysis.

Interest rate profile			
		31 December 2011	**31 December 2010**
Fixed Rate Financial Instruments			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
Variable Rate Financial Instruments		--	--
Financial Assets		--	--
Financial Liabilities		(14.845)	(11.848)

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

Fair values

Fair value and carrying amounts of assets and liabilities are shown in the table below;

		2011		2010	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	6	518.590	518.590	422.569	422.567
Restricted cash	12	150.708	150.708	123.380	123.380
Derivative financial instruments	9	2.685	2.685	--	--
Financial investments	7	151	151	8.191	8.191
Trade receivables (short term)	10	300.603	306.745	220.572	223.953
Due from related parties (trade)	10 – 38	11.510	11.510	14.046	14.046
Due from related parties (non-trade)	11 – 38	44.293	44.293	34.979	34.979
Other receivables (*)	11	13.016	13.016	6.432	6.432
Other current assets (*)	27	25.946	25.946	19.916	19.916
Trade receivables (long term)	10	159.598	201.217	109.351	132.770
Financial liabilities					
Loans and borrowings	8	(3.474.146)	(3.474.146)	(2.246.719)	(2.246.719)
Other financial liabilities (**)	9	(167.545)	(167.545)	(106.534)	(106.534)
Due to related parties (trade)	10 - 38	(26.208)	(26.208)	(16.043)	(16.043)
Due to related parties (non-trade)	11 - 38	(24.566)	(24.566)	(28.930)	(28.930)
Trade payables	10	(221.602)	(221.602)	(128.131)	(128.131)
Other short term payables (**)	11	(10.961)	(10.961)	(18.739)	(18.739)
Other short term liabilities (**)	27	(58.017)	(58.017)	(35.841)	(35.841)
Net		**(2.755.945)**	**(2.708.184)**	**(1.621.501)**	**(1.594.703)**
Unrealized gain			**(47.761)**		**(26.798)**

(*) Non-financial instruments such as advances given, prepaid expenses are excluded from other receivables and current assets.

(**) Non-financial instruments such as deferred revenue and advances received are excluded from short term payables and other short term liabilities.

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

Financial Instruments

Fair value disclosures:

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

Since the book values of the foreign exchange denominated monetary items of Tav Havalimanları are approximate to their fair values, these monetary items are translated to EURO by using the foreign exchange rates as at year end. Since the financial assets and liabilities are short term in nature, it is accepted that their fair values approximate to their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2011	**Level 1**	**Level 2**	**Level 3**
Derivatives (net)	--	(164.860)	--
	--	(164.860)	--

31 December 2010	**Level 1**	**Level 2**	**Level 3**
Derivatives (net)	--	(106.534)	--
Government bonds	5.671	--	--
	5.671	(106.534)	--

40 SUBSEQUENT EVENTS

Akfen Holding and its Affiliates

Akfen Holding

On 11 March 2012, the Company concluded Share Transfer Agreement (Agreement) between, Tepe İnşaat Sanayi A.Ş.(Tepe), Sera Yapı Endüstrisi ve Ticaret A.Ş (Sera) and Aéroports de Paris Management for selling 18 % joint shares of the Company in TAV Havalimanları Holding A.Ş against USD 414.000.000 and relevant applications were made to the Competition Board. The payment will be paid in advance on closure date of the agreement.

Upon partial sales of the shares, it was decided to conclude a partnership agreement as the shareholding status of the Company and of other shareholders Tepe and Sera that are not trading on ISE (Istanbul Stock Exchange) continue in TAV Havalimanları Holding A.Ş and the layouts of this agreement were agreed and signed by the parties (Memorandum of Understanding). Within the framework of respective Memorandum of Understanding, Hamdi Akin, Chairman of Board of Directors of TAV Havalimanları Holding A.S and Sami Sener, the Chief Executive Officer, will maintain their posts and the Board of Directors of TAV Havalimanlari Holding will comprise of 11 members. Aéroports de Paris Management will nominate 3 members for the Board of Directors while Tepe and Akfen will nominate 3 members in total collectively. Chief Executive Officer will also serve as member in Board of Directors and there will be four independent members in the Board of Directors.

The agreement does not include any responsibility undertaken by the Company within framework of Capital Market legislation.

Transfer of shares will be done upon obtaining the permits as specified in the Agreement and completion of the transactions as per the Capital Market legislation.

On 11 March 2012, the Company concluded Share Transfer Agreement between the Company, its affiliate Akfen İnşaat, Tepe İnşaat Sanayi A.Ş., Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. and Tepe Home Mobilya ve Dekorasyon Urunleri Sanayi Ticaret A.Ş.(Tepe), Sera Yapı Endüstrisi ve Ticaret A.Ş (Sera) and Aéroports de Paris Management (Party/ Parties) for selling 20,325 % joint shares of the Company in TAV Havalimanları Holding A.S against USD 20.325.000. Total of the shares sold by the Company and Akfen Insaat corresponds to 20,825 of their shares in TAV Yatirim Holding A.S and total sale price is USD 20.825.000. The payment will be paid in advance on closure date of the agreement.

Due to partial sale of the shares, it was decided to conclude a partnership agreement among the shareholders of TAV Yatirim Holding A.S and the layouts of this agreement were agreed and signed by the parties (Memorandum of Understanding). Within the framework of respective Memorandum of Understanding, Sami Sener, Chief Executive Officer, will maintain his post and the Board of Directors of TAV Havalimanlari Holding will comprise 5 members. Aéroports de Paris Management will nominate 2 members for the Board of Directors while Tepe and Akfen will nominate 2 members in total collectively. Chief Executive Officer will also serve as member in Board of Directors. The agreement does not include any responsibility undertaken by the Company within framework of Capital Market legislation.

Transfer of shares will be done upon obtaining the permits as specified in the Agreement.

40 SUBSEQUENT EVENTS

Akfen Holding and its Affiliates *(continued)*

Akfen Holding *(continued)*

Within the framework of the Decision taken in the meeting of the Management Board of Istanbul Stock Exchange on 23 February 2012, the bonds issued by the Company with TL 200.000 nominal value for 2 years term payable with coupon in semi annual basis with calling date of 07 March 2014 started to trade on ISE Bill and Bond Exchange Market as listed stock market started from 13 March 2012 under ISIN code of "TRSAKFH31411".

Payment of the principal amount of TL 100.000 for the bonds issued by the Company in nominal value of TL 100.000 was made on 02 March 2012.

Interest payment of TL 5.130 accrued concerning 4. Coupon payment term of the bonds issued by the Company with the nominal value of TL 100.000 was made on 02 March 2012.

Within the framework of Buy-back Program approved in Extraordinary General Assembly of the Company on 12 September 2011, the total shares bought back by the Company within the framework of Buy-Back Program reached 347.150 shares after buying 37.000 shares of Akfen Holding A.Ş on 13 January 2012. No other buy-back transaction was done after 13 January 2012.

Akfen İnşaat

The guarantee undertaken by Akfen Insaat Turizm ve Ticaret A.S in capacity of Guarantor in Facility Agreements and Completion Guarantee Agreements and annexes valuing EUR 37.300.000 and EUR 66.500.000, respectively concluded between Ideal Enerji and Camlica Elektrik included in HES I companies and Creditors (TSKB, T.İş Bankası, Denizbank, Yapı Kredi Bankası, NBG) on 27 March 2009 was terminated on 27 January 2012 on level of Ideal Enerji and Camlica Elektrik included in HES I companies as the principal amounts and the interest accrued was completely paid.

Akfen GYO (Real Estate Investment Trust)

Akfen GYO purchased the land leased for Yaroslavl Hotel project on 24 February 2012 against Ruble 4.627.701.

Akfen Enerji

Within the framework of energy generation licence application made to Energy Market Regulatory Board on 11 April 2008 to establish power generation based on the natural gas (Mersin Combined Natural Gas Plant) with installed capacity of 450 MW and annual capacity of 3.262,5 billion kW production capacity on 58.000,00 m2 estate located in Mersin province, Akdeniz sub-province, Karaduvar District, plot no 1503, Akfen Enerji Üretim Ve Ticaret Anonim Şirketi, an affiliate to the Company, the power generation license was obtained on 08 March 2012 after "Approval Decision" taken in the Board's meeting dated 09 February 2012 and license modification application was made on 23 March 2012 to upgrade to 570 MW installed capacity. Mersin Combined Natural Gaz Plant has also obtained Environment Impact Assessment report.

40 SUBSEQUENT EVENTS *(continued)*

Undertakings Under Joint Control:

Tav Havalimanları Holding

HAVAŞ's bus operations in İstanbul and Antalya are temporarily suspended by the decisions of İstanbul and Antalya Municipalities in January 2012 and February 2012, respectively. HAVAŞ has opened lawsuits against İstanbul and Antalya Municipalities in order to resume the operations. Group management believes that these lawsuits will be finalised in favor of HAVAŞ.

On 17 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009. The cancelation of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012.

The Board of Directors of the Tav Havalimanları Holding has decided to distribute dividend amounting to TL 90,820 in cash from the profit for the year 2011 with the decision numbered 2012/3. The decision will be presented to the General Assembly for approval.

İDO

On 20 January 2012 for the purpose of risk mitigation and realization of derivative transactions concerning the bank loans, IDO concluded an agreement with Türkiye Garanti Bankası A.Ş., Türkiye İş Bankası A.Ş., Türkiye Sınai Kalkınma Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Denizbank A.G. and The European Bank for Reconstruction and Development.

IDO BUS project initiated by IDO to combine land and sea transportation become operational in March 2012.

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

None